

# **Cardinal Capital Partners Inc.**

## **Consolidated Financial Statements**

**December 31, 2016 and 2015**

## **Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. These consolidated financial statements contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors reviews the results of the annual audit and the consolidated financial statements prior to submitting the consolidated financial statements to the Board for approval.

The Company's auditors, MNP LLP, are appointed by the shareholders to conduct an audit and their report follows.

"signed Chris Carmichael"  
Chris Carmichael  
Chief Executive Officer

"signed Andrew Hilton"  
Andrew Hilton  
Chief Financial Officer

Toronto, Canada  
May 1, 2017

## Independent Auditors' Report

To the Shareholders of Cardinal Capital Partners Inc.:

We have audited the accompanying consolidated financial statements of Cardinal Capital Partners Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of changes in shareholders' (deficiency), comprehensive (loss) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated 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 is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cardinal Capital Partners Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Cardinal Capital Partners Inc.'s ability to continue as a going concern.

Mississauga, Ontario  
May 1, 2017

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

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**Cardinal Capital Partners Inc.**  
Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)

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	<b>December 31</b>	<b>December 31</b>
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 795	\$ 795
<hr/>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 6)	\$ 75,720	\$ 61,965
Deposit (note 6)	20,000	-
	<hr/>	<hr/>
	95,720	61,965
<hr/>		
<b>Shareholders' (Deficiency)</b>		
Share capital (note 5(b))	8,123,310	8,123,310
Contributed surplus (note 5(c))	15,368,610	15,347,579
Deficit	(23,586,845)	(23,532,059)
	<hr/>	<hr/>
	(94,925)	(61,170)
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	\$ 795	\$ 795
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Going concern (note 1); Risk Management and Financial Risks (note 8); Subsequent event (note 9)

On Behalf of the Board

\_\_\_\_\_  
Signed: "Chris Carmichael", Director

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Signed: "Peter MacLean", Director

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

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**Cardinal Capital Partners Inc.**

Consolidated Statements of Changes in Shareholders' (Deficiency)

**For the years ended December 31, 2016 and 2015**(Expressed in Canadian dollars)

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	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance, January 1, 2015</b>	8,123,310	15,347,579	(23,517,323)	(46,434)
Net (loss) for the year	-	-	(14,736)	(14,736)
<b>Balance, December 31, 2015</b>	8,123,310	15,347,579	(23,532,059)	(61,170)

	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance, January 1, 2016</b>	8,123,310	15,347,579	(23,532,059)	(61,170)
Net (loss) for the year	-	-	(54,786)	(54,786)
Stock based compensation	-	21,031	-	21,031
<b>Balance, December 31, 2016</b>	8,123,310	15,368,610	(23,586,845)	(94,925)

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

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**Cardinal Capital Partners Inc.**  
Consolidated Statements of Comprehensive (Loss)  
**For the years ended December 31, 2016 and 2015**  
(Expressed in Canadian dollars)

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	<b>2016</b>	<b>2015</b>
<b>Expenses</b>		
General office and administration	\$ 33,755	\$ 14,691
Share-based compensation (notes 5(c) and 6)	21,031	-
Interest expense	-	45
	<hr/> 54,786	<hr/> 14,736
<b>Net (loss) before other income and taxes</b>	(54,786)	(14,736)
Income taxes (note 7)	-	-
	<hr/> (54,786)	<hr/> (14,736)
<b>Net (loss) and comprehensive (loss) for the year</b>	<hr/> (54,786)	<hr/> (14,736)
<b>Basic and diluted net (loss) per share</b>	<hr/> \$ (0.00)	<hr/> \$ (0.00)
<b>Weighted average number of shares outstanding</b>	<hr/> 9,566,579	<hr/> 9,566,579

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

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**Cardinal Capital Partners Inc.**  
Consolidated Statements of Cash Flows  
**For the years ended December 31, 2016 and 2015**  
(Expressed in Canadian dollars)

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	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net (loss) for the year	\$ (54,786)	\$ (14,736)
Items not affecting cash:		
Share-based compensation	21,031	-
Changes in accounts payable and accrued liabilities	13,755	11,136
<b>Net cash flows (used in) operating activities</b>	<u>(20,000)</u>	<u>(3,600)</u>
<b>Financing activities</b>		
Deposit received (note 6)	<u>20,000</u>	-
<b>(Decrease) increase in cash</b>	-	(3,600)
<b>Cash, beginning of year</b>	<u>795</u>	<u>4,395</u>
<b>Cash, end of year</b>	<u>\$ 795</u>	<u>\$ 795</u>

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

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**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
**For the years ended December 31, 2016 and 2015**  
(Expressed in Canadian dollars)

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**1. Nature of Business and Going Concern**

Cardinal Capital Partners Inc. (“the Company” or “Cardinal”) was a merchant bank that assumed the role of participating lender in the acquisition, development, sales and management of real estate properties that met a predetermined set of guidelines within North American markets. On September 30, 2009 the Company ceased its operations upon the sale of its wholly-owned subsidiary Global Development Resources, Inc. (USA) (“GDR USA”). As a result of the sale of GDR USA, the Company no longer has continuing operations.

Cardinal is a publicly traded company incorporated and domiciled in Ontario. The Company’s registered office is as follows: B2 – 125 The Queensway, Suite 217, Toronto, ON M8Y 1H6. The Company’s common shares are listed on the NEX board of the Toronto Venture Exchange under the symbol CCP.H.

Since inception, the Company has incurred losses and net cash outflows from operations and has funded operations through common stock issuances and debt in order to meet its strategic objective. As at December 31, 2016 the Company had \$795 in assets to satisfy liabilities of \$95,720. As a result of the foregoing, there exists significant doubt about the Company's ability to continue as a going concern. Management is continuing to pursue additional financing and other business opportunities in order to secure sufficient working capital to meet its operational requirements and be able to pay its existing liabilities. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue to fund its operations. These consolidated financial statements do not include any adjustments that might be necessary if the going concern assumption was not appropriate.

**2. Basis of Presentation**

Statement of Compliance

These consolidated financial statements, including comparative periods, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements are prepared using IFRSs in effect at May 1, 2017, the date the Board of Directors approved the consolidated financial statements. Significant accounting policies used in the preparation of the consolidated financial statements are described in Note 3.

**3. Summary of Significant Accounting Policies**

Basis of Consolidation

All significant intercompany transactions and balances have been eliminated.

(i) Subsidiaries

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Eco Logic Chemical Technologies Inc. and Eco Logic Solutions Inc., both of which are inactive.

Use of Estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. While management believes that the estimates and assumptions are reasonable, actual results may differ materially from those estimates.



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**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
**For the years ended December 31, 2016 and 2015**  
(Expressed in Canadian dollars)

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**3. Summary of Significant Accounting Policies - continued**

Financial Instruments

Financial assets are classified into one of four categories: fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale; financial liabilities are classified into one of two categories: fair value through profit or loss and other financial liabilities. The subsequent treatment of changes in fair value depends on their initial classification, as follows: fair value through profit or loss financial assets are measured at fair value and changes in fair value are recognized in net income or loss; available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income or loss until the investment is derecognized or impaired at which time the amounts are recorded in net income or loss.

Cash is designated as loans and receivables and is measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities which are measured at amortized cost. The fair values of all financial instruments outstanding at December 31, 2016 approximate their carrying values.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

Revenue Recognition

Interest income is recorded on an accrual basis using the effective interest method.

Income Taxes

Income tax expense comprises current and deferred components.

Current income tax expense is the expected tax payable for the current period's taxable income based on rates enacted or substantively enacted at the end of the reporting period and any adjustments to previous estimates.

Deferred income taxes are calculated using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in expected future tax rates is recognized in net (loss) income in the period that includes the date of substantive enactment of the revised tax rates. Deferred tax assets are recognized to the extent that it is probable that they will be realized.

Earnings (loss) per Share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by dividing net earnings available to common shareholders for the period by the diluted weighted average number of common shares outstanding during the period. The diluted weighted average number of shares includes the potential dilution from common shares issuable through stock options, if dilutive, using the treasury stock method. The treasury stock method assumes that the proceeds from any shares issued on the exercise of stock options are used by the Company to repurchase and cancel shares at the average market price of the Company's share price for the period. As such, where the strike price of stock options exceeds the average market price of the Company's shares for the reporting period, the inclusion of these shares under the treasury stock method would be anti-dilutive, so these shares are excluded from the calculation of the weighted average number of diluted common shares.

In years that the Company reports a net loss, loss per share is not presented on a diluted basis, as the result would be anti-dilutive.

**Cardinal Capital Partners Inc.**  
Notes to Consolidated Financial Statements  
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(Expressed in Canadian dollars)

**3. Summary of Significant Accounting Policies - continued**

Share - based Payment Transactions

The fair value of share options granted to employees, officers and directors is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized immediately. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted.

**4. New and Revised IFRS's in Issue but Not Yet Effective**

A number of new standards and issued amendments to standards and interpretations are not yet effective for the period ending December 31, 2016, and have not been applied when preparing these consolidated financial statements. The following standard is the only such standard which management believes may be applicable to the Company. The Company does not anticipate any impact on its consolidated financial statements as a result of adopting the following new standard:

IFRS 9 - Financial instruments

IFRS 9, "Financial instruments" ("IFRS 9") was issued by the IASB in its final form in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

**5. Share Capital**

a) Authorized

Unlimited common shares (December 31, 2015 - unlimited)  
Unlimited preferred shares (December 31, 2015 – unlimited)

b) Shares issued and outstanding

	<b>Number of Shares</b>	<b>Amount</b>
<b>Common shares</b>		
<b>Balance, December 31, 2016 and 2015</b>	9,566,579	\$ 8,123,310

**Cardinal Capital Partners Inc.**  
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**5. Share Capital – continued**

c) Stock Options Outstanding

Cardinal has a stock option plan (the “Plan”) which was approved by the Board of Directors of the Company. The total amount of shares reserved for issuance under the Plan is equal to 10% of the outstanding common shares.

The Plan is for the benefit of the employees, officers and directors and certain consultants of Cardinal and its subsidiaries. The Plan is administered by the Compensation Committee of the Board of Directors of the Company. The Compensation Committee may from time to time designate individuals to whom options to purchase shares of the capital stock of the Company may be granted and the number of shares to be optioned to each. The option price per share which is the subject of any option shall be fixed by the Board of Directors when such option is granted. The option price can be discounted according to the rules of the Exchange at the time the option is granted. It is Cardinal’s policy that options vest fully upon issuance. The period during which an option is exercisable shall not exceed five years from the date the option is granted. The options may not be assigned, transferred or pledged. Subject to any grace period allowed under the policies of the Exchange, the options will expire upon the termination of the employment or office with Cardinal or any of its subsidiaries or death of an individual. The total number of shares to be optioned to any one individual cannot exceed five percent of the total of the issued and outstanding shares.

On May 4, 2016 the Company announced that under its stock option plan, it had granted to directors and officers of the Company incentive stock options to purchase a total of 800,000 common shares of the Company at an exercise price of \$0.05 per share, expiring May 4, 2018 and vesting immediately. The number of shares reserved for issuance under the plan is 956,658 of which, subsequent to this grant, 800,000 have been granted.

The Company determined the fair value of these stock options at May 4, 2016 to be \$21,031 using the Black-Scholes option pricing model with the assumptions as follows:

Exercise price	0.05
Stock price	0.05
Risk-free interest rate	1.10%
Expected life	2 years
Expected volatility	100%
Dividend rate	0%

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 31, 2016 are as follows:

<b>Options Outstanding</b>				<b>Options Exercisable</b>	
Exercise Price	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$0.05	800,000	\$0.05	1.34	800,000	\$0.05
<b>Total</b>	<b>800,000</b>	<b>\$0.05</b>	<b>1.34</b>	<b>800,000</b>	<b>\$0.05</b>

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**Cardinal Capital Partners Inc.**

Notes to Consolidated Financial Statements

**For the years ended December 31, 2016 and 2015**(Expressed in Canadian dollars)

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**6. Related Party Transactions and Balances**

- a) At December 31, 2016 accounts payable and accrued liabilities included \$27,888 (December 31, 2015 - \$24,858) payable to officers and directors of the Company.
- b) On June 6, 2016 the Company announced that it has executed a definitive agreement ("Agreement") for a business combination (the "Transaction") with Minotaur Atlantic Exploration Ltd. ("Minotaur"), a private Ontario corporation. The Transaction is expected to take the form of an amalgamation, arrangement, share purchase, or similar form of business combination. Under the terms of the Agreement, the Transaction will be structured such that each Cardinal shareholder will receive one (1) combined entity ("Amalco") share for each two (2) Cardinal shares owned and each Minotaur shareholder will receive one (1) Amalco shares for each one (1) Minotaur share owned. Chris Carmichael, Chief Executive Officer and Director of the Company is the Chief Financial Officer of Cogonov, Minotaur's former parent company. Completion of the Transaction is subject to a number of conditions, including Exchange acceptance and disinterested Shareholder approval.

The Company received a non-interest bearing, unsecured deposit in the amount of \$20,000 during the year, pursuant to the terms of the Agreement. However, the Transaction cannot close until the required Shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

**Compensation of key management personnel**

The remuneration expense of directors and other members of key management personnel during the years ended December 31, 2016 and 2015 were as follows:

	<b>2016</b>	<b>2015</b>
Salaries and benefits	\$ -	\$ -
Share-based compensation (note 5(c))	21,031	-
Total	<u>\$ 21,031</u>	<u>\$ -</u>

**7. Income Taxes**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize these benefits:

	<b>2016</b>	<b>2015</b>
Non-capital losses	\$ 1,154,680	\$ 1,120,924
Net capital losses	<u>\$ 10,639,090</u>	<u>\$ 10,639,090</u>

The non-capital losses carried forward will expire between 2027 and 2036. The net capital losses may be carried forward indefinitely, but can only be used to reduce capital gains.

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**Cardinal Capital Partners Inc.**

Notes to Consolidated Financial Statements

**For the years ended December 31, 2016 and 2015**(Expressed in Canadian dollars)

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**8. Risk Management and Financial Risks***Capital Management*

The Company manages its shareholders' equity (currently a deficiency) as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities for the benefit of its shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may attempt to issue new shares or debt, or adjust the amount of cash. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits. The Company is not subject to any externally imposed capital requirements.

*Financial Risks*

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

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had current assets of \$795 (December 31, 2015 - \$795) to settle current liabilities of \$95,720 (December 31, 2015 - \$61,965). (See note 1).

*Credit Risk*

The credit risk relates to the cash on hand, which is held in a single financial institution.

**9. Subsequent Events**

There were no subsequent events that would have a material impact on these consolidated financial statements.