PETROCORP GROUP INC.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

PETROCORP GROUP INC.

FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

CONTENTS

Management's Responsibility

To the Shareholders of PetroCorp Group Inc. (the "**Corporation**"):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed of Directors who may be neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving financial information. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

/s/ *Andrew Lindzon*
Andrew Lindzon
Chief Executive Officer and President

Toronto, Ontario
July 27, 2017

Wasserman Ramsay

Chartered Accountants

3601 Hwy 7 East, Suite 1008, Markham, Ontario L3R 0M3
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Inedependent Auditors' Report

To the Shareholders of
PetroCorp Group Inc.:

We have audited the accompanying consolidated financial statements of PetroCorp Group Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, 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 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 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 PetroCorp Group Inc. and its subsidiary as at March 31, 2017 and 2016 and the results of its operations and cash flows for the yearsr 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 indicates that the Company had continuing losses during the years ended March 31, 2017 and 2016 and working capital deficiencies at March 31, 2017 and 2016. These conditions, along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Wasserman Ramsay

Markham, Ontario
July 27, 2017

Chartered Accountants
Licensed Public Accountants

PETROCORP GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars)

As at March 31,	**2017**	**2016**
A S S E T S		
CURRENT		
Cash and cash equivalent	$ 1,022	$ 9,653
Sundry receivables	9,569	5,842
Prepaid expenses	1,300	1,300
	$ 11,891	$ 16,795
L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	$ 125,953	$ 75,319
S H A R E H O L D E R S' EQUITY (DEFICIENCY)		
CAPITAL STOCK (Note 4)		
Issued and Outstanding (2017 and 2016 - 82,323,254)	4,505,706	4,505,706
CONTRIBUTED SURPLUS (Note 6)	8,064,759	8,064,759
ACCUMULATED DEFICIT	(12,684,527)	(12, 628,989)
	(114,062)	(58,524)
	$ 11,891	$ 16,795

Nature of Organization (Note 1)
Commitments (Note 10)
Contingency (Note 11)

APPROVED ON BEHALF OF THE BOARD:

/s/ “*Andrew Lindzon*”
Andrew Lindzon, Director

/s/ “*David Bernholtz*”
David Bernholtz, Director

PETROCORP GROUP INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, April 1, 2015	82,323,254	$ 4,505,706	$ 8,064,759	$(12,580,883)	$ (10,418)
Net loss for the period	- - -	- - -	- - -	(48,106)	(48,106)
Balance, March 31, 2016	82,323,254	$ 4,505,706	$ 8,064,759	$(12,628,989)	$ (58,524)
Balance, April 1, 2016	82,323,254	$ 4,505,706	$ 8,064,759	$(12,628,989)	$ (58,524)
Net loss for the period	- - -	- - -	- - -	(55,538)	(55,538)
Balance, March 31, 2017	82,323,254	$ 4,505,706	$ 8,064,759	$(12,684,527)	$ (114,062)

PETROCORP GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)

For the year ended March 31,	**2017**	**2016**
REVENUES	$ - - -	$ - - -
EXPENSES		
Administrative (Note 7 and 8)	55,538	48,094
INCOME (LOSS) BEFORE INCOME TAXES	(55,538)	(48,094)
Interest expense	- - -	(12)
INCOME (LOSS) BEFORE INCOME TAXES	(55,538)	(48,106)
Recovery of (provision for) income taxes	- - -	- - -
NET LOSS FROM OPERATIONS AND COMPREHENSIVE LOSS	$ (55,538)	$ (48,106)
NET INCOME (LOSS) PER COMMON SHARE		
Basic	$ 0.00	$ 0.00
Diluted	$ 0.00	$ 0.00
Weighted Average Common Shares Outstanding	82,323,254	82,323,254

PETROCORP GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All Amounts are in Canadian Dollars)

For the year ended March 31,	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	$ (55,538)	$ (48,106)
Change in non-cash working capital items:		
Sundry receivables	(3,727)	(2,335)
Accounts payable and accrued liabilities	50,634	34,336
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(8,631)	(16,105)
DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(8,631)	(16,105)
CASH AND CASH EQUIVALENTS		
Beginning of the year	9,653	25,758
End of the year	$ 1,022	$ 9,653
CASH AND CASH EQUIVALENTS, represented as follows:		
Cash	$ 1,022	$ 9,653
Short-term deposit	—	—
SUPPLEMENTAL INFORMATION		
Interest received	$ —	$ —
Interest paid	—	12
Income taxes paid	—	—

1. Nature of Organization

Description of the Business
PetroCorp Group Inc. ("**Corporation**") was incorporated under the Alberta Business Corporations Act on March 25, 1993. Its registered head office is 38 Edmund Seager Drive, Thornhill, Ontario. On December 15, 2009, the Corporation sold its operating business through a sale of substantially all of its assets and liabilities (the "Asset Sale"), and as a result, does not have an operating business at this time.

The Corporation does not currently have any operations and is seeking to identify an operating company to acquire or merge with.

These financial statements of the Corporation were authorized for issue in accordance with a resolution of the directors on July 27, 2017.

Basis of Operations and Going Concern
These financial statements have been prepared in accordance with IFRS applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at March 31, 2017, the Corporation had no sources of operating cash flows. The Corporation will therefore require additional funding which, if not raised, would result in the curtailment of activities and delays in its ability to merge with or acquire an operating entity. The Corporation had working capital deficit of $114,062 as at March 31, 2017 (2016- $58,524), and has incurred losses since inception, resulting in an accumulated deficit of $12,684,527 as at March 31, 2017 (2016- $12,628,989). The Corporation's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Corporation will be successful in this regard, and therefore, there is doubt regarding the Corporation's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" assumption were not appropriate for these financial statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

As an entity with no operations, funding to meet its operating expenses as well as working capital is dependent on the Corporation's ability to issue common shares or borrow funds. While the Corporation currently has sufficient funds on hand to meet its current budget for the foreseeable future, there is no certainty that the Corporation will be able to raise sufficient funds beyond this period.

The business of identifying and acquiring an operating entity entails a high degree of risk and capital commitment and there can be no assurance that if successful would provide positive cash flows. Therefore, the Corporation will have to rely on its ability to raise additional funds by way of share issuances from its treasury and short term advances of capital from its directors and officers.

Statement of Compliance
The financial statements of the Corporation as at and for the period ended March 31, 2017 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") in effect as of March 31, 2017.

These financial statements have been prepared on a historical cost basis except for certain financial assets, which are recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of Consolidation
The consolidated financial statements of the Corporation include the accounts of its wholly-owned subsidiaries 1198073 Alberta Ltd. and 1444297 Alberta Ltd. All inter-company transactions have been eliminated.

Basis of Measurement
These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Use of Estimates and Judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in note 3.

Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Cash and Cash Equivalents
Cash and cash equivalents may include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less.

Transactional Costs
The costs incurred relating to transactional costs are expensed as incurred.

Deferred Financing Costs
Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to statements of operations and comprehensive loss.

Incremental costs incurred in respect of raising capital are charged against equity or debt proceeds raised. Costs associated with the issuance of common share are charged to capital stock upon the raising of equity. Costs associated with the issuance of debt are amortized using the effective interest method over the life of the debt.

Income Taxes
Income tax expense comprises current and deferred tax. Income tax is recognized in the statements of operations and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

2. Summary of Significant Accounting Policies - continued

Current Income Tax
Current tax is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and tax laws that were enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax
Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences; and
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise upon initial recognition of goodwill or arise on initial recognition of assets and liabilities acquired other than in a business combination where at the time of transaction effects neither accounting profit or taxable income (tax loss).

Earnings (Loss) Per Share
Earnings (loss) per share is calculated by dividing the net loss applicable to common shares by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net loss applicable to common shares by the diluted weighted average number of shares which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation.

Non-derivative Financial Instruments
Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has substantially transferred all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial assets are classified into the following categories: financial assets “at fair value through profit or loss” (“**FVTPL**”), “held-to-maturity investments”, “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2. Summary of Significant Accounting Policies - continued

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Fair Value Through Profit or Loss
A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Other Financial Liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Impairment of financial assets
Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

The following is a summary of significant categories of financial instruments outstanding at March 31, 2017:

Cash and cash equivalents	Fair value through profit and loss
Sundry receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

2. Summary of Significant Accounting Policies - continued

Carrying value and fair value of financial assets and liabilities are summarized as follows:

Classification	Carrying Value	Fair value
Fair value through profit and loss	$ 1,022	$ 1,022
Loans and receivables	9,569	9,569
Other financial liabilities	125,953	125,953

Fair Value Hierarchy
The Corporation classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of March 31, 2017 and 2016 cash and cash equivalents are measured at fair value and are classified within Level 1 of the fair value hierarchy.

Impairment of non-financial assets
The Corporation’s assets are reviewed for indications of impairment at each statement of financial position’s date. If indication of impairment exists, the asset’s recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets the unit on a pro-rata basis.

Share-based Payments
Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to earnings over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received together with the amount previously recorded in contributed surplus, are added to capital stock. The fair value of warrants issued to agents in conjunction with a public offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option pricing model.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs

2. Summary of Significant Accounting Policies - continued

Warrants
The Corporation measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk free interest rate. The fair value of warrants issued in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus general account.

Recent Accounting Pronouncements
Accounting standards issued and adopted
*IAS 7 - Statement of Cash Flows (“**IAS 7**”)*
IAS 7 came in to effect for fiscal periods beginning on or after January 1, 2017 expand existing guidance by requiring companies to provide information about changes in their financing liabilities to provide investors with information that helps investors with a better understanding of changes in a company’s debt. The financial reporting impact of adopting IAS 7 did not have a material impact on the financial position of the Corporation.

Future Accounting standards issued and to be adopted
IFRS 7 - Financial Instruments (“**IFRS 7**”)
IFRS 7 requires entities to provide disclosure in their financial statements that enable users to evaluate the significance of financial instrument and the nature and extent of risks arising from financial instruments to which an entity is exposed and how the entity manages those risks. It was amended to (i) add guidance on whether an arrangement to service a financial asset that has been transferred constitutes continuing involvement, and (ii) to clarify that the additional disclosure required by the amendments to IFRS 7 is not specifically required for interim periods, unless by IAS 34. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments (“**IFRS 9**”)
IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities. The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets (fair value through other comprehensive income); (ii) a single, forward-looking “expected loss” impairment model, and (iii) a mandatory effective date of annual periods beginning on or after January 1, 2018.

Management is in the process of assessing the impact of these new standard on the Corporation’s consolidated financial statements.

3. Summary of Accounting Estimates and Assumptions

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair Value of Financial Instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Share-Based Payment Transactions
The Corporation measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are determined at the time of the granting of such share-based compensation.

Income Taxes
Provisions for income taxes are made using the best estimate of the amount that is expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

4. Capital Stock

The Corporation is authorized to issue an unlimited number of common shares and preferred shares. The preferred shares are issuable in series. As at March 31, 2017 and 2016 no preferred shares are issued.

5. Stock Option Plan

On August 15, 2006, the Corporation established an incentive stock option plan for certain directors, executive officers, employees and consultants. The number of shares reserved for issuance under the incentive stock option plan is not to exceed 10,500,000 shares and the number of shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding shares of the Corporation. Each incentive stock option is exercisable into one common share of the Corporation at the price specified in the terms of the option.

As at March 31, 2017 and 2016, there were no incentive stock options outstanding and there was no activity during the fiscal years then ended.

(All Amounts are in Canadian Dollars)

6. Contributed Surplus

The Corporation's contributed surplus consists of the following:

	General	Incentive Stock Option	Warrants	Total
Balance, March 31, 2017 and 2016	$ 8,064,759	$ - - -	$ - - -	$ 8,064,759

7. General and Administrative Expenses

	2017	2016
Bank charges	$ 344	$ 553
Insurance	- - -	- - -
Professional fee	18,262	17,701
Management fees	18,000	18,000
Regulatory and filing fees	12,932	5,840
Premises	6,000	6,000
	$ 55,538	$ 48,094

8. Related Party Transactions

Related party transactions include transactions with p[arties related by common directors and transactions with other private entities owned or controlled by officers and directors. All transactions are provided in the normal course of business and are measured at exchange amounts agreed upon by the related parties. The following table summarizes the related party transactions occurring the year.

	2017	2016
Expenses		
Consulting and director fees	$ 18,000	$ 18,000
Premises	6,000	6,000
Included with accounts payable	62,150	37,170

9. Income Taxes

The Corporation's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.50% (2016 – 25.0%) to the net loss for the periods. The reason for the difference is as follows:

	2017	2016
Statutory Rate	26.50%	25.0%
Loss before income taxes	$ (55,538)	$ (48,106)
Recovery of income taxes based on statutory rate	(14,718)	(12,027)
Change in deferred tax assets not recognized	14,718	12,207
Income tax recovery	$ - - -	$ - - -

(All Amounts are in Canadian Dollars)

9. **Income Taxes** - continued

The Corporation's deferred income tax asset, computed by applying a future federal and provincial statutory rate of 26.50% (2016 – 25.0%), comprises the following:

		2017		2016
Non-capital losses carried forward	$	180,626	$	156,478
Deferred tax assets not recognized		(180,626)		(156,478)
	$	- - -	$	- - -

Deferred tax assets have not been recognized because at this stage of the Corporation's development, it is not determinable that future taxable profit will be available against which the Corporation can utilize such deferred income tax asset.

At March 31, 2017, the Corporation has a non-capital loss of $681,450 (2016 - $625,912) available for carry-forward. In addition, the Company has $450,000 of non-refundable investment tax credits, which may be carried forward to reduce future income taxes payable. The potential benefit of these non-capital loss carry forwards and non-refundable tax credits have not been recognized in these financial statements and will expire as follows:

	Non-Capital Loss Carry-Forward	Federal Investment Tax Credits
2026	$ - - -	$ 188,000
2027	- - -	118,000
2028	- - -	144,000
2033	306,000	- - -
2034	207,000	- - -
2035	64,806	- - -
2036	48,106	- - -
2037	55,538	- - -
	$ 681,450	$ 450,000

10. Commitment

The Corporation has not entered in to any contract that requires a minimum payment.

11. Contingencies

From time to time, the Corporation may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Corporation. As of March 31, 2017 and 2016, the Corporation Is not a party to any material claims that would have a significant impact, either individually or in the aggregate.

12. Financial Instruments and Risk Management

Risk Management
In the normal course of business, the Corporation is exposed to financial risk that arises from its indebtedness, including fluctuations in interest rates and in the credit quality of its customers. Management's involvement in operations helps identify risks and variations from expectations.

The Corporation does not manage risk through the use of hedging transactions. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk.
The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital is to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions

Liquidity Risk
Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Corporation's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

Obtaining long-term debt with fixed interest rates minimizes interest rate cash flow risk.

The Corporation does not trade in financial instruments and is not exposed to any significant interest rate price risk.

Market Risk
Market risk is the risk that changes in market price, such as foreign exchange rates, commodity prices, and interest rates will affect the Corporation's net income or the value of financial instruments. These risks are generally outside the control of the Corporation. The objectives of the Corporation are to mitigate market risk exposure within acceptable limits, while maximizing returns.

Credit Risk
Credit risk related to accounts receivable arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Corporation mitigates this risk by regularly monitoring the financial health and aging of any amounts due from its debtors.

11. Financial Instruments and Risk Management - continued

As of the date of these financial statements the Corporation's only debtors are the government of Canada for the harmonized goods and services ("**HST**") receivable and therefore the Corporation does not believe it is currently exposed to any significant credit risk and related party balances.

Currency Risk
Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. At March 31, 2017 and 2016, the Corporation did not have any foreign denominated currencies**.**

Other Price Risk
Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk.

Fair Values
Financial instruments include cash, sundry receivable, and accounts payable and accruals. The carrying values of these financial instruments approximate fair value due to the short-term nature of financial instruments.

13. Capital Management and Liquidity

The Corporation manages its cash and common shares as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

In order to facilitate the management of its capital requirements, the Corporation prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to preserve cash for business acquisitions, the Corporation does not pay out dividends. The Corporation's investment policy, in general, is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Corporation's strategy is to satisfy its liquidity needs using cash on hand and new debt or equity financings

The principal liquidity needs for periods beyond the next twelve months are for non-recurring capital expenditures and potential business acquisitions. The Corporation's strategy is to meet these needs with one or more of the following:

- common share and warrants offering;
- debt financing.

(All Amounts are in Canadian Dollars)

13. Financial Instruments and Risk Management - continued

The following table presents the contractual maturities of the Corporation's financial liabilities as at March 31, 2017:

				Payments by Periods		
	Total	< 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Accounts payable and accrued liabilities	$ 125,953	$ 125,953	$ - - -	$ - - -	$ - - -

14. Financial Instruments

The Corporation's operations expose the Corporation to market risk, credit risk, and liquidity risk. The Corporation manages its exposure to these risks by operating in a manner that minimizes these risks. Senior management employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has established policies in setting risk limits and controls and monitors these risks in relation to market conditions.

Fair Value of Non-Derivative Financial Instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk. The carrying value and fair value of financial instruments being of equal value are as follows:

	2017	2016
Financial assets		
Cash and cash equivalents	$ 1,022	$ 9,653
Sundry receivable	9,569	5,842
Financial liabilities		
Accounts payable and accrued liabilities	125,953	75,319

Fair Value Hierarchy

The Corporation values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

The following table outlines financial assets and liabilities measured at fair value in the consolidated financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

(All Amounts are in Canadian Dollars)

14. Financial Instruments - continued

As at March 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 1,022	$ ---	$ ---	$ 1,022
Sundry receivables	---	9,569	---	9,569
Total Assets	$ 1,022	$ 9,569	$ ---	$ 10,591
Liabilities				
Accounts payable and accrued liabilities	$ 125,953	$ ---	$ ---	$ 125,953
Total liabilities	$ 125,953	$ ---	$ ---	$ 125,953

Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the balance sheet of the Corporation.

15. Subsequent Events

On June 1, 2017, the Corporation voluntarily delisted from the TSX Venture Exchange.