Immunall Science Inc.
Financial Statements
For The Years Ended
December 31, 2015 and 2014

Collins Barrow

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Independent Auditors' Report

To the Shareholders
Immunall Science Inc.

We have audited the accompanying financial statements of Immunall Science Inc., which comprise the statements of financial position as at December 31, 2015 and December 31, 2014, and the statements of loss and comprehensive loss, statements of changes in shareholders' deficiency and statements of cash flows for the years ended December 31, 2015 and December 31, 2014, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained in our 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 Immunall Science Inc. as at December 31, 2015 and December 31, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 2(a) to the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue operating as a going concern. Our opinion is not qualified in respect of this matter.

Collins Barrow Calgary LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
April 20, 2016

Immunall Science Inc.

(Incorporated under the laws of Alberta)

Statements of Financial Position

(amounts in Canadian dollars)

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash	$ 1,721	$ 1,699
Goods and Services Tax recoverable	4,481	1,408
Prepaid expenses and deposits	8,293	396
	14,495	3,503
Property and equipment (note 4)	2,844	-
	$ 17,339	$ 3,503
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 5 and 8)	$ 129,871	$ 83,684
Loan payable (note 6)	51,805	-
	181,676	83,684
Shareholders' Deficiency		
Share capital (note 7)	747,769	747,769
Contributed surplus	422,248	422,248
Deficit	(1,334,354)	(1,250,198)
	(164,337)	(80,181)
	$ 17,339	$ 3,503

Going concern (note 2(a))
Commitments (note 10)
Subsequent events (notes 1, 2)

See accompanying notes.

Approved by the Board,

______________________________, Director

______________________________, Director

Immunall Science Inc.
Statements of Loss and Comprehensive Loss
Years Ended December 31
(amounts in Canadian dollars)

	2015	2014
Expenses		
Bank charges	$ 582	$ 305
Interest on loan payable	2,197	-
Office	2,269	501
Professional fees	46,039	16,693
Regulatory	21,287	12,402
Rent	9,400	-
Travel	2,026	-
Amortization	356	255
Loss before the following	84,156	30,156
Write-down of inventory	-	44,754
Write-down of property and equipment (note 4)	-	313
	-	45,067
Net loss and comprehensive loss	$ 84,156	$ 75,223
Basic and diluted loss per share (note 7(d))	$ 0.003	$ 0.002

See accompanying notes.

Immunall Science Inc.
Statements of Changes in Shareholders' Deficiency
Years Ended December 31, 2015
(amounts in Canadian dollars)

	Number of common shares	Common shares at stated value	Contributed surplus	Deficit	Total deficiency
Balance at December 31, 2013	33,435,762	$ 747,769	$ 422,248	$ (1,174,975)	$ (4,958)
Loss for the year	-	-	-	(75,223)	(75,223)
Balance at December 31, 2014	33,435,762	747,769	422,248	(1,250,198)	(80,181)
Loss for the year	-	-	-	(84,156)	(84,156)
Balance at December 31, 2015	33,435,762	$ 747,769	$ 422,248	$ (1,334,354)	$ (164,337)

See accompanying notes.

Immunall Science Inc.
Statements of Cash Flows
Years Ended December 31
(amounts in Canadian dollars)

	2015	2014
Operating activities		
Net loss	$ (84,156)	$ (75,223)
Item not affecting cash		
Amortization	356	255
Write-down of property and equipment	-	313
Write-down of inventory	-	44,754
	(83,800)	(29,901)
Changes in non-cash working capital		
Goods and Services Tax recoverable	(3,073)	(170)
Prepaid expenses	(7,897)	-
Accounts payable and accrued liabilities	46,187	25,921
	35,217	25,751
Investing activities		
Expenditures on leasehold improvements	(3,200)	-
Financing activities		
Advances from loan payable	51,805	-
Cash inflow (outflow)	22	(4,150)
Cash, beginning of year	1,699	5,849
Cash, end of year	$ 1,721	$ 1,699
Cash is comprised of:		
Cash (bank indebtedness)	$ (4)	$ 1,699
Funds held in trust	1,725	-
	$ 1,721	$ 1,699
Interest paid	$ -	$ -

See accompanying notes.

1. Nature of operations

Immunall Science Inc. (the "Company") was incorporated under the *Business Corporations Act* (Alberta) on November 22, 2005. The Company was a research company engaged in the business of developing and commercialising technology related to the growth and extraction of active ingredients from American Ginseng. During 2014, the Company ceased its ginseng operations and is currently inactive (note 2(a)).

The address and principal place of business of the Company is 10979 - 127th Street, Edmonton, Alberta, Canada, T5M 0T1.

The Company is listed on the Canadian Securities Exchange ("CNSX") under the symbol "GNS". On May 8, 2015, the CNSX suspended the Company's shares from trading on the CNSX as a result of a cease trade order issued by the British Columbia Securities Commission ("BCSC") due to the Company's failure to file its audited financial statements for the year ended December 31, 2014, as required under Part 4 of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"), and a Form 51-102F1 Management's Discussion and Analysis ("MDA") for the year ended December 31, 2014, as required under Part 5 of NI 51-102, within the mandatory timeline. The Company has complied with all the requirements subsequent to the December 31, 2015 year end and the cease trade order has been lifted.

2. Basis of presentation

(a) Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company is currently inactive and there is a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. As at and for the year ended December 31, 2015, the Company has earned no revenues from operations and has a deficit of $1,334,354 (2014 - $1,250,198). During the year ended December 31, 2015, the Company entered into a credit agreement with a third party, however the debt was not repaid on the maturity date of January 31, 2016. The creditor has not demanded repayment of the debt as of April 20, 2016. Accounts payable includes $45,000 owing to management that will not be repaid until sufficient cash flow is available. Management is currently investigating a range of strategic options available with a view to generating income sufficient to pay its liabilities and ongoing operating expenses, and maximizing shareholder value. The Company may be required to obtain additional debt or equity financing or curtail spending in the future to fund operations and settle obligations.

These statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these financial statements, then adjustments, which could be material, would be necessary to the carrying values of assets and liabilities and the reported expenses and the statement of financial position classifications used.

(b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") for the year ended December 31, 2015.

The financial statements were authorized for issue by the Board of Directors ("the Board") on April 20, 2016.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for held-for-trading financial assets that are measured at fair value with changes in fair value recorded in earnings. See note 11(b) for the methods used to measure fair values.

(d) Functional and presentation currency

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

(e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets, liabilities and equity:

Going concern

Determining if the Company has the ability to continue as a going concern is dependant on its ability to raise additional financing and to achieve profitable operations, and on the continuing support from its lender. Certain judgments are made when determining if the Company will continue as a going concern. Further disclosure is included in note 2(a).

Deferred income tax

Deferred income tax is based on estimates as to the timing of the reversal of temporary differences, tax rates currently substantively enacted and the determination of the valuation allowance. The valuation allowance is based on estimates of the probability of the Company utilizing certain tax pools and losses in future periods.

3. Significant accounting policies

(a) Property and equipment

Property and equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Amortization of property and equipment is provided using the straight-line method at the following rates approximating their estimated useful lives:

Equipment	10 years
Leasehold improvements	3 years

(b) Impairment

The carrying value of long-term assets is reviewed annually for indicators that the carrying value of an asset or cash-generating unit may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or cash-generating unit is estimated. If the carrying value of the asset or cash-generating unit exceeds the recoverable amount, the asset or cash-generating unit is written down with an impairment recognized in net loss.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold for in an arm's length transaction. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the asset or cash generating unit in its present form.

Reversals of impairments are recognized when there are indicators that an impairment loss recognized in prior periods may no longer exist, or may have decreased. In this event, the carrying amount of the asset or cash-generating unit is increased to its revised recoverable amount with an impairment reversal recognized in net earnings. The revised recoverable amount is limited to the original carrying amount less amortization as if no impairment had been recognized for the asset or cash-generating unit for prior periods.

(c) Income taxes

Income tax expense comprises 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 or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

(d) Stock-based compensation

The Company has a stock based compensation plan, which is described in (note 7(c)). The fair value of the stock options is measured at the grant date and recognized as share-based compensation expense, with a corresponding increase in contributed surplus over the vesting period. The fair value of the stock is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the stock options were granted. The Company measures stock-based compensation to non-employees at the fair value of the goods or services received. If the fair value of the goods or services cannot be measured reliably, the value of the options is used, measured using the Black-Scholes option pricing model. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of stock options that will ultimately vest. When stock options are exercised, the amount previously recorded as share-based compensation is recorded as share capital.

(e) Financial instruments

(i) Classification and measurement

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through the statement of income", "loans and receivables", "available-for-sale", "held-to-maturity", or "financial liabilities measured at amortized cost" as defined by IAS 39, *"Financial Instruments: Recognition and Measurement"*.

Financial assets and financial liabilities at "fair value through the statement of income" are either classified as "held for trading" or "designated at fair value through the statement of income" and are measured at fair value with changes in fair value recognized in the income statement. Transaction costs are expensed when incurred. The Company has designated cash as "held for trading".

Financial assets and financial liabilities classified as "loans and receivables", "held-to-maturity", or "financial liabilities measured at amortized cost" are measured at amortized cost using the effective interest method of amortization. "Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. "Held-to-maturity" financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity. "Financial liabilities measured at amortized cost" are those financial liabilities that are not designated as "fair value through the statement of income" and that are not derivatives. The Company has no financial assets designated as "loans and receivables" or as "held to maturity".

Accounts payable and accrued liabilities, and loan payable are classified as "financial liabilities measured at amortized cost".

Financial assets classified as "available-for-sale" are measured at fair value, with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company has no available-for-sale financial assets.

(ii) *Equity instruments*

The Company's common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(iii) *Impairment*

The Company assesses at each statement of financial position date whether there is objective evidence that financial assets, other than those designated as "fair value through the statement of income" are impaired. When impairment has occurred, the cumulative loss is recognized in the statement of income. For financial assets carried at amortized cost, the amount of the impairment loss recognized is 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. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of loss in the period. Impairment losses may be reversed in subsequent periods.

(f) Net loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per share reflects the potential dilution that would occur if in-the-money stock options were exercised. The Company uses the treasury stock method for outstanding stock options which assumes that all outstanding stock options with exercise prices below average market prices are exercised and assumed proceeds plus the unamortized portion of stock-based compensation are used to purchase the Company's common shares at the average market price during the period.

(g) Recent accounting pronouncements

The Company will be required to adopt each of the following new standards in future years:

- IFRS 9, *"Financial Instruments"*

  IFRS 9, *"Financial Instruments"* provides a comprehensive new standard for accounting for all aspects of financial instruments. It includes a logical model for classification and measurement, a single, forward-looking 'expected-loss' impairment model and a substantially reformed approach to hedge accounting. The new standard is effective for years beginning on or after January 1, 2018. The Company has not determined the impact of the new standard on its financial statements.

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

  IFRS 15, *"Revenue from Contracts with Customers"* provides a comprehensive new standard for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. It specifies how and when to recognize revenue as well as requiring entities to provide more informative and relevant disclosure. The new standard is effective for years beginning on or after January 1, 2018. The Company has not determined the impact of the new standard on its financial statements.

- IFRS 16, *"Leases"*

  The IASB has developed a new standard, IFRS 16 *"Leases"*, which supersedes IAS 17 *"Leases".* The IASB worked jointly with the FASB on this project. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both copies to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). Lessee accounting will change substantially under this new standard while there is little change for the lessor. IFRS 16 eliminates the classification of leases as either operating leases or financing leases and, instead, introduces a single lessee accounting model. A lessee will be required to recognize assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) and will be required to present depreciation of leases assets separately from interest on lease liabilities in the income statement. A lessor will continue to classify its leases as operating leases or financing leases, and to account for those two types of leases separately. The new standard is effective for years beginning on or after January 1, 2019. The Company has not determined the impact of the new standard on its financial statements.

(amounts in Canadian dollars)

4. Property and equipment

Property and equipment consists of:

	Equipment	Leasehold improvements	Total
Cost at December 31, 2013 and 2014	$ 2,550	$ -	$ 2,550
Additions	-	3,200	3,200
Cost at December 31, 2015	$ 2,550	$ 3,200	$ 5,750
Accumulated amortization - December 31, 2013	$ 1,982	$ -	$ 1,982
Amortization expense	255	-	255
Writedown	313	-	313
Accumulated amortization - December 31, 2014	2,550	-	2,550
Amortization expense	-	356	356
Accumulated amortization - December 31, 2015	$ 2,550	$ 356	$ 2,906
Net book value			
December 31, 2014	$ -	$ -	$ -
December 31, 2015	$ -	$ 2,844	$ 2,844

During the year ended December 31, 2014, the Company wrote-off equipment of $313. As a result of management ceasing to pursue ginseng sales, ginseng operations, it was no longer probable that future economic benefits associated with the equipment would flow to the Company.

5. Accounts payable and accrued liabilities

	2015	2014
Trade payables	$ 50,377	$ 15,237
Interest payable (note 6)	2,197	-
Other payables and accrued liabilities (note 8(a))	77,297	68,447
	$ 129,871	$ 83,684

(amounts in Canadian dollars)

6. Loan payable

On July 8, 2015, the Company entered into an agreement with a third party to advance funds to the Company for a maximum amount of $100,000 to cover operating costs. The loan bears interest at 10% per annum, compounded monthly. All amounts are repayable on demand on or before January 31, 2016. During the year ended December 31, 2015, $51,805 was advanced to the Company and interest of $2,197 was accrued on the balance owing and is included in accounts payable and accrued liabilities. The Company did not make the required principal and interest payment on January 31, 2016, and as a result is in breach of the loan agreement. The lender has not demanded payment as of April 20, 2016.

7. Share capital

(a) Authorized

Unlimited	number of common shares
20,000,000	preferred shares, issuable in one or more series
20,000,000	redeemable preferred shares, issuable in one or more series

(b) Issued

Common shares	**Number**	**Stated value**
Balance, December 31, 2015 and 2014	33,435,762	$ 747,769

(c) Stock options

The Company has a stock option plan pursuant to which the Board of the Company may grant options to purchase common shares to the officers, directors and employees of the Company or affiliated companies and to consultants retained by the Company.

The aggregate number of common shares reserved for issuance under the stock option plan is set at a maximum of 10% of the total number of shares outstanding at the time the options are granted. Furthermore, the aggregate number of shares issuable to one individual may not exceed 5% of the total number of issued and outstanding common shares of the Company. The exercise price of all options issued under the stock option plan may not be less than the closing market price on the last business day prior to the date the option was granted.

No options were granted or outstanding during the years ended December 31, 2015 and 2014.

(amounts in Canadian dollars)

(d) Loss per share

Loss per share is calculated based on the basic and diluted weighted average number of common shares outstanding during the year ended December 31, 2015 of 33,435,762 (2014 - 33,435,762).

8. Related party transactions

(a) The Company has not entered into transactions with related parties during 2015 or 2014, however $45,000 in accounts payable remains outstanding relating to consulting fees charged by corporations owned by management and directors in prior periods.

Amounts included in accounts payable and accrued liabilities are due under normal credit terms.

(b) The Company has not paid any compensation to executives, directors or employees during the years ended December 31, 2015 and 2014.

9. Income taxes

(a) The components of the Company's deferred tax asset and associated movement are as follows:

	December 31, 2014	Recognized in Loss	December 31, 2015
Cumulative eligible capital	$ 172,978	$ 762	$ 173,740
Non-capital loss carry-forwards	379,537	44,317	423,854
Property and equipment	306	(383)	(77)
Valuation allowance	(552,821)	(44,696)	(597,517)
	$ -	$ -	$ -

	December 31, 2013	Recognized in Loss	December 31, 2014
Cumulative eligible capital	$ 172,097	$ 881	$ 172,978
Non-capital loss carry-forwards	352,323	27,214	379,537
Property and equipment	96	210	306
Valuation allowance	(524,516)	(28,305)	(552,821)
	$ -	$ -	$ -

(amounts in Canadian dollars)

(b) Income tax recovery differs from that which would be expected from applying the approximate combined effective Canadian federal and provincial income tax rates of 27% (2014 - 25%) to loss before income taxes as follows:

	2015	2014
Loss before income taxes	$ (84,156)	$ (75,223)
Expected income tax recovery	(22,722)	(18,806)
Expiry of non-capital loss carryforwards	(21,922)	(6,957)
Other	(52)	(2,542)
Deferred income tax benefit not recognized	44,696	28,305
	$ -	$ -

(c) The Company has available the following non-capital loss carryforwards for which no benefit has been recognized in the financial statements:

Amount	Year of Expiry
$ 270,129	2026
302,300	2027
175,433	2028
265,794	2029
80,537	2030
17,965	2031
107,630	2032
90,057	2033
127,109	2034
132,874	2035
$ 1,569,828	

In addition, the Company has $643,480 of cumulative eligible capital for which no benefit has been recognized in the financial statements.

10. Commitments

(a) The Company has a licensing and royalty memorandum of understanding with the initial developer of the technology that is being utilized exclusively by the Company for the production of products from ginseng roots. As part of the memorandum of understanding, the Company is required to pay a royalty of 5% of the invoiced cost of each production run incurred by the Company.

(b) On August 27, 2015, the Company signed a lease agreement for an office in Vancouver, BC that commenced on September 1, 2015 and ends on August 31, 2018. The term of the lease is 36 months with two-year option to extend.

The Company is expected to make the following minimum lease payments exclusive of occupancy costs as follows:

2016	$ 33,096
2017	33,096
2018	22,064
	$ 88,256

11. Financial instruments and risk management

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Company employs risk management strategies and polices to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. While the Board has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Fair values of financial instruments

The fair value of the Company's cash, deposits and accounts payable and accrued liabilities approximate their carrying value due to immediate or short-term maturity of these financial instruments.

Financial instruments recorded at fair value on the statements 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 - reflects valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 - reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - reflects valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The financial instrument in the Company's financial statements measured at Level 1 fair value is cash.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if any counterparty fails to discharge its obligations.

Credit risk exists in cash, which is mitigated by the Company holding its cash in major Canadian banking financial institutions and deposits which is held by the property manager of the leased premises.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The financial liabilities on the statements of financial position consist of accounts payable and accrued liabilities, which includes $45,000 due to related parties (note 8) that is not expected to be repaid in the next year. The Company obtained additional financing in the current year through a third party credit facility to manage liquidity risk (note 6). The Company entered into a lease agreement for an office that requires monthly payments (note 10(b)) Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations as they become due.

(e) Capital risk management

The Company's objectives in managing its capital is to safeguard the Company's assets to be able to continue as a going concern, and to sustain future development of the business.

Management defines capital as the Company's shareholders' deficiency. The Company manages its capital structure and makes adjustments to it according to economic market conditions. Management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses expected capital requirements for the fiscal period. In order to maintain or adjust the capital structure, the Company may adjust spending, issue new shares, sell assets or incur debt.

There have been no changes to the Company's capital management policy during the years ended December 31, 2015 and 2014 and the Company is not subject to externally imposed capital requirements at December 31, 2015 and 2014.

12. Subsequent events

    (a) The shareholders at the annual general meeting held on March 29, 2016 approved consolidation of the number of common shares outstanding. As a result of the consolidation, every 33 common shares will be consolidated to one common share. This transaction is pending approval of the shareholders and the BCSC.

    (b) Subsequent to the year ended December 31, 2015, further loan advances in the amount of $6,980 were made to the Company under the loan agreement (note 6).