NASS VALLEY GATEWAY LTD.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

NASS VALLEY GATEWAY LTD.

Contents

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Nass Valley Gateway Ltd.

We have audited the accompanying financial statements of Nass Valley Gateway Ltd. which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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 our 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, we consider 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 based on 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 Nass Valley Gateway Ltd. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Nass Valley Gateway Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 4, 2018

Nass Valley Gateway Ltd.
Statements of financial position
(Expressed in Canadian Dollars)

	Note	December 31 2017	December 31 2016
		$	$
ASSETS			
Current assets			
Cash and equivalents	**4**	**38,386**	150,973
Marketable securities	**5**	**264**	264
Amounts receivable and due from related parties	**6**	**66,481**	38,064
		105,131	189,301
Non-current assets			
Reclamation bond		**3,000**	3,000
		108,131	192,301
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**6**	**614**	1,139
Shareholders' equity			
Share capital	**7**	**3,216,971**	3,216,971
Share based payment reserve	**7**	**575,710**	547,751
Deficit		**(3,685,164)**	(3,573,560)
		107,517	191,162
		108,131	192,301

Nature and Continuance of Operations (Note 1)

Subsequent events (Note 11)

These financial statements were approved and authorized for issue by the Board of Directors on April 4, 2018 and were signed on its behalf:

"Dieter Peter"
Dieter Peter, Director

"Andrew von Kursell"
Andrew von Kursell, Director

(The accompanying notes are an integral part of these financial statements)

Nass Valley Gateway Ltd.
Statements of comprehensive loss
(Expressed in Canadian Dollars)

	Note	For the years ended December 31 2017	2016
		$	$
Expenses			
Accounting and legal		**30,242**	17,675
Consulting	6	**3,500**	-
Investor relations		**4,010**	1,912
Loan interest expenses and bank charges		**244**	198
Marketing and promotion		**5,380**	
Office and miscellaneous expenses		**4,696**	4,784
Rent		**3,600**	4,124
Share-based payments	7(c)	**27,959**	13,816
Transfer agent and filing fees		**14,273**	14,660
Travel and promotion		**-**	6,761
Wages and salaries		**17,700**	16,707
Loss before other item		**(111,604)**	(80,637)
Other item			
Loss on foreign exchange		**-**	(3,035)
Net loss and comprehensive loss		**(111,604)**	(83,672)
Net loss per share, basic and diluted		**(0.01)**	(0.00)
Weighted average number of common shares outstanding		**31,751,977**	31,751,977

(The accompanying notes are an integral part of these financial statements)

Nass Valley Gateway Ltd.
Statements of changes in equity
For the years ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

	Note	Share Capital				
		Number of shares	Amount	Share-based payment reserve	Deficit	Total
			$	$	$	$
Balance, December 31, 2015		**31,751,977**	**3,216,971**	**533,935**	**(3,489,888)**	**261,018**
Share-based payments	7(c)	-	-	13,816	-	13,816
Comprehensive loss		-	-	-	(83,672)	(83,672)
Balance, December 31, 2016		**31,751,977**	**3,216,971**	**547,751**	**(3,573,560)**	**191,162**
Share-based payments	7(c)	-	-	27,959	-	27,959
Comprehensive loss		-	-	-	(111,604)	(111,604)
Balance, December 31, 2017		**31,751,977**	**3,216,971**	**575,710**	**(3,685,164)**	**107,517**

(The accompanying notes are an integral part of these financial statements)

Nass Valley Gateway Ltd.
Statements of cash flows
(Expressed in Canadian Dollars)

	For the years ended December 31	
	2017	**2016**
Cash flows from operating activities	$	$
Net loss for the year	**(111,604)**	(83,672)
Item not affecting cash:		
Share-based payments	**27,959**	13,816
	(83,645)	(69,856)
Changes in non-cash working capital item:		
Accounts payable and accrued liabilities	**(525)**	(6,736)
	(84,170)	(76,592)
Cash flows from financing activity		
Advances to related parties	**(28,417)**	(17,722)
Change in cash and equivalents	**(112,587)**	(94,314)
Cash and equivalents, beginning	**150,973**	245,287
Cash and equivalents, ending	**38,386**	150,973
Supplemental disclosures:		
Taxes paid	-	-
Interest paid	-	-

(The accompanying notes are an integral part of these financial statements)

1. NATURE AND CONTINUANCE OF OPERATIONS

Nass Valley Gateway Ltd. (the "Company" or "NVG") is incorporated under the laws of British Columbia, Canada and its principal business activities include the acquisition and exploration of mineral properties in Ontario and British Columbia, Canada. The Company's shares are listed on the Canadian Securities Exchange ("CSE") trading under the symbol "NVG". The principal business address of the Company is 170-422 Richards Street, Vancouver, BC, V6B 2Z4.

On February 8, 2017, the Company entered into a binding Letter of Intent with IXI Treasury Holdings, Limited ("ITHL" or "Vendor"), a company incorporated under the Laws of Hong Kong, and on February 15, 2017, the Company further entered into a Definitive Asset Purchase Agreement (the "DAP-Agr") to acquire 100% of ITHL in exchange for the issuance of 80,000,000 convertible preferred shares with a deemed value $5.00 per share (the Pref-A Shares") in two phases, subject to regulatory approval (the "Approval"). Under the DAP-Agr the Vendor committed to a total financing of $5,000,000 in two phases (the "Funding") either through a private placement or by placing listed corporate bonds issued by the Company. As the audited financial statements of ITHL were not provided by the Vendor, subsequent to the year ended December 31, 2017, the Company has terminated the arrangement with ITHL (Note 11).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, and accordingly, do not purport to give effect to adjustments which may be required should the Company be unable to achieve the objectives above as a going concern. The net realizable value of the Company's assets may be materially less than the amounts recorded in these condensed interim financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2017, the Company had an accumulated deficit of $3,685,164 which has been funded primarily by the issuance of equity. Ongoing operations of the Company are dependent upon the Company's ability to receive continued financial support, complete equity financings and ultimately the generation profitable operations in the future. These factors raise significant doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement and preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. They are prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss which have been measured at fair value.

The policies set out in the ensuing paragraphs have been consistently applied to all years presented unless otherwise noted.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgements are choices in accounting policies and disclosures which management believes are supported by facts and circumstances existing at the date of the financial statements.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial period. The significant judgements and estimates are:

- Share based payments are based upon expected volatility and option life estimates;
- The provision of income taxes is based on judgements in applying income tax law and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

Critical accounting judgements are accounting policies that have been identified as being complex or involve subjective judgments or assessments with a significant risk of material adjustment in the next year. Significant judgement areas include:

- Going concern;
- The assessment of the Company's ability to obtain financing to fund future working capital requirements.

c) Cash and equivalents

Cash is comprised of cash on hand and term deposits. Cash equivalents include short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d) Foreign currency

The presentation and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are retranslated at historical exchange rates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resourced embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

f) Share-based payments

The fair value of stock options granted is measured at grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share based compensation reserve is credited to share capital.

Where a grant of options is cancelled or 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.

g) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. To compute diluted loss per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, all options and warrants were exercised. The proceeds from exercise are assumed to be used to purchase the Company's common shares at their average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

h) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

j) Income taxes

Income tax on the profit or loss for the periods presented 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, in which case it is recognized in equity.

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

Deferred tax 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 neither accounting loss nor taxable loss and differences relating to investments in subsidiaries to the extent that they are unlikely to 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 the underlying assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position 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 utilised. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it does not recognize the asset.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loan and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. It is management's opinion that the Company is not exposed to significant interest rate or credit risk arising from these financial instruments.

- *Financial assets at fair value through profit or loss*
  A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets and include cash and equivalents and marketable securities, which are initially recognized at fair value.

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets which fixed or determinable payments that are not quoted in an active market. Assets in this category are measured at amortized cost. They are classified as current or non-current assets based on their maturity date. Assets in this category include amounts receivable from related parties and are measured at amortized cost less impairment.

- *Available-for-sale financial assets*
  Available-for-sale financial assets are either designated as available for sale or not classified in any other categories. They are initially recognized at fair value plus transaction costs and are subsequently carried at fair value, with unrealized gains and losses recorded in other comprehensive income until disposition or other-than-temporary impairment at which time the gain or loss is recorded in earnings. The Company does not have any available-for-sale financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – this category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities – this category includes accounts payable and due to related parties, are initially recognized at fair value and subsequently stated at amortized cost. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the date of the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

- Financial assets carried at amortized cost: the loss is the difference between the amortized cost and its value of estimated future cash flows, discounted using the instrument's original effective interest rate;
- Available-for-sale financial assets: The loss is the amount comprising the difference between its original cost and its current fair value, less any impairment previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net loss.
- Reversals of impairment losses on financial assets carried at amortized cost are recorded through the statement of loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss had been recognized. Impairment on available-for-sale instruments is not reversed.

m) Adoption of new pronouncements

The Company did not adopt any new or amended accounting standards during the year ended December 31, 2017 which had a significant impact on the Company's financial statements.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, 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. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

Standards effective for annual periods beginning on or after January 1, 2018 (continued):

IFRS 2 Share-based Payment - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) 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. Earlier application is permitted.

The adoption of these standards is not expected to have a material impact on the Company's financial statements.

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. Early adoption is permitted if IFRS 15 has also been adopted.

4. CASH AND EQUIVALENT

	2017	2016
	$	$
Bank and petty cash	**33,386**	145,973
Term deposit	**5,000**	5,000
	38,386	150,973

5. MARKETABLE SECURITIES

	2017	2016
The Eelleet Network Corp.		
Number of shares	**8,802**	8,802
	$	$
Book value	**264**	264
Fair value	**264**	264
Unrealized loss on marketable securities	**-**	-

In a prior year, the Company received 8,802 common shares from the Eelleet Network Corp. as shares for debt settlement. The fair value of the shares was $0.35 per share for a total of $3,081 at initial recognition.

As at December 31, 2017, the fair value of the shares was $0.03 per share for a total of $264 (2016 - $264).

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

Key Management compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Directors members. Key management compensation consists of the following for the years ended December 31, 2017 and 2016:

	2017	2016
	$	$
Consulting fees:		
Chief financial officer	**3,500**	-

The amounts due from (to) related parties were as follows:

	2017	2016
	$	$
Due from related parties:		
The Eelleet Network Corp., a company with some common directors	**22,993**	13,515
Mineral Hill Industries Ltd., a company with some common directors and officers	**43,466**	24,549
	66,459	38,064
Amounts due to related parties included in accounts payable:		
Mineral Hill Industries Ltd., a company with some common directors and officers	**347**	647

Amounts receivable from related party

The amounts due from related parties are non-interest bearing, unsecured and due on demand.

These transactions are measured at exchange amounts, which are the amounts of consideration negotiated, established and agreed to by the related parties.

7. SHARE CAPITAL

a) Authorized share capital

At December 31, 2017, the authorized share capital of the Company comprised of an unlimited number of common shares at no par value as well as an unlimited number of classes A-1 and A-2 of convertible preference shares at no par value. All issued and outstanding shares are fully paid.

b) Issue of common shares

As at December 31, 2017, the issued and outstanding common shares were 31,751,977.

During the years ended December 31, 2017 and 2016, the Company did not issue any common shares or convertible preferred shares.

c) Stock options

The Company grants stock options to employees, directors, officers, and consultants as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options issued pursuant to the Plan must have an exercise price greater than or equal to the "Market Price" of the Company's stock on the grant date less applicable discounts. Options have a maximum expiry period of up to five years from the grant date and are subject to the minimum vesting requirements, as determined by the Board of Directors.

The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Stock options granted to directors vest at a rate of 50% on the grant date and the balance 180 days after the date of issuance. Stock options granted to employees vest at a rate of 50% 180 days after the date of issuance and the balance on the first anniversary of the grant date.

On December 5, 2017 the Company granted 560,000 stock options to directors, officers and employees. Share-based compensation of $13,029 was recorded. The weighted average fair value of the 560,000 options was $0.06. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.93%, the expected life of 3 years, expected volatility of 247%, forfeiture rate of 0% and expected dividends of $Nil.

On February 6, 2017 the Company granted 85,000 stock options to a director. Share-based compensation of $4,970 was recorded. The weighted average fair value of the 85,000 options was $0.06. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.43%, the expected life of 3 years, expected volatility of 268%, forfeiture rate of 0% and expected dividends of $Nil.

On October 25, 2016, the Company granted 545,000 stock options to directors, officers and employees. Share-based compensation of $11,345 was recorded for the year. The weighted average fair value of the 545,000 options was $0.04. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free I interest rate of 0.56%, the expected life of 3 years, expected volatility of 264%, forfeiture rate of 0% and expected dividends of $Nil.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

c) Stock options (continued)

On August 6, 2016, 30 days subsequent to the resumption of trading, 600,996 options that had been granted to members of advisory and board committees were cancelled due to the Board of Directors' decision that, with the exception of the Audit Committee, the size of the Company's operations did not warrant the reappointment of additional committees at that time.

The following tables summarize the continuity of the Company's stock options:

Expiry Date	Exercise Price	December 31, 2016	Granted	Exercised	Expired/ Forfeited	Cancelled	December 31, 2017
April 28, 2018	$ 0.10	372,500	-	-	-	-	372,500
October 25, 2019	$ 0.10	545,000	-	-	-	-	545,000
February 6, 2020	$ 0.10	-	85,000	-	-	-	85,000
December 5, 2020	$ 0.10	-	560,000	-	-	-	560,000
		917,500	645,000	-	-	-	1,562,500
Weighted average exercise price							**$0.10**

Expiry Date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/ Forfeited	Cancelled	December 31, 2016
November 12, 2016	$ 0.10	248,329	-	-	33,333	214,996	-
November 12, 2016	$ 0.10	305,000	-	-	95,000	210,000	-
April 28, 2018	$ 0.10	548,500	-	-	-	176,000	372,500
October 25, 2019	$ 0.10	-	545,000	-	-	-	545,000
		1,101,829	545,000	-	128,333	600,996	917,500
Weighted average exercise price							**$0.10**

Details regarding the options outstanding as at December 31, 2017 are as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value	Number of Options Exercisable
$ 0.10	372,500	0.32	$ 0.07	372,500
$ 0.10	545,000	1.82	$ 0.04	545,000
$ 0.10	85,000	2.10	$ 0.06	85,000
$ 0.10	560,000	2.93	$ 0.06	170,000
$ 0.10	1,562,500	1.88	$ 0.06	1,172,500

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

c) Stock options (continued)

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options granted is recognized in income on a graded vesting basis. Option pricing models require the input of highly subjective input assumptions, which can materially affect the fair value estimate and therefore the existing models do not necessarily provide reliably a single measure of the fair value of the Company's stock options.

d) Share purchase warrants

On September 16, 2016, the Company amended the expiry date of 3,500,000 warrants from October 16, 2016 to October 16, 2020 and the exercise price from $0.20 per warrant to $0.11. Since there was no value allocated to these warrants upon issuance, no adjustment has been made on the modification.

The following tables summarize the continuity of the Company's share purchase warrants:

Expiry Date	Exercise Price	December 31, 2016	Granted	Exercised	Expired/ Cancelled	December 31, 2017
May 1, 2017(1)	$0.10	11,450,000	-	-	-	11,450,000
July 25, 2019	$0.10	1,363,042	-	-	-	1,363,042
Oct 16, 2020	$0.11	3,500,000	-	-	-	3,500,000
		16,313,042	-	-	-	16,313,042
Weighted average exercise price						$0.10
Weighted average contractual remaining life (years)						0.80

Expiry Date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/ Cancelled	December 31, 2016
May 1, 2017(1)	$0.10	11,450,000	-	-	-	11,450,000
July 25, 2019	$0.10	1,363,042	-	-	-	1,363,042
Oct 16, 2020	$0.11	3,500,000	-	-	-	3,500,000
		16,313,042	-	-	-	16,313,042
Weighted average exercise price						$0.10
Weighted average contractual remaining life (years)						0.73

(1) 11,450,000 warrants due to expire May 1, 2017 were extended on April 28, 2017 for the length of time the Company's shares are halted on the Exchange.

(Expressed in Canadian Dollars)

8. INCOME TAXES

In assessing deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

	For the years ended December 31,	
	2017	**2016**
Canadian statutory income tax rate	**27%**	26%
	$	**$**
Income tax recovery at statutory rate	**(29,017)**	(21,755)
Effect on income taxes of:		
Permanent differences and other	**7,269**	3,592
Losses not recognized	**21,748**	18,163
Income taxes recoverable	-	-

The nature and effect of the Company's deferred tax assets (liabilities) is as follows:

	2017	**2016**
	$	**$**
Non capital losses carried forward	**623,791**	578,732
Mineral cost pools in excess of capitalized costs	**107,205**	103,235
Property and equipment	**1,031**	993
Marketable securities	**761**	732
Share issuance costs	**432**	624
Deferred tax assets	**733,220**	684,316
Deferred tax assets not recognized	**(733,220)**	(684,316)
Net deferred tax asset	-	-

As at December 31, 2017, the Company had non-capital losses carried forward of approximately $2,310,337 which may be applied to reduce future years' taxable income, expiring as follows:

2015	$ 17,821
2026	246,823
2027	331,501
2028	268,312
2029	205,964
2030	280,124
2031	233,230
2032	223,800
2033	168,579
2034	127,550
2035	50,091
2036	72,097
2037	84,445
	$ 2,310,337

9. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash and equivalents, marketable securities, amounts receivable from related parties, accounts payable and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities, receivables and amounts due from related parties. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents with high-credit quality financial institutions. Amounts due to and from related parties are discussed in Note 6.

Currency risk

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash and equivalents as they are currently held in large financial institutions.

Fair value measurements of financial assets and liabilities

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISKS (continued)

The fair values of cash and cash equivalents are determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of due to and from related parties and accounts payable, approximate their current fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company’s statements of financial position as of December 31, 2017 as follows:

	Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**December 31, 2017**
Cash and equivalents	$ 38,386	–	–	$ 38,386

10. CAPITAL MANAGEMENT

The Company’s capital structure consists of shareholders’ equity and related party loans. The Company’s objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company’s approach to capital management during the year ended December 31, 2017. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its business plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placement or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

11. SUBSEQUENT EVENTS

a) Subsequent to the year ended December 31, 2017, the Company terminated the Definitive Asset Agreement with IXI Treasury Holdings Limited as the required audited financial statements were not provided as described in Note 1.

b) On March 22, 2018, the Company entered into a Definitive Acquisition and Share Exchange Agreement whereby the Company acquire a 100% interest in Advanced Bioceuticals Limited (“ABL”) and its wholly owned subsidiary Pro-Thotics Technologies Inc. (“PTI”) in exchange for 89.27% of the common shares of the Company. As ABL will own a majority of the common shares of the Company after the proposed transaction, the transaction will be considered as a reverse take over and will be accounted as a continuation of the assets and operations of ABL together with a recapitalization. The proposed transaction is subject to shareholder and regulatory approvals.