

FITCH STREET CAPITAL CORP.

FINANCIAL STATEMENTS

For the Years Ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

SAM S. MAH INC.

Chartered Professional Accountant
2001-1177 West Hastings Street
Vancouver, B.C. V6E 3X2

Tel: (604) 617-8858
Fax: (604) 688-8479
E-Mail: sam_mah@telus.net

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of
Fitch Street Capital Corp.

I have audited the accompanying financial statements of Fitch Street Capital Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2018 and March, 2017, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity (deficit) for the years ended March 31, 2018 and March 31, 2017 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and March 31, 2017, and its financial performance and its cash flows for the years ended March 31, 2018 and March 31, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Sam S. Mah Inc."
Chartered Professional Accountant

Vancouver, British Columbia
July 30, 2018

FITCH STREET CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	<u>March 31,</u> <u>2018</u>	March 31, <u>2017</u> (Restated –see Note 9)
Current			
Cash		\$ 518,819	\$ 744
Other receivables	3	<u>10,920</u>	<u>31,339</u>
		<u>\$ 529,739</u>	<u>\$ 32,083</u>
Current			
Accounts payable	4	\$ 28,334	\$ 184,502
Accrued liabilities		<u>11,425</u>	<u>-</u>
		<u>39,759</u>	<u>184,502</u>
Share capital	5	919,731	296,331
Contributed surplus	5	225,892	112,892
Deficit	5	<u>(655,643)</u>	<u>(561,642)</u>
		<u>489,980</u>	<u>(152,419)</u>
		<u>\$ 529,739</u>	<u>\$ 32,083</u>

Nature of Operations and Ability to Continue as a Going Concern – Note 1

APPROVED BY THE DIRECTORS:

“Balraj Mann” Director
Balraj Mann

“Alicia Milne” Director
Alicia Milne

The accompanying notes are an integral part of these financial statements

FITCH STREET CAPITAL CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Years Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Note	For the year ended	
		March 31, 2018	March 31 2017
			(Restated –see Note 9)
Operating Expenses			
Accounting, audit and legal	4	\$ 26,026	\$ 12,000
Consulting		-	15,000
Listing and filing fees		12,960	8,411
Office and miscellaneous	4	18,256	17,932
Transfer agent fees		7,276	5,468
Write-off of prior year's accounts payable		-	(14,414)
Write-off of receivables	3	29,483	-
		94,001	44,397
Net income (loss) and comprehensive income (loss) for the year		(94,001)	(44,397)
Basic and diluted gain (loss) per share		(0.03)	(0.03)
Weighted average number of shares outstanding		2,932,945	1,323,083

The accompanying notes are an integral part of these financial statements

FITCH STREET CAPITAL CORP.
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	For the Year Ended March 31,	
	<u>2018</u>	<u>2017</u>
		(Restated – see Note 9)
Cash Flows provided by (used in) Operating Activities		
Net income (loss) for the year	\$ (94,001)	\$ (44,397)
Items not affecting cash		
Write-off of prior year's accounts payable	-	(14,414)
Changes in non-cash working capital items related to operations:		
Other receivables	20,420	(1,856)
Accounts payable and accrued liabilities	(126,662)	42,444
Net cash used in operating activities	<u>(200,243)</u>	<u>(18,223)</u>
Cash Flows provided by Financing Activity		
Shares issued for cash	791,000	-
Share issuance costs	(54,600)	-
Short-term loan by director	(18,082)	18,082
Net cash provided by financing activities	<u>718,318</u>	<u>18,082</u>
Increase (decrease) in cash during the year	518,075	(141)
Cash, beginning of the year	744	885
Cash, end of the year	\$ <u>518,819</u>	\$ <u>744</u>

The accompanying notes are an integral part of these financial statements

FITCH STREET CAPITAL CORP.

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

For the Years Ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Number of <u>Shares</u>	Common <u>Shares</u>	Contributed <u>Surplus</u>	Deficit <u>(Restated – see Note 9)</u>	Total Shareholders' <u>Equity</u> <u>(Restated – see Note 9)</u>
Balance, March 31, 2016	1,323,082	\$ 296,331	\$ 112,892	\$ (517,245)	\$ (108,022)
Net loss for the year	-	-	-	(44,397)	(44,397)
Balance, March 31, 2017	1,323,082	\$ 296,331	\$ 112,892	\$ (561,642)	\$ (152,419)
Balance, March 31, 2017	1,323,082	\$ 296,331	\$ 112,892	\$ (561,642)	\$ (152,419)
Shares issued	11,300,000	791,000	-	-	791,000
Share issuance costs, cash	-	(54,600)	-	-	(54,600)
Shares issuance costs, broker warrants	-	(113,000)	113,000	-	-
Net gain for the year	-	-	-	(94,001)	(94,001)
Balance, March 31, 2018	12,623,082	\$ 919,731	\$ 225,892	\$ (655,643)	\$ 489,980

The accompanying notes are an integral part of these financial statements

Note 1 Nature of Operations

The Company was incorporated under the Business Corporations Act of British Columbia on June 20, 2007. The Company is in the development stage and was classified and listed as a Capital Pool Company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange") on June 13, 2008.

The Company was required to complete a Qualifying Transaction (as defined under the policies of the Exchange) by September 14, 2010. The Company did not complete a Qualifying Transaction within the prescribed time frame and trading in its shares was suspended by the TSX-V. During the year ended March 31, 2011, the Company was transferred to the NEX.

The address of the Company's corporate office and principal place of business is Suite 600 – 666 Burrard Street, Vancouver, British Columbia V6C 2X8.

These financial statements were authorized for issue on July 30, 2018 by the directors of the Company.

Going Concern

While the Company's financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the year ended March 31, 2018, the Company reported a net loss of \$94,001 (2017 - **\$44,397 Restated**) and as at that date had an accumulated deficit of \$655,643 (March 31, 2017 - **\$561,643 Restated**). As of March 31, 2018, the Company has a net working capital of \$489,980 (March 31, 2017 - **\$152,420 Restated** deficiency). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material. The directors of the Company have approved these financial statements.

Note 2 Significant Accounting Policies

(a) Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these financial statements are based on IFRS issued and outstanding as July 30, 2018, the date the Board of Directors approved the financial statements for issue.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis using the accrual basis accounting, except for cash flow information.

Note 2 Significant Accounting Policies – (cont'd)

(c) Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(d) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAD"). The financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

All amounts in these financial statements are rounded to the nearest dollar.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term, highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(f) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Note 2 Significant Accounting Policies – (cont'd)

(f) Income Taxes – cont'd

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Exploration and Evaluation Assets

Mineral exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property in accordance with the provisions of IAS 36.

Exploration stage assets and development stage assets are considered separate CGUs for impairment testing purposes.

The amount shown for mineral exploration and evaluation assets does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Note 2 Significant Accounting Policies – (cont'd)

(h) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset maybe impaired. If any indication exists, the Company estimates the asset's recoverable amount which is the higher of its fair value less costs to sell and its value-in-use. For the purpose of estimating recoverable amounts, the impairment test is carried out on the asset's cash-generating unit ("CGU"), which is the lowest level for which there are separately identifiable cash flows. A CGU may include certain aggregated exploration and evaluation assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount with the impairment loss recognized in the Statement of Comprehensive Loss.

A previously recognized impairment loss is reversed when there has been a change in the assumptions used to determine the asset's recoverable amount when the impairment loss was initially recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been recognized, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Any reversal of previously recognized impairment losses is recognized in the Statement of Comprehensive Loss.

(i) Financial Instruments

Financial assets:

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company has classified receivables as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. At March 31, 2018, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities:

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At March 31, 2018, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Note 2 Significant Accounting Policies – (cont'd)

(i) **Financial Instruments - (continued)**

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

(j) **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision related to asset retirement obligation, dismantling, decommissioning and site disturbance remediation is made for the estimated cost and capitalized in the relevant asset category. Such provision is measured at the present value of management's best estimate of expenditure required to settle the present obligation at the Statement of Financial Position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs in the Statement of Operations whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the obligation are charged against the provision to the extent the provision is established. The Company had no provisions as at March 31, 2018.

(k) **Share Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

(l) **Share-based Payments**

The cost of incentive share options and other equity-settled share-based compensation and payment arrangements is recorded based on the estimated fair-value at the grant date and charged to earnings over the vesting period. Where incentive share options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by a charge to earnings, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Note 2 Significant Accounting Policies – (cont'd)

(m) Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss attributable to common shareholders of the Company by weighted average number of common shares outstanding for the relevant period. Diluted earnings/loss per share is computed by adjusting the net income or loss attributable to common shareholders dividing by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments such as warrants and options were exercised.

(n) New accounting standards and amendments to existing standards

Effective for periods beginning on or after January 1, 2018

- **IFRS 9, *Financial Instruments – Classification and Measurement***

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

- **IFRS 15, *Revenue from Contracts with Customers***

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

Effective for periods beginning on or after January 1, 2019

- **IFRS 16, *Leases***

IFRS 16 applies to the recognition, classification, measurement and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease is for a term of 12 months or less or the underlying asset has a low value. IFRS 16 supersedes IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases – Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*

The Company is currently assessing the impact that these standards will have on the Company's financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

Note 3 Other Receivables

	March 31,	March 31,
	2018	2017
HST/GST receivable	\$ 3,920	\$ 31,339
Other receivables	7,000	-
	\$ 10,920	\$ 31,339

The Company qualifies for the Harmonized Sales Tax (HST) input tax credits in the amount of \$3,919 (2017 - \$31,339), which may change pursuant to an audit by the taxation authorities. During the year ended March 31, 2018, the Company wrote off a portion of the GST receivable deemed uncollectible.

Note 4 Related Party Transactions- Restated –See Note 9

During the year ended March 31, 2018 the Company incurred \$18,000 (2017 - **\$Nil Restated**) in rent expense to a company owned by a director and senior officer. The Company received a credit note of (\$74,089) from aforementioned company for rent, office and professional fees. As at March 31, 2018, \$nil (March 31, 2017 - **\$54,480 Restated**) were indebted to the aforementioned company. These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties.

A director of the Company advanced the Company \$nil at March 31, 2018 (March 31, 2017 – \$18,082) for general corporate purposes.

Advances and payables are non-interest bearing and payable upon demand.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the following:

	March 31, 2018	March 31, 2017
CEO & CFO	-	-
	\$ -	\$ -

Note 5 Share Capital

a) Authorized

Unlimited number of common voting shares without par value.

b) Issued and outstanding

A summary of changes in share capital is contained on the statement of changes in shareholders' equity for the years ended March 31, 2018 and 2017.

c) Share Purchase Warrants

There were no share purchase warrants transactions during the years ended March 31, 2018 and 2017. As at March 31, 2018 and 2017, the Company had no warrants outstanding and exercisable.

d) Stock Options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants for up to a maximum 10% of the issued and outstanding common shares

Note 5 Share Capital – (cont'd)

d) Stock Options – cont'd

of the Company. The exercise price shall not be less than the discounted market price of the Company's shares as at grant date. The options may be granted for a maximum term of 5 years. Options granted to directors, employees and consultants, other than the consultants engaged in investor relations activities, will vest fully upon the expiry of the hold period four months from the award date.

Options granted to consultants engaged in investor activities will vest in stages over a minimum period of twelve months.

There were no stock options transactions for the years ended March 31, 2018 and 2017.

e) Escrow Shares:

As at March 31, 2010, 3,466,666 common shares were subject to an escrow agreement to be released in accordance with the CPC policy guidelines. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. During the year ended March 31, 2011, 1,333,333 escrow shares were cancelled leaving a balance of 2,133,332 common shares in escrow.

On September 21, 2016, the Company consolidated its outstanding shares on a one-new-for-four-old basis. This reduced the number of escrow shares to 533,333.

f) Private placement

During the year ended March 31, 2018, the Company completed a private placement for gross proceeds of \$791,000 through the issuance 11,300,000 shares at a price of \$0.07 per share. In connection with the private placement, the Company paid finders' fees of \$54,600 and issued 780,000 brokers' options.

g) Brokers' options

During the year ended March 31, 2018, the Company issued 780,000 brokers' options as finders' fees. The brokers' options allowed the holder to acquire for \$0.07 per option, one common share for a period of 24 months.

Number outstanding at March 31, 2017	Granted	Exercised	Number outstanding at March 31, 2018	Exercise price	Expiry Date
-	780,000	-	780,000	\$0.07	February 6, 2020

The brokers' options have been determined at fair value of \$113,000 based upon the Black Scholes method using the following assumptions noted below:

Risk-free interest rate	1.83%
Expected stock price volatility	134%
Expected dividend yield	0.00%
Expected life of options	2 years

Note 6 Financial Instruments

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction. The capital structure of the Company consists primarily of cash and share capital.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at March 31, 2018, the Company is not exposed to any significant credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Company may seek additional financing through equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

d) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. It is the responsibility of the Company to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction.

i) Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At March 31, 2018, the Company was not subject to significant interest rate risk.

ii) Foreign Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. As the Company is in the stage of identifying, evaluating and negotiating the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction, the Company is not exposed to foreign currency risk at this time.

iii) Price Risk

The Company is not exposed to price risk with respect to commodity pricing.

Note 6 Financial Instruments – (cont'd)

d) Market Risk – cont'd

i) Price Risk – cont'd

In 2009, the CICA amended Section 3862, “Amendment to Financial Instruments – Disclosures” to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data

The following table presents the financial instruments recorded at fair value in the statement of financial position, classified using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial Assets				
Cash	\$ 518,819	\$ -	\$ -	\$ 518,819
	\$ 518,819	\$ -	\$ -	\$ 518,819

Note 7 Capital Risk Management

The Company’s objectives when managing capital are: to safeguard the Company’s ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company’s strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company’s underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company’s planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company’s primary activities are to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business which is considered a Qualifying Transaction. As such, the Company is

dependent on existing working capital to fund its activities and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis. The Company is not subject to any externally imposed capital requirements.

Note 8 Income Taxes

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	<u>2018</u>	<u>2017</u>
Statutory tax rate	27.0%	26.0%
Expected income tax recovery	\$ (28,000)	\$ (18,000)
Decrease in income tax recovery resulting from:		
Effect of reduction in statutory rate	(7,000)	-
Change in the valuation allowance for future income tax assets	(21,000)	18,000
Future income tax recovery	\$ -	\$ -

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	<u>2018</u>	<u>2017</u>
Future income tax assets:		
Non-capital losses carried forward	\$ 221,000	\$ 186,000
Undeducted financing costs	12,000	19,000
	233,000	205,000
Valuation allowance for future income tax assets	(233,000)	(205,000)
	\$ -	\$ -

The Company has recorded a valuation allowance against its future income taxes based on the extent to which it is more likely than not that sufficient taxable income will be realized during the carry forward period to utilize all the future tax assets.

In addition, the Company has accumulated non-capital losses totaling \$821,000 that are available to reduce taxable income of future years. The non-capital losses expire as follows:

2028	\$ 16,000
2029	53,000
2030	178,000
2031	91,000
2032	76,000
2033	60,000
2034	48,000
2035	55,000
2036	67,000
2037	72,000
2038	105,000
	<u>\$ 821,000</u>

These losses are unconfirmed subject to assessment of the Company's annual tax return by the Canada Revenue Agency.

Note 9 Restatement

During the year ended March 31, 2018, the Company made certain adjustments to its accounts payable & accrued liabilities for the fiscal years ending March 31, 2015, 2016 and 2017 by reversing rent expenses of \$24,516 and reversing all management fees and office expenses of \$49,573 aggregating \$74,089. The foregoing adjustments were made in order to comply with Exchange policies in respect to expenses for capital pool companies as set out in Policy 2.4 of the TSX Venture Polices.

Note 9 Restatement – (cont'd)

	<u>As previously reported</u>	<u>Adjustment</u>	<u>As Restated</u>
<u>For the year ended March 31, 2017</u>			
<u>Statement of Financial Position as at March 31, 2017</u>			
Accounts payable & accrued liabilities	\$ 258,591	\$ (74,089)	\$ 184,502
Deficit	(635,731)	74,089	(561,642)
Total equity (deficiency)	(226,508)	74,089	(152,419)
<u>Statements of Loss, Comprehensive Loss and Deficit for the year ended March 31, 2017</u>			
Office and miscellaneous	45,448	(27,516)	\$ 17,932
Net and comprehensive loss for the year	(71,913)	27,516	(44,397)
Basic and diluted loss per share	(0.05)	0.02	(0.03)
Deficit - end of the year	(635,731)	74,089	(561,642)
<u>Statement of Changes in Shareholders' Equity for the year ended March 31, 2017</u>			
Net loss for the year	\$ (71,913)	\$ 27,516	\$ (44,397)
Deficit	(635,731)	74,089	(561,642)
Total equity (deficiency)	(226,508)	74,089	(152,419)
<u>Statement of Cash Flows for the year ended March 31, 2017</u>			
Net and comprehensive loss for the year	\$ (71,913)	\$ 27,516	\$ (44,397)
Changes in non-cash working capital items related to operations			
Accounts payable and accrued liabilities	69,960	(27,516)	(42,444)
<u>For the year ended March 31, 2016</u>			
<u>Statement of Financial Position as at March 31, 2016</u>			
Accounts payable & accrued liabilities	\$ 184,963	\$ (46,573)	\$ 138,390
Deficit	(563,818)	46,573	(517,245)
Total equity (deficiency)	(154,595)	46,573	(108,022)
Total liabilities and shareholders' equity	30,368	46,573	76,941
<u>Statements of Loss, Comprehensive Loss and Deficit for the year ended March 31, 2016</u>			
Office and miscellaneous	\$ 44,137	\$ (28,936)	\$ 15,201
Net and comprehensive loss for the year	(66,623)	28,936	(37,687)
Basic and diluted loss per share	(0.01)	0.01	(0.00)
Deficit - end of the year	(563,818)	46,573	(517,245)

Note 9 – Restatement – (cont'd)

Statement of Changes in Shareholders' Equity for the year ended March 31, 2016

Net loss for the year	\$	(66,623)	\$	28,936	\$	(37,687)
Deficit		(563,818)		46,573		(517,245)

Statement of Cash Flows for the year ended March 31, 2016

Net and comprehensive loss for the year	\$	(66,623)	\$	28,936	\$	(37,687)
Changes in non-cash working capital items related to operations						
Accounts payable and accrued liabilities		51,745		(28,936)		22,809

For the year ended March 31, 2015

Statement of Financial Position as at March 31, 2015

Accounts payable	\$	127,355	\$	(17,637)	\$	109,718
Deficit		(497,195)		17,637		(479,558)
Total equity (deficiency)		(87,972)		17,637		(70,335)

Statements of Loss, Comprehensive Loss and Deficit for the year ended March 31, 2015

Office and miscellaneous	\$	28,687	\$	(17,637)	\$	11,050
Net and comprehensive loss for the year		(54,962)		17,637		(37,325)
Basic and diluted loss per share		(0.01)		0.00		(0.01)
Deficit - end of the year		(497,195)		17,637		(479,558)

Statement of Changes in Shareholders' Equity for the year ended March 31, 2015

Net loss for the year	\$	(54,962)	\$	17,637	\$	(37,325)
Deficit		(497,195)		17,637		(479,558)
Total equity (deficiency)		(87,972)		17,637		(70,335)

Statement of Cash Flows for the year ended March 31, 2015

Net and comprehensive loss for the year	\$	(54,962)	\$	17,637	\$	(37,325)
Changes in non-cash working capital items related to operations						
Accounts payable and accrued liabilities		8,883		(17,637)		(8,754)