

CANVASS VENTURES LTD.

FINANCIAL STATEMENTS

MARCH 31, 2017



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Directors of Canvass Ventures Ltd.

We have audited the accompanying financial statements of Canvass Ventures Ltd., which comprise the statement of financial position as at March 31, 2017 and the statement of loss and comprehensive loss, shareholders' equity, and cash flows for the period from February 27, 2017 (date of incorporation) to March 31, 2017, and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Canvass Ventures Ltd. as at March 31, 2017 and its financial performance and its cash flows for the period from February 27, 2017 (date of incorporation) to March 31, 2017, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Canvass Ventures Ltd.'s ability to continue as a going concern.

Dale Matheson Carr-Hilton LaBonte LLP
Chartered Professional Accountants

Vancouver, Canada
August 14, 2017

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

**CANVASS VENTURES LTD.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017**

ASSETS

Current

Cash (Note 1)	\$	71,674
Receivables		431
Prepays and deposits (Note 8)		<u>7,250</u>

TOTAL ASSETS

\$ 79,355

LIABILITIES

Current

Trade payables	\$	<u>4,130</u>
----------------	----	--------------

SHAREHOLDERS' EQUITY

Share capital (Note 4)		100,500
Deficit		<u>(25,275)</u>

75,225

TOTAL LIABILITES AND SHAREHOLDERS' EQUITY

\$ 79,355

Nature of operations (Note 1)

Subsequent events (Note 8)

Approved by the Board of Directors:

"Martin Burian"

Director

"Guido Cleotens"

Director

The accompanying notes are an integral part of these financial statements.

CANVASS VENTURES LTD.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017

EXPENSES

Bank fees	\$	22
Filing and transfer agent		6,123
Professional (Note 8)		19,130
		<hr/>

NET LOSS AND COMPREHENSIVE LOSS

\$ (25,275)

LOSS PER SHARE

– Basic and diluted

\$ (0.16)

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING

– Basic and diluted

154,192

The accompanying notes are an integral part of these financial statements.

**CANVASS VENTURES LTD.
STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017**

	<u>Share capital</u>			Total shareholders' equity
	Shares	Amount	Deficit	
BALANCE, February 27, 2017	-	\$ -	\$ -	\$ -
Issued for cash	2,010,000	100,500	-	100,500
Net loss for the period	-	-	(25,275)	(25,275)
BALANCE, March 31, 2017	2,010,000	\$ 100,500	\$ (25,275)	\$ 75,225

The accompanying notes are an integral part of these financial statements.

CANVASS VENTURES LTD.
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017

CASH FLOWS USED IN OPERATING ACTIVITIES

Net loss for the period	\$	(25,275)
Change in non-cash working capital items:		
Receivables		(431)
Prepays and deposits		(7,250)
Trade payables		4,130
		<hr/>
		(28,826)
		<hr/>

CASH FLOWS FROM FINANCING ACTIVITIES

Shares issued for cash		100,500
		<hr/>
		100,500
		<hr/>

NET INCREASE, BEING CASH BALANCE AT END OF PERIOD	\$	71,674
		<hr/>

The accompanying notes are an integral part of these financial statements.

**CANVASS VENTURES LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017**

1. NATURE OF BUSINESS

Canvass Ventures Ltd. (the “Company”) is a company domiciled in Canada. The Company was incorporated on February 27, 2017 under the laws of the Province of British Columbia. The address of the Company’s registered and head office is Suite 1600, 925 West Georgia Street, Vancouver, B.C., V6C 3L2.

The Company is currently a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (“TSX-V”) Corporate Finance Manual. The principal business of the Company is to identify and evaluate companies, assets or businesses with a view to completing a Qualifying Transaction in accordance with Policy 2.4. The Company is currently seeking opportunities to undertake a Qualifying Transaction.

As a Capital Pool Company, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

Subsequent to March 31, 2017, the Company completed a public offering of common shares and commenced trading under the symbol CVS.P on the TSX-V. See Note 8.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements were authorized for issue by the board of directors on August 14, 2017.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company may require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**CANVASS VENTURES LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017**

2. BASIS OF PREPARATION (continued)

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Certain estimates, such as the measurement of deferred taxes, depend on subjective or complex judgments about matters that may be uncertain. Changes in those estimates could materially impact these financial statements. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings per share. The computation of diluted earnings per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

**CANVASS VENTURES LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share (continued)

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. Outstanding common shares that are contingently cancelable are excluded from the weighted average number of shares outstanding.

Income taxes

Income taxes are recognized for the estimated taxes payable for the current period, and deferred taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Financial instruments – recognition and measurement

The Company classifies all financial instruments as held-to-maturity financial assets, fair value through profit or loss (“FVTPL”), available for sale or other financial liabilities, as follows:

- Held-to-maturity financial assets are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to earnings in the period in which they arise.
- FVTPL financial instruments are carried at fair value with changes in fair value charged or credited to earnings in the period in which they arise.
- Available-for-sale financial instruments are carried at fair value with changes in the fair value charged or credited to other comprehensive income. Impairment losses are charged to net earnings in the period in which they arise.
- Other financial liabilities are initially measured at cost or amortized cost, net of transaction costs and any embedded derivatives that are not closely related to the financial liability, depending upon the nature of the instrument with any resulting premium or discount from the face value being amortized to earnings using the effective interest method.

The Company classifies cash as FVTPL and trade payables as other financial liabilities.

**CANVASS VENTURES LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

IFRS 9 – Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9, Financial Instruments (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions.

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after March 31, 2017. These standards have been assessed to not have a significant impact on the Company’s financial statements.

4. SHARE CAPITAL

Authorized

The Company is authorized to issue the following:

- Unlimited number of common shares without nominal or par value.
- Unlimited number of Class A voting preferred shares without par value.
- Unlimited number of Class B non-voting, preferred shares without par value.

Issued

During the period ended March 31, 2017, the Company issued 2,010,000 common shares at a price of \$0.05 for proceeds of \$100,500.

Stock options

The Company has a stock option plan that provides for the issuance of options to eligible persons. The option price under each option granted must be no less than the discount market price as defined by the TSX-V. The term of the options must be no longer than 5 years and the directors determine the vesting period. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. The maximum number of outstanding options issued for investor relations must be no more than 2% of the issued and outstanding shares and the options issued to investor relations must vest in stages over a 12 month period with no more than ¼ of the options vesting in any three month period. Any common shares acquired pursuant to the exercise of options prior to the completion of a Qualifying Transaction must be deposited in escrow and will be subject to escrow until a final exchange bulletin is issued.

There are no options outstanding as of March 31, 2017.

CANVASS VENTURES LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2017, the Company's financial instruments are comprised of cash and trade payables. The fair value of these financial instruments approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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.

As at March 31, 2017, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

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

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at March 31, 2017, the Company had a cash balance of \$71,674 to settle current liabilities of \$4,130 and as such, is not exposed to significant liquidity risk. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk - The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk- The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

CANVASS VENTURES LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 27, 2017 (DATE OF INCORPORATION) TO MARCH 31, 2017

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at March 31, 2017, the Company's shareholders' equity was \$75,225 and it had current liabilities of \$4,130. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Loss for the period	\$	(25,275)
Tax rate		<u>26%</u>
Expected income tax recovery		6,572
Change in unrecognized benefit of non-capital losses		<u>(6,572)</u>
Income tax recovery	\$	<u><u>-</u></u>

The Company has accumulated non-capital losses of approximately \$25,000 which may be deducted in the calculation of taxable income in future years. The losses expire in 2037.

8. SUBSEQUENT EVENTS

- a) Effective May 18, 2017, the Company commenced trading under the symbol CVS.P on the TSX-V by completing a public offering of up to 2,000,000 common shares at a price of \$0.10 per share (the "Offering"). The Company entered into an agreement with Leede Jones Gable Inc. (the "Agent") dated March 1, 2017, whereby the Company paid a commission equal to 8% of the total proceeds raised in the Offering. The Company also reimbursed the Agent's expenditures related to the Offering, of which \$4,750 had been paid and recorded in prepaids and deposits at March 31, 2017, and paid the Agent a fee of \$10,000 plus GST, of which a non-refundable amount of \$5,000 plus GST had been paid at March 31, 2017 and had been recorded in professional fees. In addition, the Company issued the Agent 200,000 non-transferable warrants (the "Agent's Warrants") in conjunction with the Offering. The Agent's Warrants are exercisable at a price of \$0.10 per common share for a period of 2 years.
- b) The Company completed a private placement of 3,100,000 common shares of the Company at \$0.10 per share for proceeds of \$310,000.
- c) The Company granted 300,000 stock options to directors and officers, exercisable at \$0.10 per share for a period of 5 years.