

Wamco Technology Group Ltd.

FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Wamco Technology Group Ltd., are the responsibility of the management and Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Lisa McCormack" _____, President
Lisa McCormack

"Marco Guidi" _____, CFO
Marco Guidi

PALMER REED
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Wamco Technology Group Ltd.

We have audited the accompanying financial statements of Wamco Technology Group Ltd., which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of loss, comprehensive loss, changes in equity and cash flows for the years ended December 31, 2016 and December 31, 2015, 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.

Auditor's 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 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 Company'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 Company'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 audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wamco Technology Group Ltd. as at December 31, 2016 and December 31, 2015, and its financial performance and cash flows for the years ended December 31, 2016 and December 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which indicates that the Company incurred a net loss of \$58,148 during the year ended December 31, 2016 and, as of that date, had an accumulated deficit of \$3,327,928 since inception. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability of Wamco Technology Group Ltd. to continue as a going concern. Our opinion is not qualified in respect of this matter.

TORONTO, ONTARIO

Palmer Reed

April 6, 2017

Chartered Accountants
Licensed Public Accountants

WAMCO TECHNOLOGY GROUP LTD.
STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

As at,	December 31, 2016	December 31, 2015
ASSETS		
Current	\$	\$
Cash (Note 11)	7,921	6,009
Trade and other receivables (Note 4)	5,513	1,633
Prepaid expenses	5,000	-
	18,434	7,642
LIABILITIES		
Current		
Trade and other payables (Note 5)	243,940	190,000
Due to related parties (Note 6)	7,500	7,500
	251,440	197,500
EQUITY		
Share capital (Note 7)	3,079,922	3,064,922
Contributed surplus (Note 8)	15,000	15,000
Deficit	(3,327,928)	(3,269,780)
	(233,006)	(189,858)
	18,434	7,642

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 13)

Approved on behalf of the Board:

"Joe Whipple" Director

"Lisa McCormack" Director

The accompanying notes are an integral part of these financial statements

WAMCO TECHNOLOGY GROUP LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)

Years ended December 31,	2016	2015
Expenses	\$	\$
Consulting	-	10,000
Accounting, audit and legal	51,337	27,157
Filing and Transfer Agent Fees	6,173	11,366
General and administrative	638	134
Net loss and comprehensive loss for the year	(58,148)	(48,657)
Loss per share		
Basic and fully diluted	(0.012)	(0.010)
Weighted average number of common shares outstanding		
Basic and fully diluted	5,045,296	4,831,362

The accompanying notes are an integral part of these financial statements

WAMCO TECHNOLOGY GROUP LTD.
STATEMENTS OF CHANGES IN EQUITY
(expressed in Canadian dollars)

	Share Capital		Reserves		Total
	Number of Shares	Amount	Contributed surplus	Deficit	
Balance at January 1, 2015	4,831,362	\$ 3,064,922	\$ 15,000	\$ (3,221,123)	\$ (141,201)
Total comprehensive loss for the year	-	-	-	(48,657)	(48,657)
Balance at December 31, 2015	4,831,362	\$ 3,064,922	\$ 15,000	\$ (3,269,780)	\$ (189,858)
Private placement	300,000	15,000	-	-	15,000
Total comprehensive loss for the year	-	-	-	(58,148)	(58,148)
Balance at December 31, 2016	5,131,362	\$ 3,079,922	\$ 15,000	\$ (3,327,928)	\$ (233,006)

The accompanying notes are an integral part of these financial statements

WAMCO TECHNOLOGY GROUP LTD.
STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)

Years ended December 31,	2016	2015
Cash flows used in operating activities	\$	\$
Net Loss for the year	(58,148)	(48,657)
Changes in non-cash working capital accounts:		
HST recoverable	(3,880)	(547)
Prepaid expenses	(5,000)	-
Accounts payable and accrued liabilities	53,940	49,648
Cash flows provided from (used in) operating activities	(13,088)	444
Cash flows from financing activities		
Proceeds from private placement	15,000	-
Cash flows provided from financing activities	15,000	-
Net increase in cash	1,912	444
Cash, beginning of year	6,009	5,565
Cash, end of year	7,921	6,009

The accompanying notes are an integral part of these financial statements

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS

Wamco Technology Group Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on December 14, 1995. On September 1, 2011, the Company completed articles of amendment and continued the Company under the laws of the Province of Ontario. The Company's head office is located at 400 – 365 Bay Street, Toronto, ON, M5H 2V1. The Company's last operation was that of an online gaming website and wireless connectivity services. The business ventures were discontinued in the year ended December 31, 2003. The Company is currently seeking project opportunities.

As at December 31, 2016, the Company had a working capital deficiency of \$233,006 (December 31, 2015 – \$189,858 working capital deficiency), had not yet achieved profitable operations, had accumulated losses of \$3,327,928 (December 31, 2015 - \$3,269,780) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company will be able to acquire sufficient funds to cover planned operations throughout the next twelve month period by securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements.

2. BASIS OF PRESENTATION

The Company's Financial Statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2016.

2.2 Basis of presentation

The audited financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

2. BASIS OF PRESENTATION (continued)

2.3 Recent accounting pronouncements

Adoption of New Standards

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2016. These changes were made in accordance with the applicable transitional provisions.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of the amendment did not have an impact on the Company’s financial statements.

IAS 38 - Intangible Assets (“IAS 38”) and IAS 16 – Property, Plant and Equipment (“IAS 16”), were amended in May 2014 to introduce a rebuttable presumption that the use of revenue-based amortization methods is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of the amendment did not have an impact on the Company’s financial statements.

New Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. 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. Earlier adoption is permitted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”). In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity’s first annual IFRS financial statements for periods beginning on or after January 1, 2017. Application of the standard is mandatory and early adoption is permitted. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

3.2 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Taxation (continued)

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Taxation (continued)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.3 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

3.4 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 earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified 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 (loss) except for losses in value that are considered other than temporary. At December 31, 2016 the Company has not classified any financial assets as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions 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.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

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 method. The effective interest 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 exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

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 unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2016 the Company has not classified any financial liabilities as FVTPL.

3.6 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

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 to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. 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 determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss and the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount.

3.8 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.9 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; capital assets, recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgements relate to recognition of deferred tax assets and liabilities, and the determination of the economic viability of a project.

4. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from harmonized sales tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

	December 31, 2016	December 31, 2015
	\$	\$
HST receivable	5,513	1,633
Total trade and other receivables	\$ 5,513	\$ 1,633

These trade and other receivables are outstanding for less than 30 days after filing the necessary government taxation returns.

At December 31, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 9. The Company holds no collateral for any receivable amounts outstanding as at December 31, 2016.

5. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	December 31, 2016	December 31, 2015
	\$	\$
Less than 1 month	38,244	13,173
1 – 3 months	4,557	8,780
Over 3 months	201,139	168,047
Total trade and other payables	\$ 243,940	\$ 190,000

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, \$12,000 (2015 - \$12,000) was charged for services by the Chief Financial Officer.

During the year ended December 31, 2016, \$nil (2015 - \$10,000) was charged for services by a director of the Company.

Amounts due to related parties represent amounts owing to directors for cash advances. The amounts are unsecured, bear no interest and have no specified terms of repayment. As at December 31, 2016, \$7,500 (December 31, 2015 - \$7,500) is owing to directors for cash advances.

As at December 31, 2016, \$89,270 (December 31, 2015 - \$75,710) in amounts due to related parties was included in trade and other payables.

7. SHARE CAPITAL

**(a) Authorized – 100,000,000 Common shares without par value
10,000,000 Preferred shares without par value**

Common shares

The issued and outstanding common shares are as follows:

	Number of Shares	Amount \$
Balance, January 1, 2015 and December 31, 2015	4,831,362	3,064,922
Private placement	300,000	15,000
Balance, December 31, 2016	5,131,362	3,079,922

On April 15, 2016, the Company closed a private placement for aggregate gross proceeds of \$15,000 through the issuance of 300,000 common shares of the Company at a price of \$0.05 per common share.

8. CONTRIBUTED SURPLUS

On December 3, 2003, the Company surrendered and cancelled all 1,500,000 performance escrow shares as a result of the disposal of a subsidiary company, reducing share capital and increasing contributed surplus by \$15,000.

**WAMCO TECHNOLOGY GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

9. FINANCIAL INSTRUMENTS

Fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments as at December 31, 2016 include cash, trade and other receivables, trade and other payables and due to related parties. Fair value of cash is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

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

Interest rate risk

The Company's cash includes bank deposits that are subject to floating interest rates. The Company's current policy is to invest excess cash in bank deposits by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and HST recoverable included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits and cash held in trust with the Company's legal counsel, from which, management believes the risk of loss is remote. As at December 31, 2016, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 30-60 day period. The Company has not experienced any collection issues to December 31, 2016. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at December 31, 2016 is the carrying value of cash and HST recoverable.

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9. FINANCIAL INSTRUMENTS (continued)

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 \$18,434 (December 31, 2015 - \$7,642) compared to current liabilities of \$251,440 (December 31, 2015 - \$197,500). The ability of the Company to continue to pursue its activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2016, the Company had a working capital deficiency of \$233,006 (December 31, 2015 – \$189,858 working capital deficiency).

10. CAPITAL MANAGEMENT

The Company considers its capital to include components of equity.

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's activities; to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be share capital, reserve accounts and deficit, which as at December 31, 2016 totaled a deficiency of \$233,006 (December 31, 2015 – \$189,858 deficiency).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to pursue project opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no major sources of revenue; as such the Company is dependent on external financing to fund its activities. In order to pursue project opportunities and pay for administrative costs, the Company will continue to assess its existing working capital position and raise additional amounts as needed.

The Company's investment policy is to invest its cash in bank deposits, to ensure it is available for upcoming expenditures.

The Company expects its capital resources will be sufficient to pursue project opportunities and carry out operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

11. CASH

Cash in the statement of financial position comprise cash at banks and in the Company's lawyer's trust account.

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12. INCOME TAXES

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the year ended December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Loss before income taxes	(58,148)	(48,657)
Combined statutory rate	26.50%	26.50%
Estimated recovery of income taxes	(15,400)	(12,900)
Losses expiring	-	4,300
Change in current and future tax rates	(30,000)	(100)
Deductible share issue costs and other	-	900
Tax benefits not recognized	45,400	7,800
Income tax expense	<u>-</u>	<u>-</u>

The Canadian statutory income tax rate of 26.5% (2015 – 26.5%) is comprised of the federal income tax rate at approximately 15.0% (2015 – 15.0%) and the provincial income tax rate of approximately 11.5% (2015 – 11.5%).

The primary differences which give rise to deferred income tax assets at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
<i>Deferred income tax assets</i>		
Deductible share issuance costs	-	-
Canadian exploration expenditures	302,700	285,500
Capital losses carried forward	104,000	98,100
Non-capital losses carried forward	137,900	115,600
	544,600	499,200
Less : tax benefits not recognized	(544,600)	(499,200)
Net deferred income tax assets	<u>-</u>	<u>-</u>

The Company has available for carry forward non-capital losses of \$520,500 (2015 - \$462,300). As at December 31, 2016, the non-capital losses carry forwards expire as follows:

	\$
2026	203,100
2027	10,500
2028	9,100
2029	18,800
2030	26,300
2031	54,800
2032	31,500
2033	25,900
2034	32,200
2035	50,100
2036	58,200
	<u>520,500</u>

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12. INCOME TAXES (continued)

Deferred Income Tax (continued)

As at December 31, 2016, the Company has cumulative Canadian exploration and evaluation expenditures totaling \$1,142,083 (December 31, 2015 - \$1,142,083) which are available to reduce taxable income of future years. The Company also has net capital losses of \$785,090 (December 31, 2015 - \$785,090) available to offset future taxable capital gains. These exploration expenditures and net capital losses can be carried forward indefinitely.

Deferred tax benefits which may arise as a result of these losses and expenditures have not been recognized in these financial statements.

13. SUBSEQUENT EVENTS

On January 24, 2017, the Company filed articles of amendment giving effect to the consolidation of its issued and outstanding common shares on a one (1) for five (5) basis, resulting in its previously outstanding 5,131,340 common shares of the Company being consolidated into approximately 1,026,245 common shares. No fractional common shares will be issued pursuant to the Consolidation and any fractional shares that would have otherwise been issued have been rounded down to the nearest whole number. The Consolidation was approved by shareholders at an annual and special meeting held on August 20, 2015.

On March 16, 2017, the Company settled an aggregate of \$278,855 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of an aggregate of 5,577,099 common shares of the Company at a price of \$0.05 per Common Share. All common shares issued in connection with the debt settlement are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Pursuant to the debt settlement, Irwin Lowy LLP acquired 2,700,000 Common Shares of the Company. Prior to the completion of the debt settlement, the partnership did not own any common shares of the Company. Upon completion of the debt settlement, the partnership will own 2,700,000 common shares of the Company, representing approximately 40.9% of the Company's issued and outstanding common shares on a non-diluted basis.

On March 31, 2017, the Company announced that it and certain of its principal shareholders have entered into a binding agreement (the "Agreement") with TCG Acquisition Corp. ("TCG") which outlines the general terms and conditions of a proposed transaction pursuant to which Wamco will acquire all of the issued and outstanding securities of TCG in exchange for securities of Wamco. The proposed transaction is anticipated to be carried out by way of amalgamation or other similar transaction, pursuant to which TCG will amalgamate with a wholly-owned subsidiary of Wamco (the "Proposed Transaction"). As a result of the Proposed Transaction, the Company will continue on with the business of TCG.

As contemplated by the Agreement, Wamco and TCG intend to apply to the Canadian Stock Exchange ("CSE") for the listing of the Wamco Shares (the "Listing"). TCG is a privately held company incorporated pursuant to the Business Corporations Act (Ontario). TCG has been formed for the initial purpose of making investments primarily in the United States.

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13. SUBSEQUENT EVENTS, (continued)

The Proposed Transaction is subject to, among other things, receipt of the requisite shareholder approvals, approval of the CSE, and additional conditions as described in the Agreement. Holders of greater than 70% of the Wamco Shares have entered into agreements to support the Proposed Transaction.

Prior to the completion of the Proposed Transaction, Wamco will call a meeting of its shareholders for the purpose of approving, among other matters, (i) a possible consolidation of the issued and outstanding Wamco Shares (the "Consolidation"); (ii) a change of name of Wamco to a name to be determined by TCG and acceptable to regulatory authorities; (iii) the election of nominees of TCG to the board of directors of Wamco; (iv) the approval of the Proposed Transaction, if required under applicable law; and (v) such other matters as the parties or the CSE may require. Upon closing of the Proposed Transaction, the board of directors of Wamco will be reconstituted in a manner that complies with the requirements of the CSE and applicable securities laws. TCG shall be entitled to all nominees on the reconstituted board, subject to the receipt of applicable regulatory approvals. In connection with the Proposed Transaction, TCG intends to undertake one or more equity financings (the "TCG Financing").

Upon closing of the Proposed Transaction, all securities of TCG issued in connection with the TCG Financing will automatically be exchanged for post-Consolidation Wamco Shares on the same terms as existing TCG securities.