LAKEFIELD MARKETING CORPORATION/CORPORATION DE MARKETING LAKEFIELD

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Wasserman
Ramsay

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lakefield Marketing Corporation/Corporation de Marketing Lakefield:

We have audited the accompanying financial statements of Lakefield Marketing Corporation/Corporation de Marketing Lakefield which comprises the statements of financial position as at December 31, 2017 and 2016 and the statements of loss and comprehensive loss, cash flows, changes in shareholders equity for the years then ended, 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 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 audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making this 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 opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Lakefield Marketing Corporation/Corporation de Marketing Lakefield as at December 31, 2017 and 2016 and the results of its operations, cash flows and changes in shareholders equity for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Wasserman Ramsay

Markham, Ontario
February 27, 2018

Chartered Accountants
Licensed Public Accountants

LAKEFIELD MARKETING CORPORATION/CORPORATION DE MARKETING LAKEFIELD

(Incorporated under the Laws of the Province of Ontario)

BALANCE SHEETS - DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
	$ -	$ -
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	$ 5,074	$ 9,849
Due to related parties *(Note 5)*	16,579	16,579
Short-term unsecured loan *(Note 6)*	17,665	9,190
	39,318	35,618
SHAREHOLDER'S DEFICIENCY		
Capital stock *(Note 4)*	1,789,905	1,789,905
Deficit *(Page 4)*	(1,829,223)	(1,825,523)
Total equity (deficiency)	(39,318)	(35,618)
	$ -	$ -

Nature of Operations and Going Concern - Note 1

Approved on behalf of the board on February 27, 2018**:**

Dominique Monardo, director

Jon Bridgman, director

The accompanying notes form an integral part of these financial statements

LAKEFIELD MARKETING CORPORATION/CORPORATION DE MARKETING LAKEFIELD

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Expenses:		
Professional fees	3,700	1,700
Net loss and comprehensive loss for the year	$ 3,700	$ 1,700
Net loss per share basic and diluted	$ -	$ -
Weighted average number of shares basic and diluted	29,479,940	29,479,940

The accompanying notes form an integral part of these financial statements

LAKEFIELD MARKETING CORPORATION/CORPORATION DE MARKETING LAKEFIELD

STATEMENTS OF CHANGE IN SHAREHOLDERS DEFICIENCY

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

	Common Shares				Total
	# Shares	$ Amount	Contributed Surplus	Deficit	Shareholders Deficiency
Balance December 31, 2015	29,479,940	1,789,905	-	(1,823,823)	(33,918)
Net loss for the year	-	-	-	(1,700)	(1,700)
Balance December 31, 2016	29,479,940	1,789,905	-	(1,825,523)	(35,618)
Net loss for the year	-	-	-	(3,700)	(3,700)
Balance December 31, 2017	29,479,940	$ 1,789,905	$ -	$ (1,829,223)	$ (39,318)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash was provided by (used in) the following activities:		
Operations:		
Net loss for the year	$ (3,700)	$ (1,700)
Net change in non-cash working capital balances related to operations	(4,775)	1,700
	(8,475)	-
Financing:		
Short-term unsecured loan	8,475	-
Cash, beginning and end of year	$ -	$ -

The accompanying notes form an integral part of these financial statements

1. Nature of Operations and Going Concern:

Lakefield Marketing Corporation/Corporation de Marketing Lakefield (the "Company") is a public company incorporated under the laws of the Province of Ontario.

While these financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business, adverse conditions could cast doubt upon the validity of this assumption. As at December 31, 2017 the Company has a working capital deficiency in the amount of $39,318 (2016 - $35,618) and has incurred losses since inception resulting in an accumulated deficit of $1,829,223 and has no current active business. In order to meet its corporate and administrative expnses for the coming year the Company will be required to raise funds through unsecured loans or additonal financing. Although the Company has been successful in raising funds in prior years there in no certainty that the Company will be successful in the future.

If the going concern assumption was not appropriate for these financial statements, then adjustments might be necessary to the carrying values of assets and liabilities, the reported loss and the balance sheet classifications used. These adjustments could be material.

2. Significant accounting policies:

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standards effective as of December 31, 2017.

(b) Basis of Measurement

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

(c) Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar ("$").

(d) Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The more significant areas are as follows:

Critical accounting estimates

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry- forwards and other deductions. The valuation of Deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment.

(e) Cash and Cash Equivalents

Cash and cash equivalents consists of cash, demand deposits and high-interest savings vehicles.

(f) Impairment of Non-Financial Assets

The Company's tangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

(g) Share-based Payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and services providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to an asset as appropriate, 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.

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

(h) Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill not deductible for tax purposes; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(j) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and the consolidated statements of changes in shareholders equity.

(k) Financial Instruments

The Company does not have any derivative financial instruments.

All financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") and loans and receivables.

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value and changes are recognized in profit or loss. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. AFS financial assets subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's cash and cash equivalents and restricted cash have been classified as FVTPL financial assets. The amounts receivable has been classified as loans and receivables. The Company's investments have been designated as AFS. The carrying value of the Company’s cash, cash equivalents, and restricted cash approximates their fair value due to their short-term nature.

The Company has the following non-derivative financial liabilities: amounts payable and accrued liabilities and flow-through share premium liability. The carrying value of financial liabilities approximates their fair value due to their short-term nature. Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period.

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance expense (“notional interest”).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

(m) **Accounting Standards Issued but not yet Effective**

The following standards are effective for annual periods beginning on or after January 1, 2018 with early adoption permitted, unless otherwise disclosed. The Company is assessing the impact of these new standards, but does not expect them to have a significant impact on the consolidated financial statements.

IFRS 9, Financial instruments, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

3. Capital Management:

The Company's policy is to attain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying resource assets. As a Company without an operating business, the Company considers its capital structure to be comprised of working capital only. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected expenditure levels.

The Company has not paid or declared any dividends since the date of its incorporation, nor are any dividends contemplated in the foreseeable future.

The Company does not have any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period.

4. Capital stock:

Authorized:
Unlimited common shares

Issued:

	Number of shares	$ value
Balance as at December 31, 2017 and 2016	29,479,940	$ 1,789,905

Share based payments:
No options were granted in the current or prior year and there are no options outstanding as at December 31, 2017 and 2016..

Warrants:
The Company has no warrants outstanding as at December 31, 2017 and 2016.

5. Related party transactions and balances:

The Company's related parties consist of executive officers and directors

Related Party	Item	For the year ended April 30, December 31, 2017	December 31, 2016
Key Management Personnel	Temporary non-interest bearing, unsecured, demand loans from directors and related parties.	$ 16,579	16,579
	Directors fees charged to statement of loss	$ -	$ -
	Share-based payments charged to statement of loss	$ -	$ -

During the current and prior fiscal years the Company received advances in the amount of $16,579 from a related party. These advances are unsecured, non-interest bearing and are due on demand.

The above transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

6. Short term unsecured loan:

Short term unsecured loans consist of funds advanced from an unrelated party. The loans are non-interest bearing, unsecured and due on demand.

7. Income tax:

The Company has available approximately $90,090 (2016 - $88,790) in non-capital loss carry-forwards which can be used to reduce the amount of tax payable in future years. The potential benefit of these losses has not been recognized in these financial statements and will expire if unused as follows:

2026	$ 78,500
2027	5,500
2028	900
2029	300
2030	4,000
2031	200
2032	160
2033	130
2034	100
2035	100
2036	100
2037	100
	$ 90,090

The Company's effective corporate tax rate varies from the statutory rate of tax in Canada due to the following factors:

	2017	2016
Statutory tax rate	26.50 %	26.50 %
Valuation allowance	(26.50)	(26.50)
Effective corporate tax rate	- %	- %

The Company has the following Deferred income tax assets:

	2017	2016
Non capital losses	$ 23,800	$ 23,700
Valuation allowance	(23,800)	(23,700)
Benefit recognized in the financial statements	$ -	$ -

8. Financial Risk Management:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity and debt financing to meet its ongoing working capital requirements. The Company has a working capital deficiency at year end and therefore liquidity risk is considered high

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not presently have any interest bearing debt and therefore in management's opinion, is not exposed to any significant interest rate risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

Fair value of financial instruments

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Company.

	Level	2017	2016
Fair value through profit and loss			
Cash	Level 1	-	-
Financial liabilities measured at amortized cost			
Accounts payable and accrued liabilities	Level 1	5,074	9,849