

Consolidated Financial Statements  
(Expressed in Canadian dollars)

**FINEQIA INTERNATIONAL INC.**  
**(FORMERLY NANOSTRUCK TECHNOLOGIES INC.)**

For the three and six month periods ended March 31, 2017 and 2016

(Unaudited)

# Fineqia International Inc.

## Consolidated statements of financial position

(Expressed in Canadian Dollars)

	Notes	March 31, 2017	September 30, 2016
		\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		131,267	1,274
Receivables		2,771,075	1,876,940
Prepaid expenses and deposits		331,448	514,732
		<b>3,233,790</b>	<b>2,392,946</b>
Property, plant and equipment			
		-	-
<b>Total assets</b>		<b>3,233,790</b>	<b>2,392,946</b>
<b>Liabilities and Shareholders' Deficit</b>			
Current liabilities			
Accounts payable and accrued liabilities		882,057	1,112,219
<b>Total current liabilities</b>		<b>882,057</b>	<b>1,112,219</b>
Shareholders' deficit			
Share capital		10,968,114	8,079,177
Equity to be issued		-	3,408,720
Contributed surplus	8	7,880,318	2,516,770
Deficit		(16,496,699)	(12,723,940)
<b>Total shareholders' equity (deficit)</b>		<b>2,351,733</b>	<b>1,280,727</b>
		<b>3,233,790</b>	<b>2,392,946</b>

Nature of operations (Note 1), going concern (Note 2), commitments (Note 9), contingencies (Note 11) and subsequent events (Notes 8, 11 and 12)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

"Bundeep Singh Rangar"

"Stephen John McCann"

# Fineqia International Inc.

## Consolidated statements of loss and comprehensive loss

(Expressed in Canadian dollars)

Notes	Three months ended		Six months ended	
	March 31 2017	March 31 2016	March 31 2017	March 31 2016
	\$	\$	\$	\$
<b>Expenses</b>				
Salaries and wages	184,210	137,000	346,759	288,000
Professional fees, consulting and advisory	137,459	207,318	228,477	519,797
Travel and lodging	10,924	31,256	10,924	3,649
Office and Laboratory	735	2,900	1,418	53,134
Insurance	-	9,007	-	18,963
Meals and entertainment	-	2,411	-	4,776
Transfer agent and filing fees	1,500	12,000	3,000	13,500
Promotion	30,454	60,000	66,218	60,000
Bank service charges	662	1,349	1,750	1,978
Debt settlement gain	-	-	-	(26,980)
<b>Total Expenses</b>	<b>365,944</b>	<b>463,241</b>	<b>658,546</b>	<b>936,817</b>
<b>Loss before undernoted items</b>	<b>(365,944)</b>	<b>(463,241)</b>	<b>(658,546)</b>	<b>(936,817)</b>
<b>Finance charges</b>				
Interest income	6,319	-	12,638	-
<b>Loss before tax</b>	<b>(359,625)</b>	<b>(463,241)</b>	<b>(645,908)</b>	<b>(936,817)</b>
<b>Tax recovery</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net loss and comprehensive loss for the year</b>	<b>(359,625)</b>	<b>(463,241)</b>	<b>(645,908)</b>	<b>(936,817)</b>
Basic and diluted loss per share	(0.001)	(0.002)	(0.001)	(0.004)
Weighted average number of common shares outstanding	601,077,855	259,707,692	601,077,855	259,707,692

See accompanying notes to the consolidated financial statements.

# Fineqia International Inc.

## Consolidated statements of changes in equity

(Expressed in Canadian dollars)

	Share capital		Equity to be issued (\$)	Contributed Surplus (\$)	Deficit (\$)	Total (\$)
	Number of shares	Amount (\$)				
				\$	\$	\$
<b>Balance at September 30, 2014</b>	<b>93,046,340</b>	<b>7,291,552</b>	-	<b>4,852,215</b>	<b>(13,499,750)</b>	<b>(1,355,983)</b>
Private placements	157,900,000	789,500	-	789,500	-	1,579,000
Units issued as finders fees	6,838,854	34,192	-	34,192	-	68,384
Costs of private placement	-	(39,192)	-	(39,192)	-	(78,384)
Expired options and warrants	-	-	-	(2,797,174)	2,493,375	(303,799)
Equity to be issued	-	-	494,990	-	-	494,990
Net loss and comprehensive loss for the period	-	-	-	-	(696,917)	(696,917)
<b>Balance at September 30, 2015</b>	<b>257,785,194</b>	<b>8,076,052</b>	<b>494,990</b>	<b>2,839,541</b>	<b>(11,703,292)</b>	<b>(292,709)</b>
Shares issued for debt	312,500	3,125	-	-	-	3,125
Shares to be issued	-	-	1,343,523	-	-	1,343,523
Net loss and comprehensive loss for the period	-	-	-	-	(936,817)	(936,817)
<b>Balance at March 31, 2016</b>	<b>258,097,694</b>	<b>8,079,177</b>	<b>1,838,513</b>	<b>2,839,541</b>	<b>(12,640,109)</b>	<b>117,122</b>
<b>Balance at September 30, 2016</b>	<b>259,709,400</b>	<b>8,079,177</b>	<b>3,408,720</b>	<b>2,516,770</b>	<b>(12,723,940)</b>	<b>1,280,727</b>
Private placements	417,966,351	2,236,697	(3,206,480)	2,236,697	-	1,266,914
Units issued as finders fees	25,446,647	134,351	-	134,351	-	268,702
Costs of private placement	-	(134,351)	-	-	(134,351)	(268,702)
Share issued for debt	56,890,666	652,240	(202,240)	-	-	450,000
Expired options and warrants	-	-	-	(800,000)	800,000	-
Options granted	-	-	-	3,792,500	(3,792,500)	-
Net loss and comprehensive loss for the period	-	-	-	-	(645,908)	(645,908)
<b>Balance at March 31, 2017</b>	<b>760,013,064</b>	<b>10,968,114</b>	-	<b>7,880,318</b>	<b>(16,496,699)</b>	<b>2,351,733</b>

See accompanying notes to the consolidated financial statements.

# Fineqia International Inc.

## Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Notes	Six months ended	
		March 31 2017	March 31 2016
		\$	\$
<b>Cash flows from operating activities</b>			
Net loss		(645,908)	(936,817)
Adjustments for non-cash items:			
Gain on debt settlement		-	(26,980)
Changes in non-cash working capital items:			
Account receivables and sales tax receivable		(894,135)	(102,185)
Prepaid expenses and deposits		183,284	(154,000)
Accounts payables and accrued liabilities		(230,162)	(178,517)
Cash flows from operating activities		(1,586,921)	(1,398,499)
<b>Cash flows from financing activities</b>			
Shares issued		1,266,914	3,125
Shares issued for debt settlement		450,000	6,745
Proceeds received for units to be issued		-	1,336,778
Cash flows from financing activities		1,716,914	1,346,648
Net increase (decrease) in cash		129,993	(51,851)
Cash, beginning of year		1,274	52,208
Cash, end of period		131,267	357

See accompanying notes to the consolidated financial statements.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 1. Nature of operations

Fineqia International Inc. (formerly known as NanoStruck Technologies Inc.) (the "Company"), was incorporated in British Columbia under the Business Corporations Act on June 20, 2006 under the name Golden Cross Resources Inc. The Company's main focus was the business of water remediation and tailings processing, using nanotechnology solutions to clean wastewater and recover precious metals from mine tailings. On August 2, 2016, the Company changed its business to become a platform for the emerging area of alternative finance known as crowdfunding and discontinue its water remediation and tailings processing business. The Company's corporate head office and principal place of business is Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, Canada. The Company's shares are listed on the Canadian Securities Exchange ("CSE") exchange under the symbol FNQ.

On August 2, 2016, the Company changed its name to Fineqia International Inc.

On August 3, 2016, the Company incorporated Fineqia Limited, a UK company, which will operate a regulated crowdfunding platform focused on debt instruments, specifically referred to as minibonds. The platform will allow individuals and financial institutions to discover and invest in high yield debt securities that meet UK crowdfunding regulatory guidelines.

The Company's strategic focus will be to provide a platform and associated services to support security issuances and manage administration of debt securities such as minibonds. The platform will bring an issuing company's minibonds to market, by distributing and marketing minibonds to the crowd, as well as transparently highlighting the risks and objectively outlining opportunities involved. Fineqia Limited will be the counterparty to contracts with new staff, IT and compliance partners as well as UK legal advisers and marketing firms. Fineqia Limited will complete the development work to launch a new platform in the market.

### 2. Going concern

These unaudited consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. The ability of the Company to continue as a going concern is dependent upon its ability to obtain financing on reasonable terms and to attain profitable operations and further fund operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate additional financing in the future, in which case the Company may be unable to meet its obligations. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments may be required to the carrying value of assets and liabilities and the statement of financial position classifications used.

The Company had a loss of \$645,908 for the six months ended March 31, 2017 (March 31, 2016 - loss of \$936,817), a deficit as at March 31, 2017 of \$16,496,699 (September 30, 2016 - deficit of \$12,723,940) and a net working capital of \$2,351,733 as at March 31, 2017 (September 30, 2016 - net working capital \$1,280,727). The Company does not, however, currently directly hold revenue-generating assets. These financial statements do not contain the adjustments that would be necessary if the Company was unable to continue as a going concern. Such adjustments would include presenting assets at their recoverable amounts, which would be likely to result in further provisions to the current carrying amounts in these consolidated financial statements and to providing for further liabilities that might arise on a break up basis of presentation.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies

#### *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”). The accounting principles applied in the preparation of these consolidated financial statements included herein have been applied consistently for each of the periods presented.

These financial statements have been authorized for issuance by the Company’s Board of Directors on May 30, 2017.

#### *Basis of Consolidation*

Blue Gold Tailings Technologies (BGTT), incorporated in Ontario, is the operating company and 100% owned legal subsidiary of the Company. The Company also acquired 100% ownership of Fineqia Limited, a UK incorporated entity.

Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

#### *Basis of Preparation*

These financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified where applicable. They are presented in Canadian dollars unless otherwise noted.

#### **(a) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash held on deposit with banks, other highly liquid short-term interest bearing investments with maturities of 90 days or less than the original date of acquisition and bank overdrafts.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### (b) *Share-based payments*

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of share-based payments is determined using a Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When options are exercised, their fair value is reclassified from contributed surplus to share capital.

In situations where the Company issues units, the value of warrants is included in the contributed surplus. The grant date fair value of warrants included in units is determined using the Black-Scholes option pricing model. When options or warrants expire unexercised, their fair value is reclassified from contributed surplus to deficit.

In accordance with IFRIC 19, when debt is extinguished with equity, the difference between the carrying amount of the debt extinguished and the fair value of the equity is recognized in the consolidated statement of loss.

#### (c) *Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial assets and liabilities are measured subsequently as described below.

#### **Financial assets**

The Company's financial assets include cash and cash equivalents and receivables.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- a. Loans and receivables;
- b. Financial assets at fair value through profit or loss;
- c. Held-to-maturity investments; and
- d. Available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.



# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### (c) *Financial instruments (continued)*

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and receivables fall into this category of financial instruments.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gain or losses recognized in profit or loss. The Company has no financial assets in this category.

##### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company has no financial assets in this category.

##### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at the fair value and the net change in fair value is recognized in other comprehensive income and reported within the available-for-sale reserve within equity. The Company has no financial assets in this category.

##### **Impairment of financial assets**

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in profit or loss, if applicable.

##### **Financial liabilities**

The Company's financial liabilities include accounts payable and accrued liabilities. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### (d) *Property, plant and equipment*

Property, plant and equipment are carried at cost less accumulated amortization. Cost includes expenditures directly related to the acquisition of the asset, which includes costs to bring the asset to a working condition for its intended use. If major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Amortization of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Assets are amortized using the straight-line method over their estimated useful lives up to their residual value and both useful lives and residual values are reviewed annually. The estimated useful lives for the current and comparative periods are as follows:

Manufacturing and equipment	Straight line over 15 years
Furniture and fixtures	Straight line over 5 years
Computer and electronics	Straight line over 5 years
Leasehold improvements	Over the term of the lease, which is five years

Major improvements and extraordinary repairs that extend the life of an asset are capitalized; other repairs and maintenance are expensed. When assets are retired or otherwise disposed of, their carrying values and accumulated amortization are removed from the accounts. Assets that are in progress, where development and installation is not substantially complete, are not amortized.

#### (e) *Impairment of property, plant and equipment*

Asset are grouped at the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets, known as cash-generating units. Hence, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost of disposal and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

The impairment loss reduces the asset or is charged pro-rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss is recognized in prior periods may no longer exist. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### (f) *Income taxes*

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in net loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case the related tax is recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or recoverable for the current year based on substantively enacted tax rates at the reporting date. Deferred income tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carry forwards that are probable, and for which taxable profit will be available against which the asset can be realized. Deferred income tax assets and liabilities are measured using substantively enacted tax rates that are anticipated to be in effect when the differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. Deferred income taxes are reviewed at each reporting date and to the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, a deferred tax asset is not recognized.

#### (g) *Operating lease agreements*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. Related expense such as maintenance and insurance expense are charged to income as incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### (h) *Share capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and share options are recognized as a deduction from equity, net of any tax effects. Equity to be issued is recognized when an agreement to acquire shares has been entered into, consideration has been received and there is an obligation to issue shares. Equity to be issued is transferred to common shares once the shares have formally been issued.

#### (i) *Basic and diluted loss per share*

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

#### (i) Basic and diluted loss per share (continued)

The calculation also excludes common shares that are being held in escrow at period end where the terms of release are dependent on requirements other than the passage of time.

Since the Company had losses during the three and six months ended March 31, 2017 and 2016, all outstanding warrants, share options and equity to be issued were not included in this calculation as they would be anti-dilutive.

#### (j) Foreign exchange

The Company's and its subsidiaries' functional and presentation currency is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each reporting date to reflect exchange rates prevailing at that date. Foreign exchange gains and losses are included in the consolidated statement of loss.

#### (k) IFRS 34 Interim Financial Reporting - Statement of compliance

The Company applies International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 30, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2016, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### (l) Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after October 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

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### 3. Significant accounting policies (continued)

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

### 4. Significant management judgments and estimates

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Valuation of receivables* – The valuation of receivables is based on management’s best estimate of the fair value of the financial instrument and is based on management’s analysis of the ability of the debtor to repay the amount. This analysis included consideration of the assets of the debtor and consideration of the current and future expected profitability and cash flows of the debtor. Receivables are due on demand and have therefore been classified as current assets based on management’s expectation that it will realize the receivables prior to September 30, 2017. Should IXL Holdings Limited exercise its right to convert the receivable into shares, the Company will hold an investment in PremFina Limited, a private corporation. Changes in the financial condition of the counterparties may result in changes to the collectability of the receivables, resulting in an impairment. Such impairment can result in a material change to the Company’s assets.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
(Expressed in Canadian dollars)

### 4 Significant management judgments and estimates (cont'd)

*Income, value added, withholding and other taxes* – The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

*Share-based payments* - The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

*Impairment* – In assessing impairment, management must determine the level at which independent cash flows exist, the asset or an asset grouping. Estimates of the recoverable amount of each asset or cash generating unit is determined. Estimation uncertainty relates to assumptions about the value in use of such assets.

### 5. Related party transactions

The following is the detail of remuneration paid or accrued to key management personnel during the six months ended March 31, 2017:

Name of Officer/ Director	Position	Nature of Payment	Oct 1, 2016 - Mar 31, 2017 Fees Accrued/Paid (\$)
Bundeep S. Rangar	President, CEO	Consulting/Board Fees	128,000
Steve McCann	CFO, Chair of Audit Committee	Consulting/Board Fees	92,000
Martin Graham	Chairman	Board Fees	15,000
Brij Chadda	Director	Board Fees	12,000
Marty Bernholtz	Director	Board Fees	11,000
IndusView UK Ltd	A company with common Director	Consulting fees	15,000
			<u>273,000</u>

On February 27th, 2017 the Company appointed Martin Graham as Chairman.

# Fineqia International Inc.

## Notes to the consolidated financial statements

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Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the six ended March 31, 2017.

### **6. Receivables**

Included in the receivables amount of \$2,771,075 as at March 31, 2017 (September 30, 2016 - \$1,876,940) is \$1,276,454 (September 30, 2016 - \$1,263,816) receivable from IXL Holdings Limited, a Company located in Malta with UK operating subsidiaries IXL PremFina Limited and PremFina Limited. IXL Holdings Limited is a related company to Fineqia, through common directors and shareholders.

The receivables amount is repayable on demand. Interest shall accrue on the receivables amount at a rate of 2% per annum from October 1, 2016 until the receivables are settled. Interest income for the six months ended March 31, 2017 is \$12,638 (for the year ended September 30, 2016 - \$nil). IXL Holdings Limited has the option to repay the receivables through the issuance of IXL PremFina Limited ordinary shares, valued at market value of the shares at the time of issuance.

### **7. Share capital**

The Company is authorized to issue an unlimited number of common shares without par value. As at March 31, 2017, the Company had 760,013,064 (September 30, 2016 – 259,709,400) common shares issued and outstanding. As of March 31, 2017, the Company had 39,240,000 shares held in escrow (September 30, 2016 – 9,000,000)

On August 11, 2015, the Company completed a private placement of 157,900,000 units at \$0.01 per unit, raising a total of \$1,579,000 in gross proceeds. Each unit was comprised of one common share and one non-transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of \$0.05 expiring August 11, 2020. Of the \$1,579,000 in gross proceeds, \$789,500 was allocated to shares and \$789,500 was allocated to warrants.

In addition, a finders' fee of 6,838,854 units was paid valued at \$68,384. Each finders' fee unit was comprised of one common share and one non-transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of \$0.05 expiring August 11, 2020. The Company also incurred an additional \$10,000 in share issue costs. The finders' fees and share issue costs were split between shares and warrants based on the allocation noted above.

On October 1, 2015, the Company issued 312,500 shares to a consultant as consideration of debt settlement with a carrying value of \$15,625. The shares were valued at \$3,125 based on the share price of the private placement completed in August 2015.

On October 28, 2016, the Company completed a private placement of 359,219,950 units at \$0.01 per unit, raising a total of \$3,592,200 in gross proceeds. Each unit was comprised of one common share and one non-transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of \$0.05 expiring October 28, 2021. Of the \$3,592,200 in gross proceeds, \$1,796,100 was allocated to shares and \$1,796,100 was allocated to warrants.

# Fineqia International Inc.

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### 7. Share capital (continued)

Included in the private placement were securities issued to Officers of the Company. These include 20,850,000 issued to Rangar Capital Limited (a company controlled by Bundeep Singh Rangar) and 12,750,000 issued to Stephen McCann. The total shares of 33,600,000 are subject to escrow and will be issued over a three year period ending November 1, 2019. As at December 31, 2016 the remaining escrowed securities in respect of the private placement were 30,240,000.

In addition, a finders' fee of 22,599,066 units was paid valued at \$225,990. Each finders' fee unit was comprised of one common share and one non-transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of \$0.05 expiring October 28, 2021. The finders' fees and share issue costs were split between shares and warrants based on the allocation noted above.

On October 28, 2016, the Company completed debt settlements in which various creditors agreed to accept common shares of the Company for past consulting services provided to the Company totaling \$277,220 by the issuance of 20,224,000 common shares of the Company at deemed prices of \$0.01 per share for non-insiders and \$0.05 per share for insiders.

On March 21, 2016, the Company completed a further private placement of 58,746,401 units at \$0.15 per unit, raising \$881,194 in gross proceeds. Each unit was comprised of one common share and one non-transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at an exercise price of \$0.05 expiring March 21, 2022. Of the \$881,194 in gross proceeds, \$440,597 was allocated to shares and \$440,597 was allocated to warrants.

Included in the private placement were securities issued to Officers of the Company. These include 10,000,000 issued to Rangar Capital Limited (a company controlled by Bundeep Singh Rangar), 5,200,000 issued to Stephen McCann, and 666,666 issued to Martin Graham.

### 8. Contributed surplus

	Number of options	Weighted average exercise price (\$)	Grant date fair value of options (\$)	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)	Total value (\$)
<b>September 30, 2014</b>	<b>8,120,000</b>	<b>0.19</b>	<b>827,133</b>	<b>24,146,878</b>	<b>0.24</b>	<b>4,025,082</b>	<b>4,852,215</b>
Granted	-	-	-	164,738,854	0.05	784,500	784,500
Expired/cancelled	(3,800,000)	(0.23)	(504,362)	(9,688,028)	(0.38)	(2,292,812)	-2,797,174
<b>September 30, 2015</b>	<b>4,320,000</b>	<b>0.15</b>	<b>322,771</b>	<b>179,197,704</b>	<b>0.06</b>	<b>2,516,770</b>	<b>2,839,541</b>
Granted	-	-	-	-	-	-	-
Expired/cancelled	-	-	-	-	-	-	-
<b>March 31, 2016</b>	<b>4,320,000</b>	<b>0</b>	<b>322,771</b>	<b>179,197,704</b>	<b>0</b>	<b>2,516,770</b>	<b>2,839,541</b>
Granted	-	-	-	-	-	-	-
Expired/cancelled	(4,320,000)	-	(322,771)	-	-	-	(322,771)



# Fineqia International Inc.

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	Number of options	Weighted average exercise price (\$)	Grant date fair value of options (\$)	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)	Total value (\$)
<b>September 30, 2016</b>	-	<b>0</b>	-	<b>179,197,704</b>	<b>0</b>	<b>2,516,770</b>	<b>2,516,770</b>
Granted	75,850,000	0.05	3,792,500	443,432,998	0.05	2,371,048	6,163,548
Expired/cancelled	-	-	-	(4,000,000)	(0.20)	(800,000)	(800,000)
<b>March 31, 2017</b>	<b>75,850,000</b>	<b>0.05</b>	<b>3,792,500</b>	<b>618,630,702</b>	<b>0.05</b>	<b>4,087,818</b>	<b>7,880,318</b>

### Options

The Company's stock option plan allows for 10% of the issued share capital at any point in time. The Board of Directors of the Company may terminate the plan at any time provided that the termination does not alter the terms or conditions of any options granted or impair the right of any shareholder. Amendments to any provisions of the plan are subject to any necessary regulatory approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this plan to service providers.

During the six months ended March 31, 2017 the Company granted 75,850,000 new options at \$0.05 each (2015 – Nil). The existing outstanding 4,320,000 options were cancelled/expired during the year ended September 30, 2016.

### Warrants

Pricing models require the input of highly subjective assumptions in the expected price volatility. Changes to subjective input assumptions can materially affect the fair value estimate and therefore the existing models may not necessarily provide a reliable measure of the fair value of the Company's warrants.

# Fineqia International Inc.

## Notes to the consolidated financial statements

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### 8. Contributed surplus (continued)

The warrants, if not exercised, will expire as follows:

<b>Expiry date</b>	<b>Total warrants issued</b>	<b>Exercise Price</b>
2 May 2017	6,400,000	\$0.13
19 June 2017	1,453,850	\$0.13
15 July 2017	750,000	\$0.13
21 August 2017	1,875,000	\$0.13
11 August 2020	157,900,000	\$0.05
11 August 2020	6,838,854	\$0.05
28 October 2021	359,219,950	\$0.05
28 October 2021	22,599,066	\$0.05
21 March 2022	58,746,401	\$0.05
21 March 2022	2,847,581	\$0.05
<b>Total</b>	<b>618,630,702</b>	

### 9. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity price risk). The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Credit Risk*

Credit risk is the risk that a customer or a related party receivable will be unable to pay the Company in full when an amount becomes due. The Company holds significant receivables from certain related companies (see Note 6). The Company actively monitors the financial status of these related companies to minimize the credit risk associated with these receivables. A decline in the operations of these companies could result in uncertain collectability of these receivables.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it has sufficient funds available to meet current and foreseeable financial requirements. As at March 31, 2017, the Company had net working capital of \$2,351,733 (September 30, 2016 – net working capital of \$1,280,727). The accounts payables and accrued liabilities are due within one year. See also Notes 2, 6 and 13.

# Fineqia International Inc.

## Notes to the consolidated financial statements

Three and six months ended March 31, 2017 and 2016  
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### *Foreign currency risk*

Foreign exchange risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company has minimal business transactions in foreign currencies.

## **9. Financial instruments and risk management (continued)**

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

### *Capital management*

The capital structure of the Company consists of equity, comprising share capital, shares to be issued, contributed surplus, net of accumulated deficit. The Company's capital surplus was \$2,351,733 as at March 31, 2017 (September 30, 2016 – surplus of \$1,280,727).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets. Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved.

The Company's objectives when managing capital are:

- a) To maintain and safeguard accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds for its operational needs.
- b) To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- c) To obtain the necessary financing, if and when it is required.

There were no changes in the Company's approach to capital management during the six months ended March 31, 2017.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the CSE which requires adequate working capital of \$50,000 in order to maintain its stock listing in good standing. As of March 31, 2017, the Company had net working capital of \$2,351,733.

Notwithstanding the risks described in Note 2 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

### *Fair value*

The fair value of the Company's financial assets and liabilities approximates the carrying amount, given their short term nature. Financial instruments measured at fair value are classified into one of three levels

# Fineqia International Inc.

## Notes to the consolidated financial statements

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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 or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

### **9. Financial instruments and risk management (continued)**

As at March 31, 2017 and 2016, the Company did not hold any financial instruments measured at fair value.

### **10. Subsequent events**

On April 3, 2017, the Company announced that the founder of Ebookers.com, Mr. Dinesh Dhamija, has been appointed to its board of advisors.

On April 6, 2017, the Company announced that the CFO of SBT Venture Capital, Mr. Martin, has been appointed to its board of advisors.

On April 10, 2017, the Company announced that the CEO in Residence at Microsoft Accelerator, Mr. Hill, has been appointed to its board of advisors.

On April 11, 2017, the Company announced that it has partnered with Canada's JOI to use its technology platform to start the Company's U.K. business that brings crowd investors some of the most lucrative and risk-mitigated opportunities that have been mostly the privy of large financial institutions.

On April 21, 2017, the Company announced the voting results of its 2016 and 2017 Meetings held on April 13, 2017. A total of 681,752,416 common shares representing 88.60% (2016) and a total of 681,752,416 common shares representing 88.62% (2017) of the issued shares of the Company were represented at the meeting. All resolutions were passed by Shareholders present in person or represented via proxy at the Meeting.

On April 25, 2017, the Company announced the appointment of London based law firm Nabarro as the legal advisers for its UK subsidiary, Fineqia Limited.

On April 27, 2017, the Company announced that its UK subsidiary has received regulatory approval as an appointed representative (AR) via the UK's FCA umbrella firm Kession.

As at May 30, 2017 the Company is reviewing exercising the option to convert a proportion of the \$1,276,454 existing loan (and interest), receivable from IXL Holdings Limited, to an equity shareholding. The percentage shareholding of IXL PremFina Limited to be acquired is under discussion.