Mezzi Holdings Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2017

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MEZZI HOLDINGS INC.

We have audited the accompanying consolidated financial statements of Mezzi Holdings Inc., which comprise the consolidated statements of financial position as at April 30, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Mezzi Holdings Inc. as at April 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 28, 2017

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Mezzi Holdings Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	April 30, 2017	April 30, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 14,886	$ 79,705
Amounts receivable (Note 4)	14,133	39,976
Prepaid expenses	50,538	106,264
Inventory (Note 5)	81,402	85,425
Total current assets	160,959	311,370
Non-current assets		
Furniture and equipment (Note 6)	8,303	10,944
Intangible assets (Note 7)	1,322,806	1,396,811
Goodwill (Note 10)	34,355	34,355
Total non-current assets	1,365,464	1,442,110
Total assets	$ 1,526,423	$ 1,753,480
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 and 13)	$ 313,487	$ 177,549
Loans payable (Note 9)	65,474	50,264
Total current liabilities	378,961	227,813
Non-current liabilities		
Contingent consideration	11,320	11,320
Total liabilities	390,281	239,133
Equity		
Share capital (Note 11)	10,636,278	7,573,688
Reserves (Note 11)	598,755	634,160
Deficit	(10,098,891)	(6,693,501)
Total equity	1,136,142	1,514,347
Total liabilities and equity	$ 1,526,423	$ 1,753,480

Commitment (Note 16)
Subsequent events (Note 18)

Approved and authorized on behalf of the Board:

"Keir Reynolds", Director *"Robert Falls"*, Director

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

Mezzi Holdings Inc.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEAR ENDED APRIL 30,

	2017	2016
SALES	$ 375,395	$ 419,823
COST OF SALES	(184,332)	(540,191)
	191,063	(120,368)
EXPENSES		
Consulting	699,443	279,432
Amortization	76,646	52,989
Interest expense	8,426	-
Management fees (Note 13)	218,500	120,000
Marketing	607,282	610,244
Office and miscellaneous	211,240	267,309
Professional fees (Note 13)	196,447	150,345
Salaries	219,560	355,438
Shareholder communication	373,687	-
Share-based payments (Notes 11 and 13)	801,930	246,137
Transfer agent and regulatory fees	37,790	18,527
Travel and accommodation	79,022	104,028
	(3,529,973)	(2,204,449)
OTHER ITEMS		
Foreign exchange gain (loss)	(18,805)	17,941
Gain on revaluation of contingent consideration	-	33,428
Gain on extinguishment of debt (Note 9)	21,441	-
Interest income	-	1,257
Impairment loss on inventory (Note 5)	(260,800)	-
Gain on settlement of accounts payable (Note 11)	17,500	-
Loss on disposition of equipment (Note 6)	-	(25,865)
Product development costs	(3,484)	(18,040)
Rental income	-	3,832
Write-off of accounts payable	1,069	-
Write-off of equipment (Note 6)	-	(30,110)
Total other items	(243,079)	(17,557)
Loss for the year	$ (3,581,989)	$ (2,342,374)
Basic and diluted loss per common share	$ (0.62)	$ (0.55)
OTHER COMPREHENSIVE INCOME (LOSS)		
Currency translation adjustment	$ (3,868)	$ 344
Comprehensive loss for the year	$ (3,585,857)	$ (2,342,030)
Weighted average number of common shares outstanding	5,751,902	4,257,046

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

Mezzi Holdings Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEAR ENDED APRIL 30,

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	$ (3,581,989)	$ (2,342,374)
Items not affecting cash:		
Accrued interest	8,421	264
Amortization	76,646	52,989
Foreign exchange	-	344
Gain on revaluation of contingent consideration	-	(33,428)
Loss on disposition of equipment	-	25,865
Shares issued for services	337,500	45,000
Share-based payments	801,930	246,137
Write-off of equipment	-	30,110
Write-off of accounts payable	(1,069)	-
Impairment loss on inventory (Note 5)	260,800	-
Gain on settlement of accounts payable (Note 11)	(17,500)	-
Gain on extinguishment of debt	(21,441)	-
Changes in non-cash working capital items:		
Amounts receivable	25,843	54,610
Prepaid expenses	55,726	(57,563)
Inventory	(256,777)	48,610
Accounts payable and accrued liabilities	570,690	(31,941)
Net cash used in operating activities	(1,741,220)	(1,961,377)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of intangible assets and goodwill	-	(51,750)
Acquisition of Capital Eyewear	-	(167,500)
Acquisition of furniture and equipment	-	(12,456)
Proceeds from disposition of equipment	-	28,378
Net cash used in investing activities	-	(203,328)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from private placements	927,400	1,167,000
Proceeds from exercise of warrants	200,000	-
Proceeds from exercise of stock options	445,200	-
Share issuance costs	(43,672)	(65,220)
Loans received	221,816	50,000
Loans repayment	(78,211)	-
Net cash provided by financing activities	1,672,533	1,151,780
Effects of translation	3,868	-
Change in cash and cash equivalents for the year	(64,819)	(1,012,925)
Cash and cash equivalents, beginning of year	79,705	1,092,630
Cash and cash equivalents, end of year	$ 14,886	$ 79,705
Cash received during the year for interest	$ -	$ 1,228
Cash paid during the year for taxes	$ -	$ -

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

Mezzi Holdings Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital				
	Common Shares	Amount	Reserves	Deficit	Total Equity
Balance, April 30, 2015	3,821,865	$ 6,460,487	$ 696,368	$ (4,693,395)	$ 2,463,460
Shares issued for services (Note 11)	15,000	45,000	-	-	45,000
Shares issued for private placement	1,042,500	1,114,100	52,900	-	1,167,000
Shares issuance cost	-	(65,220)	-	-	(65,220)
Finder's warrants (Note 11)	-	(40,500)	40,500	-	-
Share-based payments	-	-	206,137	-	206,137
Options exercised as bonus	20,000	59,821	(19,821)	-	40,000
Options cancelled	-	-	(185,802)	185,802	-
Warrants expired	-	-	(156,466)	156,466	-
Currency translation adjustment	-	-	344	-	344
Loss for the year	-	-	-	(2,342,374)	(2,342,374)
Balance, April 30, 2016	4,899,365	$ 7,573,688	$ 634,160	$ (6,693,501)	$ 1,514,347
Balance, April 30, 2016	4,899,365	$ 7,573,688	$ 634,160	$ (6,693,501)	$ 1,514,347
Shares issued for loans (Note 9)	33,333	-	-	-	-
Shares issued for marketing services	40,000	44,000	-	-	44,000
Shares issued for settlement of accounts payable	60,000	21,000	-	-	21,000
Exercise of warrants	250,000	225,000	(25,000)	-	200,000
Exercise of options	1,594,500	1,609,932	(654,174)	-	955,758
Shares issued for private placements	1,220,900	1,220,900	-	-	1,220,900
Options cancelled	-	-	(176,599)	176,599	-
Shares issuance cost	-	(58,242)	14,570	-	(43,672)
Share-based payments	-	-	801,930	-	801,930
Currency translation adjustment	-	-	3,868	-	3,868
Loss for the year	-	-	-	(3,581,989)	(3,581,989)
Balance, April 30, 2017	8,098,098	$ 10,636,278	$ 598,755	$ (10,098,891)	$ 1,136,142

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

1. CORPORATE INFORMATION AND GOING CONCERN

Mezzi Holdings Inc. (“Mezzi” or the “Company”) is a publicly listed company incorporated on April 16, 2006 under the *Business Corporations Act* (British Columbia). The Company is engaged in the sale and distribution of luxury accessories.

On September 15, 2015, the Company, through its subsidiary, completed the acquisition of certain of the assets of CPTL LLC, an eyewear design and manufacturing studio in California. The Company trades on the TSX Venture Exchange under the symbol “MZI.” The Company’s corporate office is located on 1001-1185 West Georgia Street, Vancouver, BC, Canada.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. During the year ended April 30, 2017, the Company incurred a net loss of $3,581,989 (2016 - $2,342,374) and an accumulated deficit of $10,098,891 (2016 - $6,693,501). The Company has not generated significant cash inflows from operations. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate profitability and positive cash flow. These consolidated financial statements do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and to realize its assets and liquidate its liabilities and commitments at amounts different from those in the accompanying consolidated financial statements.

Subsequent to the year ended April 30, 2017, the Company completed a 10:1 share consolidation. All share and per share amounts have been shown on a post consolidated basis.

These consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2017.

2. BASIS OF PRESENTATION

Statement of compliance

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

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency. The Company has determined that the functional currencies of its subsidiaries are Canadian dollars and US dollars, respectively.

Significant accounting judgments and critical accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of polices and reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the report amounts of revenues and expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appears throughout the consolidated financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other relevant factors that are believed to be reasonable under the circumstances.

2. BASIS OF PRESENTATION (cont'd…)

Significant accounting judgments and critical accounting estimates (cont'd…)

Significant accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

i) The impairment and recoverability of the intangible assets and goodwill – An integral component of impairment testing is determining the intangible asset's recoverable amount. The determination of the recoverable amount involves significant management judgment. Qualitative factors, including market presence and trends, strength of customer relationships, strength of debt and capital markets, and other factors, are considered when making assumptions with regard to recoverability of the intangible asset.

ii) Recognition of deferred income tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

iii) The determination of the Company's and its subsidiaries' functional currency – The functional currency determination will be based on management's assessment of the primary economic environment in which the entities operate.

iv) Assessment of the Company's ability to continue as a going concern – The assessment involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Valuation of inventory – The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and impact gross margins.

ii) Share-based payments – The fair value of share-based payments is determined using the Black-Scholes option pricing model. This option pricing model requires the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

iii) The application of the Company's accounting policy for intangible assets and goodwill requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. The determination of the recoverable amount requires the use of management's best assessment of the related inputs into the valuation models, such as future cash flows and discount rates.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 8918627 Canada Ltd., a company incorporated in the province of British Columbia, which holds the Mezzi trademark and Capital Eyewear Inc., a company incorporated in the state of Delaware. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and with maturities on the date of purchase of 90 days or less.

Inventory

Inventory comprises finished goods held for resale and is valued at the lower of cost or net realizable value. Cost is calculated using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to sell. Inventory includes costs incurred in acquiring the inventory.

Intangible assets and goodwill

An intangible asset is defined as being identifiable, able to bring future economic benefits to the Company and controlled by the Company.

Acquired intangible assets

Acquired intangible assets consist of software and the Mezzi trademark (Note 7). These costs are recognized at cost less accumulated amortization and impairment losses. Acquired intangible assets, except for indefinite-life trademarks, are amortized over their estimated useful lives. Software costs are amortized on a straight-line basis over three years. The Company's trademark has an indefinite useful life.

Internally generated assets

Internally generated assets consist of website and mobile app development costs and are capitalized when:

i. it is technically feasible to complete the intangible asset so that it will be available for use or sale;
ii. management intends to complete the intangible asset and use or sell it;
iii. there is an ability to use or sell the intangible asset;
iv. it can be demonstrated how the intangible asset will generate probable future economic benefits;
v. adequate technical, financial and other resources to complete the development and to use or sell the intangible assets are available; and
vi. the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent periods. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Website development costs are amortized at 55% using the declining-balance method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Intangible assets and goodwill (cont'd…)

Additions during the year are amortized on a pro-rata basis. The estimated useful lives and amortization methods of intangible assets are reviewed at the end of each financial reporting period, and the impact of any change in estimates is accounted for on a prospective basis.

Intangible assets are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Goodwill is not amortized but is tested for impairment annually or whenever there is an indication of impairment. Goodwill is measured at cost less accumulated impairment losses.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The acquired assets, assumed liabilities and contingent consideration are recognized at fair value on the date the Company effectively obtains control. The measurement of each business combination is based on the information available at the acquisition date. The determination of fair value of the acquired intangible assets (including goodwill), property and equipment and other assets and liabilities assumed at the date of acquisition as well as the useful lives of any intangible assets and equipment are based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition. Contingent consideration is based on the likelihood of various outcomes of specified future events.

Revenue

Revenues from the sale of goods are recognized when the risks and rewards of ownership are transferred to the buyer, collectability is probable and the amount of revenue can be measured reliably. Risk and rewards of ownership pass to the customer upon shipment to the customer.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of goodwill

Goodwill is tested annually for impairment and is allocated to the CGU to which it relates. Impairment is determined by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount. The assessment of the recoverable amount used in the goodwill impairment analysis requires management to make estimates and assumptions about capital requirements, expected sales volumes and prices, for which management considers historical prices and current market trends, as well as considering the Company's current projects, their expected output, costs and timing. These estimates and assumptions are subject to risks and uncertainty; hence there is a possibility that a change in circumstances will alter these projections, which may impact the recoverable amount of the assets.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect at the statement of financial position date;
(ii) Non-monetary assets and liabilities; at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities or revalued amount at the exchange rate in effect at the statement of financial position date; and
(iii) Revenue and expense items, at the rate of exchange prevailing at the transaction date.

Gains and losses arising from the translation of foreign currency are included in the determination of net loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded 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.

Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share (cont'd…)

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received or at the fair value of the equity instruments issued (if it is determined the fair value of goods or services cannot be reliably measured), and are recorded at the date the goods or services are received.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Where options are cancelled or expired, the fair value of the options is allocated from reserves to deficit.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and development of its projects. These equity financing transactions may involve issuance of common shares. The Company's common shares are classified as equity instruments. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and recognized as share issuance costs and reserves.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of the agreement to issue shares as determined by the Board of Directors. Proceeds, and issue costs, from unit placements are allocated between shares and warrants issued according to the residual method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables ("LAR") - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity ("HTM") - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale ("AFS") - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Transaction costs associated FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in initial carrying amount of the assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities ("OFL") - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

New accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting year.

i) New Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, and are effective for annual periods beginning on or after January 1, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements (cont'd…)

ii) IFRS 15 *Revenue from Contracts with Customers*

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:
Revenue is recognized based on a five-step model:

1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The new standard is effective for annual periods beginning on or after January 1, 2018.

iii) Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment*)

The amendments provide guidance on the accounting for:
the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The new standard is effective for annual periods beginning on or after January 1, 2018.

iv) IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements (cont'd…)

iv) IFRS 16 *Leases* (cont'd…)

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

4. AMOUNTS RECEIVABLE

	April 30, 2017	April 30, 2016
Trade receivables	$ 4,738	$ 16,263
GST receivable	9,395	23,713
Total	$ 14,133	$ 39,976

5. INVENTORY

	April 30, 2017	April 30, 2016
Finished goods	$ 81,402	$ 85,425

During the year ended April 30, 2017, the Company impaired $260,800 (2016 - $nil) of inventory to its estimated recoverable value.

(Expressed in Canadian Dollars)

6. FURNITURE AND EQUIPMENT

	Computer Hardware	Furniture and Equipment	Total
Cost			
Balance, April 30, 2015	$ -	$ -	$ -
Additions	5,324	91,485	96,809
Disposals	-	(54,243)	(54,243)
Balance, April 30, 2016 and April 30, 2017	$ 5,324	$ 37,242	$ 42,566
Accumulated amortization			
Balance, April 30, 2015	$ -	$ -	$ -
Amortization	799	713	1,512
Write-off	-	30,110	30,110
Balance, April 30, 2016	799	30,823	31,622
Amortization	1,357	1,284	2,641
Balance, April 30, 2017	$ 2,156	$ 32,107	$ 34,263
Carrying amounts			
As at April 30, 2016	$ 4,525	$ 6,419	$ 10,944
As at April 30, 2017	$ 3,168	$ 5,135	$ 8,303

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

	Mezzi trademark	Capital Eyewear brand	Software, website, and mobile app	Total
Cost				
Balance, April 30, 2015	$ 1,258,319	$ -	$ 88,049	$ 1,346,368
Additions	-	62,086	51,750	113,836
Balance, April 30, 2016 and 2017	$ 1,258,319	$ 62,086	$ 139,799	$ 1,460,204
Accumulated amortization				
Balance, April 30, 2015	$ -	$ -	$ 11,916	$ 11,916
Amortization	-	-	51,477	51,477
Balance, April 30, 2016	-	-	63,393	63,393
Amortization	-	-	74,005	74,005
Balance, April 30, 2017	$ -	$ -	$ 137,398	$ 137,398
Carrying amounts				
As at April 30, 2016	$ 1,258,319	$ 62,086	$ 76,406	$ 1,396,811
As at April 30, 2017	$ 1,258,319	$ 62,086	$ 2,401	$ 1,322,806

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		April 30, 2017		April 30, 2016
Trade payables and accrued liabilities	$	262,187	$	154,742
Due to related parties (Note 13)		51,300		22,807
Total	$	313,487	$	177,549

9. LOANS PAYABLE

Loans payable are as follows:

		April 30, 2017		April 30, 2016
Loan payable (Notes 9(i), (iv) and 13)	$	65,474	$	50,264

i) During the year ended April 30, 2017, the Company received a loan of $75,000 (2016 - $nil) from an arm's length party, which bears interest at 10% per annum compounded monthly. The loan has a maturity date of April 11, 2017. As part of loan agreement, 20,000 bonus shares were issued. These shares were valued at $nil using the residual value method. The loan was repaid during the year ended April 30, 2017.

ii) During the year ended April 30, 2017, the Company received a non-interest-bearing loan of $86,816 (2016 - $nil) from the CEO of the Company with no fixed term of repayment. The Company granted 190,000 stock options, which were exercised to settle the full amount of the loan. The stock options were recorded at the fair value of the Company's common shares on the date of grant. A gain of $21,441 was recognized as a result of the difference between the debt amount and the fair value of the common shares on grant date.

iii) During the year ended April 30, 2017, the Company received a loan of $60,000 (2016 - $nil) from Linqster Technologies Inc. ("Linqster"), a corporation with common directors, which bears interest, with no fixed term of repayment (Note 13) and is due on demand.

iv) During the year ended April 30, 2016, the Company received a loan of $50,000 from Linqster which bears interest at 12% per annum compounded monthly. As of April 30, 2017, interest of $5,474 has been accrued. The loan has a maturity date of April 11, 2017 (Note 13). As part of loan agreement, 33,333 bonus shares were issued as partial consideration (Note 11). These shares were valued at $nil using the residual value method. During the year ended April 30, 2017, the Company granted 100,000 stock options, which were exercised to settle the principal balance of the loan. The stock options were recorded at the fair value of the Company's common shares on the date of grant and resulted in no gain or loss on settlement.

(Expressed in Canadian Dollars)

10. ACQUISITIONS

Acquisition of Capital Eyewear

On September 30, 2015, the Company, through a wholly owned subsidiary, completed the acquisition of certain assets of Capital Eyewear. Capital Eyewear is an eyewear design and manufacturing studio in California.

The acquisition of CPTL's assets was accounted for as a business combination under IFRS 3 *Business Combinations* as the Company acquired inventory and certain manufacturing processes capable of resulting in returns to the Company. The assets acquired on September 30, 2015 are consolidated in the consolidated statements of financial position from September 30, 2015. Capital Eyewear's revenues and expenses prior to September 30, 2015 are not consolidated into the Company's consolidated statements of loss and comprehensive loss.

Final consideration paid for the assets consisted of US$125,000. An additional US$50,000 is payable on the achievement of an annualized three-month recurring revenue run rate of US$250,000 within an 18-month period, which increases by an additional US$75,000 if the run rate increases to US$500,000. In total, US$125,000 will be paid if both targets are achieved. Furthermore, a royalty of 5% is payable on gross revenues with total royalty payments not to exceed US$250,000.

At the time of acquisition, the Company estimated the royalty and timing and probability of revenue targets being achieved and calculated the fair value of the additional consideration, which is recorded as a liability and is classified as contingent consideration.

The total purchase price was allocated as follows:	
Inventory	$ 31,454
Equipment	84,353
Intangible assets – Capital Eyewear brand	62,086
Goodwill	34,355
	$212,248

The total purchase price of $212,248 is comprised of:	
Cash payments	$ 167,500
Contingent consideration	44,748
Total consideration	$ 212,248

As at the date of acquisition, management estimated the fair value of the contingent consideration to be $44,748. In arriving at the fair value, a discount rate of 20% was used over a period of 15 years on the royalty payments on total undiscounted projected revenues of approximately US$3,800,000.

Intangible assets acquired include the Capital Eyewear brand and were derived by using projected revenue of approximately US$3,800,000 over a period of 15 years and a 20% discount rate.

In connection with the acquisition, the Company incurred professional fees of $13,528. These costs were expensed during the year and are included under professional fees in the Company's consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

10. ACQUISITIONS (cont'd…)

Acquisition of Capital Eyewear (cont'd…)

Subsequent to the acquisition date, the following results are included in the Company's consolidated statements of loss and comprehensive loss:

Capital Eyewear	**October 1, 2015 to April 30, 2016**
Revenue	$ 40,590
Expenses	(214,032)
Net loss	$ (173,442)

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital:

Unlimited number of voting common shares without par value
Unlimited number of preferred shares without par value

b) Issued share capital

As at April 30, 2017, the Company had 8,098,098 common shares issued and outstanding (2016 – 4,899,365).

During the year ended April 30, 2017, the Company:

- Closed a private placement for 935,900 units at a price of $1.00 per unit for total gross proceeds of $935,900 of which $113,500 was a non-cash transaction, where services were provided in exchange for the units. Each unit consists of one common share of the Company and one share purchase warrant. Under the residual method, these warrants have been assigned a value of $nil. In connection with the private placement, the Company issued 43,272 finder's warrants exercisable into one additional common share at a price of $1.50 for a period of 12 months. The finder's warrants were assigned a value of $14,380. In addition, the Company incurred share issuance costs of $43,272.

- Closed a private placement for 285,000 units at a price of $1.00 per unit for total gross proceeds of $285,000 of which $180,000 was a non-cash transaction, where services were provided in exchange for the units. Each unit consists of one common share of the Company and one share purchase warrant. Under the residual method, these warrants have been assigned a value of $nil. In connection with the private placement, the Company issued 400 finder's warrants exercisable into one additional common share at a price of $1.50 for a period of 12 months. The finder's warrants were assigned a value of $190. In addition, the Company incurred share issuance costs of $400.

- Issued a total of 33,333 common shares as partial consideration for loan facilities with a residual value of $nil (See Note 9).

- Issued a total of 40,000 common shares as consideration for marketing consulting services agreement at a fair value of $44,000 which resulted in a gain on settlement of $8,500.

- Issued a total of 250,000 common shares upon exercise of warrants for gross proceeds of $200,000. The Company reallocated $25,000 relating to the fair value of the warrants from reserves to share capital.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd…)

b) Issued share capital (cont'd…)

- Issued 548,000 of common shares upon exercise options for gross proceeds of $445,200. The Company also issued 1,046,500 of common shares upon exercise of options for no cash proceeds as they were granted to settle $510,558 of accounts payable, debt and services. The amounts owed were applied against the exercise price. The Company reallocated $654,174 relating to the fair value of the options from reserves to share capital.

- Issued a total of 60,000 common shares to creditors at a fair value of $21,000 to settle accounts payable aggregating $30,000 which resulted in a gain on settlement of $9,000.

During the year ended April 30, 2016, the Company:

- Issued 15,000 common shares at a price per share of $3.00 for a total of $45,000 as part of a salary settlement to the former president of the Company.

- Closed a private placement for 513,500 units at a price per $1.50 for total gross proceeds of $770,250. Each unit consists of one common share of the Company and one half of one share purchase warrant totaling 256,750 warrants. Under the residual method, these warrants have been assigned a value of $nil. In connection with the private placement, the Company issued 26,440 finder's warrants exercisable into one additional common share at a price of $2.50 for a period of 24 months. The finder warrants were assigned a value of $29,343. In addition, the Company incurred share issuance costs of $49,260.

- 20,000 common shares were issued from the exercise of stock options by the CEO of the Company and was accounted for as a bonus to the CEO in the amount of $40,000.

- Closed a non-brokered private placement for 529,000 units at a price of $0.75 for total gross proceeds of $396,750. Each unit consists of one common share of the Company and one share purchase warrant. Each whole warrant is exercisable into one additional common share at a price of $0.80 per warrant share for a period of 24 months. Under the residual method, these warrants are valued at $52,900. In connection with the private placement, the Company issued 26,600 finder's warrants. The finder's warrants were assigned a value of $11,157. In addition, the Company incurred share issuance costs of $15,960.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2017	2016
Risk-free interest rate	0.86%	0.83%
Expected life of options	3.51 years	5 years
Annualized volatility	139.84%	92.43%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options (cont'd…)

Stock option transaction and the number of share options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, April 30, 2015	174,500	$	2.50
Granted	208,000		2.00
Cancelled	(80,000)		2.50
Exercised	(20,000)		2.50
Balance, April 30, 2016	282,500		2.20
Granted	1,788,500		0.60
Cancelled	(151,500)		1.70
Exercised	(1,594,500)		0.60
Balance, April 30, 2017	325,000	$	1.60
Number of options currently exercisable	325,000	$	1.60

As at April 30, 2017, the following stock options were outstanding and exercisable:

Number of options	Exercise Price	Expiry Date
38,500	$ 2.50	May 23, 2019
31,500	$ 2.50	August 27, 2019
5,000	$ 2.50	October 16, 2019
105,000	$ 2.00	September 21, 2020
77,500	$ 0.90	June 10, 2021
37,500	$ 0.90	October 17, 2021
30,000	$ 0.90	December 6, 2021
325,000		

As at April 30, 2016, the following stock options were outstanding and exercisable:

Number of Options	Exercise Price	Expiry Date
39,500	$ 2.50	May 23, 2019
33,000	$ 2.50	August 27, 2019
24,500	$ 2.50	October 16, 2019
185,500	$ 2.00	September 21, 2020
282,500		

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd…)

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2015	35,400	$ 5.00
Granted	838,790	2.40
Expired	(35,400)	5.00
Balance, April 30, 2016	838,790	$ 1.40
Granted	1,264,572	1.50
Exercised	(250,000)	0.80
Balance, April 30, 2017	1,853,362	$ 1.50

As at April 30, 2017, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
979,172	$ 1.50	September 14, 2017
283,190	$ 1.50	September 21, 2017
285,400	$ 1.50	October 6, 2017
305,600	$ 0.80	February 19, 2018
1,853,362		

As at April 30, 2016 the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
283,190	$ 2.50	September 21, 2017
555,600	$ 0.80	February 19, 2018
838,790		

The following weighted average assumptions were used for the Black-Scholes valuation of finder's warrants granted during the year:

	2017	2016
Risk-free interest rate	0.58%	1.52%
Expected life of options	1.0 year	1.5 years
Annualized volatility	117.15%	139.00%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (cont'd…)

e) Escrow shares

As at April 30, 2017, the Company had 91,875 (2016 – 275,625) shares held in escrow; 15% of the original total are released every six months.

12. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

Financial instruments	Classifications
Cash and cash equivalents	FVTPL
Amounts receivable	LAR
Accounts payable and accrued liabilities	OFL
Contingent consideration	FVTPL

We have measured Contingent consideration at Level 3 in the fair value hierarchy. We have used the discounted cash flow method, applying an after-tax discount rate of 20%, to capture the present value of the expected future economic benefits that will flow out of the Company arising from the contingent consideration.

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short-term nature.

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

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss to the Company by failing to meet its obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents and amounts receivable. The Company limits its exposure to credit risk with respect to cash and cash equivalents by holding it with major Canadian financial institutions. At April 30, 2017, cash and cash equivalents are comprised of $11,500 (2016 - $11,500) held in an investment account with cash available on demand and $3,386 (2016 - $68,205) in various business accounts held in a major Canadian financial institution. The Company's amounts receivable consists primarily of trade receivables and GST receivables and are not subject to significant credit risk.

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 April 30, 2017, the Company had a cash and cash equivalents balance of $14,886 (2016 - $79,705) to settle current liabilities of $378,961 (2016 - $227,813). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand, and are subject to normal trade terms.

12. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

The Company has cash and cash equivalent balances and no interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of April 30, 2017, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at April 30, 2017, the Company had the Canadian equivalent of cash and cash equivalents totaling $4,151 (US$3,042) (2016 - $38,583) and accounts payable totaling $86,107 (US$63,178) (2016 - $92,988) denominated in US dollars. Assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would not materially affect the loss from operations.

13. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties and key management personnel are as follows:

	Nature of transactions	For the Year Ended April 30, 2017	For the Year Ended April 30, 2016
<u>Key management personnel - Current:</u>			
A company controlled by the CEO	Management	$ 198,500	$ 72,000
A company controlled by the CFO	Management	24,000	18,000
A firm of which the CFO is a partner	Professional	156,000	56,600
Directors and Officers of the Company	Share-based payments	267,251	246,136
Total		$ 645,751	$ 392,736

During the year ended April 30, 2017, the Company received a loan of $60,000 (2016 - $50,000) and interest of $5,474 (2016 - $nil) from a Company with common directors (Note 9).

The amounts due to other related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

	April 30, 2017	April 30, 2016
Due to a firm of which the CFO is a partner	$ 51,300	$ 19,320
Due to the CEO	-	3,487
Total	$ 51,300	$ 22,807

(Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital, which comprises all components of equity (i.e., share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the year ended April 30, 2017.

15. SEGMENTED INFORMATION

The Company has three operating segments, the sale and distribution of luxury leather goods, premium luggage and cases and hand-made eyewear, with its non-current assets and operations located in North America. The luxury leather goods segment falls under Mezzi, while premium luggage and cases falls under MLine and the hand-made eyewear segment falls under Capital Eyewear.

The Company's segmented information for the year ended April 30, 2017 is as follows:

		Mezzi		**MLine**		**Capital Eyewear**		
		Luxury leather goods		Luggage and cases		Eyewear		**Total**
Sales	$	350,012	$	6,579	$	18,804	$	375,395
Cost of sales		(173,174)		(3,004)		(8,154)		(184,332)
Gross profit	$	176,838	$	3,575	$	10,650	$	191,063

The Company's segmented information for the year ended April 30, 2016 is as follows:

		Mezzi		**MLine**		**Capital Eyewear**		
		Luxury goods		Luggage and cases		Eyewear		**Total**
Sales	$	175,620	$	202,292	$	41,911	$	419,823
Cost of sales		270,477		238,125		31,589		540,191
Gross profit	$	(94,857)	$	(35,833)	$	10,322	$	(120,368)

16. COMMITMENT

During the year ended April 30, 2016, the Company entered into a sublease agreement for premises expiring on September 29, 2018. Lease commitments are $6,124 per month.

(Expressed in Canadian Dollars)

17. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		2017		2016
Loss before taxes for the year	$	(3,581,989)	$	(2,342,374)
Canadian federal and provincial income tax rates		26.00%		26.00%
Expected income tax recovery based on the above rates	$	(931,317)	$	(609,017)
Non-deductible expenditures		208,502		57,316
Share issuance costs		(11,000)		(17,000)
Change in valuation allowance		672,129		558,095
Other items		61,686		10,606
Deferred income tax recovery	$	-	$	-

The significant components of the Company's unrecognized differences and tax losses are as follows:

		April 30, 2017		April 30, 2016
Non-capital losses	$	1,934,000	$	5,030,000
Property and equipment		59,000		226,000
Exploration and evaluation assets		18,000		77,000
Share issuance costs		19,000		52,000
	$	2,030,000	$	5,385,000

As at April 30, 2017, the Company has non-capital losses of approximately $1,934,000 (2016 - $5,030,000) that may be available to offset future income for income tax purposes, which commence expiring in 2027. About $4,182,000 of these non-capital losses relate directly to the Mezzi business. The Company has resource expenditure pools totaling $18,000 (2016 - $77,000) available for deduction against certain resource-based income that may be carried forward indefinitely.

Due to the uncertainty of realization of these deductible temporary differences, the benefit is not reflected in the consolidated financial statements, as the Company has provided a full valuation allowance for potential deferred tax assets.

18. SUBSEQUENT EVENTS

Subsequent to the year ended April 30, 2017, the Company:

i) Granted 410,000 incentive stock options under its stock option plan to directors, officers, and consultants of the Company. The options are exercisable at a price of $0.50 per share for a period of five years.

ii) Issued 410,000 common shares upon exercise of options for gross proceeds of $205,500.

iii) Acquired 51% ownership in an e-commerce firm, Mekenix Commerce Inc., in consideration of 765,000 shares.

iv) Closed a private placement for 7,000,000 units at a price of $0.075 per unit for total gross proceeds of $525,000. Each unit consists of one common share of the Company and one share purchase warrant. In connection with the private placement, the Company incurred share issuance costs of $29,372.

v) Entered into a letter of intent ("LOI") with Atlas Cloud Enterprises Inc. ("Atlas"), a company with a common director, to sell all of the issued and outstanding shares of the Company's wholly owned subsidiary, 8918627 Canada Ltd, which holds the Mezzi trademark. Under the terms of the LOI, Atlas and Mezzi will enter into a share purchase agreement in consideration of $2,000,000 whereby Atlas will issue to the Company common shares in the capital of Atlas at a mutually agreed value per share.

   Closing of the acquisition remains subject to execution of a definitive agreement, due diligence, and corporate and regulatory approvals