DOMINION ENERGY INC.

(Formerly Digifonica International Inc.)

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
December 31, 2013 and 2012

MNP LLP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Dominion Energy Inc.:

We have audited the accompanying financial statements of Dominion Energy Inc., which comprise the statements of financial position as at December 31, 2013 and December 31, 2012, and the statements of operations and comprehensive loss, statements of changes in equity (deficiency) and statements of cash flows for the years ended December 31, 2013 and 2012, and the related notes, which comprise 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 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 Dominion Energy Inc. as at December 31, 2013 and December 31, 2012, and its financial performance and cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of these financial statements, which states that Dominion Energy Inc. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Dominion Energy Inc. to continue as a going concern.

March 13, 2014
Vancouver, BC

Chartered Professional Accountants

DOMINION ENERGY INC.
(Formerly Digifonica International Inc.)
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	Notes	2013 $	2012 $
ASSETS			
Current assets			
Cash		313,318	94,576
GST recoverable		7,221	29,360
Prepaid expenses		1,691	2,634
Total assets		322,230	126,570
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9,12	61,444	323,753
Demand loans	6	-	4,422
Subscriptions payable	7	5,000	5,000
Total liabilities		66,444	333,175
EQUITY (DEFICIENCY) ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	10	14,410,726	13,169,360
Contributed surplus		1,029,866	1,029,866
Deficit		(15,184,806)	(14,405,831)
Total equity (deficiency) attributable to shareholders		255,786	(206,605)
Total liabilities and equity (deficiency) attributable to shareholders		322,230	126,570

Organization and nature of operations and going concern (Note 1)
Subsequent event (Note 15)

Approved by the Board of Directors

%Gunther Roehlig+ Director %Rob McMorran+ Director

The accompanying notes are an integral part of these financial statements

DOMINION ENERGY INC.

(Formerly Digifonica International Inc.)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the years ended December 31, 2013 and 2012

(Expressed in Canadian Dollars)

	Notes	2013 $	2012 $
General and administrative expenses			
Accounting and audit	12	61,683	64,001
Consulting fees	12	126,060	208,644
Legal		146,870	256,928
Office and miscellaneous		75,585	88,747
Loss before other items		(410,198)	(618,320)
Foreign exchange loss		(2,888)	(713)
Gain on forgiveness of debt	9	34,111	30,015
Loss on debt assignment	14	(400,000)	-
Interest expense		-	(2,312)
Net loss and comprehensive loss for the year		(778,975)	(591,330)
Basic and diluted loss per share		(0.02)	(0.02)
Weighted average number of shares outstanding		51,886,910	36,397,356

The accompanying notes are an integral part of these financial statements

DOMINION ENERGY INC.
(Formerly Digifonica International Inc.)
STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
For the years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	Number of shares	Amount $	Contributed Surplus $	Deficit $	Total $
Balance, December 31, 2011	35,829,143	12,777,815	1,048,511	(13,814,501)	11,825
Issued during the year:					
For cash pursuant to the exercise of warrants	3,729,000	372,900	-	-	372,900
Transfer of value on warrant exercise	-	18,645	(18,645)	-	-
Net loss and comprehensive loss for the year	-	-	-	(591,330)	(591,330)
Balance, December 31, 2012	39,558,143	13,169,360	1,029,866	(14,405,831)	(206,605)
Issued during the year:					
For cash pursuant to private placement	15,327,084	766,354	-	-	766,354
For the settlement of debt	9,672,916	483,646	-	-	483,646
Less: issue costs . cash	-	(8,634)	-	-	(8,634)
Net loss and comprehensive loss for the year	-	-	-	(778,975)	(778,975)
Balance, December 31, 2013	64,558,143	14,410,726	1,029,866	(15,184,806)	255,786

DOMINION ENERGY INC.
(Formerly Digifonica International Inc.)
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

	2013 **$**	**2012** **$**
Cash flow provided by (used in)		
Operating activities		
Net loss for the year	(778,975)	(591,330)
Add (deduct) non-cash items:		
Gain on forgiveness of debt	(34,111)	(30,015)
Loss on debt settlement	400,000	-
	(413,086)	(621,345)
Changes in non-cash working capital items		
GST recoverable	22,139	(19,903)
Prepaid expenses	943	(2,634)
Accounts payable and accrued liabilities	(144,552)	235,538
	(534,556)	(408,344)
Financing activities		
Issuance of shares, net of issue costs	757,720	-
Exercise of warrants	-	372,900
Repayment of demand loans	(4,422)	(55,451)
Repayment of subscriptions payable	-	(1,000)
Repayment of loans from shareholders	-	(51,000)
	753,298	265,449
Increase (decrease) in cash during the year	218,742	(142,895)
Cash . beginning of the year	94,576	237,471
Cash . end of the year	313,318	94,576
Non-cash financing activities:		
9,672,916 common shares issued as settlement of accounts payable and accrued liabilities	483,646	-
Transfer of value on exercise of warrants	-	18,645

The accompanying notes are an integral part of these financial statements

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

Dominion Energy Inc. (formerly Digifonica International Inc.) (%Dominion+ or the %Company+) was incorporated under the Alberta Business Corporations Act on November 23, 2004. The Companyqs main activities during the year ended December 31, 2013 have been maintaining its public listing and pursuing potential business opportunities as they arise. The Company is listed on the TSX Venture Exchangeqs NEX board under the trading symbol %DME.H+. The Companyqs head office is located at Suite 2301 . 1011 West Cordova Street, Vancouver, BC.

These annual financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At December 31, 2013, the Company had accumulated losses of $15,184,806 since its inception and expects to incur further losses in the development of its business. For the year ended December 31, 2013 the Company experienced a loss of $778,975 and used $534,556 in operations. These factors indicate a material uncertainty that casts significant doubt upon the Companyqs ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business.

Management has determined that the Company will have enough cash on hand to continue operations for the next twelve months, but the continuation of the Company is dependent upon obtaining necessary financing and to meet its ongoing levels of corporate overhead.

While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards (%IFRS+) as issued by the International Accounting Standards Board (%IASB+).

These financial statements were approved by the board of directors for use on March 13, 2014.

The significant accounting policies used in the preparation of these financial statements are as follows:

Basis of measurement

The financial statements have been prepared under the historical cost convention, except for certain financial instruments which may be measured at fair value.

Impairment of non-financial assets

Intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or %CGUs+). Recoverable amount is the higher of an asset$ fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management).

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration and accordingly, goodwill is assessed for impairment together with the assets and liabilities of the related segment.

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 profit and loss.

Financial assets classified as loans and receivables and held-to-maturity are initially recognized at fair value less directly attributable transaction costs. After initial recognition these financial assets are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

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 or a significant or prolonged decline in the fair value of that investment below its cost.

Transaction costs associated with FVTPL and available-for-sale 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.

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.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income (loss).

De-recognition of financial assets and liabilities

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

Earnings per share

Basic earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

Foreign currencies

The financial statements for the Company and each of its subsidiaries, if any, are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is Canadian dollars. The functional currency of the parent company is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of operations.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and 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.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

Share-based payments

The fair value of all stock options granted is recorded as a charge to the statement of operations and a credit to contributed surplus under the graded attribution method. The fair value of stock options which vest immediately is recorded at the date of grant. The fair value of options which vest in the future is recognized over the vesting period, as adjusted for the expected level of vesting of the options. Stock options granted to non-employees are measured at their fair value on the vesting date. Prior to the vesting date, the then-current fair value of stock options granted to consultants is recognized as share-based payment expense from the date of grant to the reporting date and credited to contributed surplus.

Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

3. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

IFRS 13, *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IFRS 7, *Financial Instruments: Disclosures*, IAS 1, *Presentation of Financial Statements*, IAS 12, *Income Taxes*, and IAS 28, *Investments in Associates and Joint Ventures*. IFRS 7 requires additional disclosures in relation to the transfer of financial assets, including those in with which there is continuing involvement. IAS 1 requires changes to the grouping of items in the consolidated statement of comprehensive loss. Amendments to IAS 12 provide guidelines for determining the recovery of investment properties as it relates to the accounting for deferred income taxes. IAS 28 has been amended to include joint ventures in its scope and to address the changes to IFRS 10 - 12.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Unless otherwise noted, the following revised standards and amendments are effective for the Company for annual periods beginning on or after January 1, 2015 with earlier application permitted.

(i) This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value.

    A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS, AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions based on current available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continuously

evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimated. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgments which have a significant effect on the amounts recognized in the financial statements:

(i) *Going concern* - The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Factors considered by management are disclosed in Note 1.

6. DEMAND LOANS

	$
Balance – December 31, 2011	59,873
Deduct: Repayment of demand loans	(55,451)
Balance – December 31, 2012	4,422
Deduct: Repayment of demand loans	(4,422)
Balance – December 31, 2013	-

During the year ended December 31, 2011, a third-party and a director provided non-interest bearing loans due on demand. The remaining demand loan balance of $4,422 was paid during the year ended December 31, 2013.

7. SUBSCRIPTIONS PAYABLE

	$
Balance – December 31, 2011	10,000
Deduct: Settlement	(5,000)
Balance – December 31, 2013 and 2012	5,000

In 2010, the Company received a $10,000 subscription in advance, but shares were not issued. During the year ended December 31, 2012, $5,000 of subscriptions payable were settled for $1,000 resulting in a gain on settlement of debt of $4,000.

8. LOANS FROM SHAREHOLDERS

	$
Balance . December 31, 2011	69,191
Deduct: Settlement	(69,191)
Balance . December 31, 2013 and 2012	-

During the year ended December 31, 2012, the Company settled $69,191 of loans from shareholders for $51,000 resulting in a gain on settlement of debt of $18,191.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2013	December 31, 2012
Trade payables	57,119	279,363
Amounts due to related parties (Note 12)	4,325	44,390
	61,444	323,753

During the year ended December 31, 2013 the Company settled $76,686 of trade payables for $42,575 for a gain on debt settlement of $34,111.

10. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.
Unlimited preferred shares issuable in series.

b) Financing:

During the year ended December 31, 2013 the Company closed a combined private placement and debt settlement for $1,250,000, issuing 25,000,000 common shares at a price of $0.05 per share. A total of 15,327,084 shares were issued under the private placement for proceeds $766,354, while 9,672,916 shares were issued in settlement of debts totalling $483,646. The debt settlement included $400,000 of debt that was assumed from BidCactus (Note 14).

The Company incurred $8,634 of cash issuance costs in connection with the private placement.

c) Options:

The Company has established a stock option plan in accordance with the policies of the TSX Venture Exchange under which it is authorized to grant share purchase options up to 10% of its outstanding shares. The exercise price of options granted equals the market price of the Company's stock on the date of the grant. The options are for a maximum term of five years.

A summary of the status of the Company's stock option plan as of December 31, 2013 and 2012 and the changes during the years then ended is presented below:

	Number of options	**Weighted average exercise price $**
Balance outstanding – December 31, 2011	69,000	10.58
Forfeited	(69,000)	10.58
Balance outstanding and exercisable – December 31, 2013 and 2012	-	-

d) Warrants:

A summary of warrants outstanding as of December 31, 2013 and 2012 and the changes during the years then ended is presented below:

	Number of warrants	**Weighted average exercise price $**
Balance outstanding – December 31, 2011	32,860,000	0.10
Exercised	(3,729,000)	0.10
Expired	(29,131,000)	0.10
Balance outstanding – December 31, 2013 and 2012	-	-

11. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of operations for the years ended December 31, 2013 and 2012:

	2013	**2012**
Statutory tax rate	25.75%	25.00%
	$	**$**
Loss for the year before income taxes	(778,975)	(591,330)
Expected income tax recovery	(200,613)	(147,833)
Non-deductible items	32,733	431
Change in estimates	26,684	(114,471)
Change in enacted tax rate	(56,941)	75,728
Share issuance costs	(2,224)	-
Change in deferred tax assets not recognized	200,361	186,145
Total income taxes expense (recovery)	-	-

The British Columbia corporate tax rate has increased during the year, resulting in an increase in the Company‰ combined statutory tax rate.

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at December 31, 2013 and 2012 are comprised of the following:

	2013 **$**	**2012** **$**
Non-capital loss carry forwards	517,145	530,853
Capital losses	891,784	857,485
Cumulative eligible capital	184,475	-
Financing costs	16,492	21,197
Total deferred tax assets not recognized	1,609,896	1,409,535

The Company has non-capital loss carry forwards of approximately $1,989,021 (2012 - $2,123,411) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

	$
2026	49,950
2027	60,938
2028	441,699
2029	229,075
2030	180,533
2031	488,693
2032	235,359
2033	302,774
Total	1,989,021

The Company has capital losses of approximately $6,860,000 (2012 - $6,860,000) which may be carried forward indefinitely and applied to reduce future capital gains.

12. RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the years ended December 31, 2013 and 2012:

	2013 $	2012 $
Accounting fees	37,558	39,518
Consulting fees	45,000	30,000
	82,558	69,518

Included in accounts payable and accrued liabilities as at December 31, 2013 is $4,325 (2012 - $44,390) due to current and former directors and officers of the Company and/or companies controlled by them. The amounts owing are unsecured, non-interest bearing and due on demand.

During the year ended December 31, 2013, the Company had agreed to a debt settlement with key management for $71,776, issuing 1,435,521 common shares at a price of $0.05 per share. The debt settlement was part of the debt that was assumed from BidCactus (Note 14).

Key management includes the directors of the Company. The compensation paid or payable to key management for services during the years ended December 31, 2013 and 2012 is identical to the table above.

13. FINANCIAL INSTRUMENTS

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the TSX Venture Exchange's NEX board.

During the year ended December 31, 2013, the Company made no changes to its strategy in managing capital.

Classification of Financial Instruments

The Company’s financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, demand loans and subscriptions payable. The Company designated its cash and other receivables as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities, demand loans and subscriptions payable are classified as other financial liabilities, which are measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk

The Company has financial instruments denominated in U.S. dollars (“US$”). Accounts exposed to foreign exchange risk as of December 31, 2013 are:

	US$
Cash	-
Accounts payable and accrued liabilities	(4,239)
Net exposure to foreign currencies	(4,239)

Accounts exposed to foreign exchange risk as of December 31, 2012 are:

	US$
Cash	-
Accounts payable and accrued liabilities	(12,398)
Net exposure to foreign currencies	(12,398)

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company’s cash is primarily held with the Bank of Montreal.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss is limited because at present the Company’s liabilities are non-interest bearing or have fixed interest rates.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. At December 31, 2013 the Company had working capital of $255,786.

14. TRANSACTION

Acquisition of assets of BidCactus, LLC

On December 10, 2012, the Company entered into a formal agreement with BidCactus, LLC, (the %BidCactus Agreement+, that replaced a non-binding letter of intent (%LOI+) entered into on April 24 2012) to acquire from BidCactus, LLC (%BidCactus+), substantially all of the assets and certain of the liabilities of BidCactus (the %Transaction+). Completion of the transaction was subject to the Company obtaining regulatory and shareholder approvals as well as securing an investment banker to sponsor the transaction with regulators. In addition, the Company needed to complete a financing of at least $5 million at closing.

On June 3, 2013 the Company and BidCactus entered into a termination agreement, mutually agreeing to terminate the BidCactus Agreement. As a result of the termination of the agreement the Company will not proceed with the balance of the Transaction or the financing.

As a result of the termination of the Transaction the Company agreed to assume $400,000 of debt from BidCactus. The debt originated from certain arm¢s length parties of the Company providing bridge loans to BidCactus, which were intended to be assumed by the Company on closing of the Transaction. The debt was settled during the year ended December 31, 2013 (Note 10(b)).

15. SUBSEQUENT EVENT

On February 21, 2014, the Company granted 3,000,000 share purchase options to directors, officers and consultants of the Company at an exercise price of $0.10 per share up to February 21, 2019.