Financial Statements

Unaudited

For the Three Months Ended March 31, 2016 and March 31, 2015

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Contents

SATURNA GREEN SYSTEMS INC.
CONDENSED STATEMENTS OF FINANCIAL POSITION
UNAUDITED
As at March 31, 2016 and December 31, 2015
(Expressed in Canadian Dollars)

		March 31, 2016		December 31, 2015
Assets				
Current assets:				
Cash	$	69,686	$	20,501
Investments		2,000		2,000
Accounts receivable, note 5		10,035		129,331
Prepaid expenses, note 6		170,328		94,185
Loan receivable		-		9,688
Inventory		217,804		208,574
Total current assets		469,853		464,279
Long term assets:				
Right to acquire an affiliate, note 8		844,606		-
Property and equipment, net , note 7		136,290		138,507
Net long-term assets		980,896		138,507
Total Assets	**$**	**1,450,749**	**$**	**602,786**
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities	$	175,773	$	246,702
Accrued compensation, note 9		165,331		180,252
Bridge loans, note 11		10,880		110,880
Bridge loans from related parties, note 10		150,000		150,000
Deferred revenue		112,405		-
Due to related parties, note 10		50,335		60,131
Promissory note, note 11		100,000		276,800
Short term convertible debentures, note 11		592,657		456,857
Total current liabilities		1,357,381		1,481,622
Total Liabilities	**$**	**1,357,381**	**$**	**1,481,622**
Shareholders' Deficiency				
Class A common share capital, note 12		2,538,171		2,309,147
Obligation to issue class A common shares		882,105		149,025
Preferred shares		60,480		60,480
Contributed surplus and other reserves		350,539		347,068
Issuance of convertible debentures		26,719		19,582
Deficit		(3,764,646)		(3,764,138)
Total Deficiency		**93,368**		**(878,836)**
Total Liabilities and Shareholders' Deficiency	**$**	**1,450,749**	**$**	**602,786**

Approved by the directors:

___“ANWAR SUKKARIE”______ ______”JULIET JONES’__________

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

SATURNA GREEN SYSTEMS INC.

CONDENSED STATEMENTS OF COMPREHENSIVE LOSS

UNAUDITED

For The Three Months ended March 31

(Expressed in Canadian Dollars)

		2016		2015
Revenue, *note 13*	$	408,973	$	16,913
Cost of Sales		408		1,530
Gross Margin		408,565		15,383
Expenses				
Operating expenses:				
Amortization		2,217		2,063
General and administrative, note 14		145,258		69,337
Interest expense and debt premium, note 11		42,937		12,233
Research and development, note 14		88,602		34,557
Sales and marketing, note 14		21,446		13,812
Class A common share-based compensation		120,969		3,470
Total expenses		421,429		135,472
Net loss before other items		(12,864)		(120,089)
Other items				
Currency exchange (gain)		(12,356)		(3,683)
Net Loss and Comprehensive Loss	**$**	**(508)**	**$**	**(116,406)**
Loss per share – basic and diluted	**$**	(0.00)	**$**	(0.022)
Weighted average number of common shares		6,163,418		5,315,475

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

SATURNA GREEN SYSTEMS INC.
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS’ DEFICIENCY
UNAUDITED
For the three months ended March 31m 2016 and 2015
(Expressed in Canadian Dollars)

	Share capital					Reserves				
	Class A Common Shares	Amount ($)	Preferred Shares	Amount ($)	Equity Component of Convertible Loan ($)	Stock Options (Note 17(e)) ($)	Warrants (Note 17(f)) ($)	Class A Common Shares to be Issued ($)	Deficit ($)	Total ($)
Balance, December 31, 2014	5,286,270	1,993,921	40,320	60,480	19,582	38,562	46,394	-	(2,934,116)	(775,177)
Class a common shares issued for proceeds	238,950	191,160	-	-	-	-	-	-	-	191,160
Warrants	-	(155,513)	-	-	-	-	155,513	-	-	-
Class A common share-based compensation	-	-	-	-	-	3,470	-	-	-	3,470
Net loss for the three months ended March 31, 2015	-	-	-	-	-	-	-	-	(116,406)	(116,406)
Balance, March 31, 2015	5,525,220	2,029,568	40,320	60,480	19,582	42,032	201,907	-	(3,050,522)	(696,953)
Settlement of debt	62,500	50,000	-	-	-	-	-	-	-	50,000
Class A common shares issued for proceeds	159,300	127,440	-	-	-	-	-	-	-	127,440
Class A common shares issued for services	15,000	12,000	-	-	-	-	-	-	-	12,000
Warrants	-	(103,676)	-	-	-	-	103,676	-	-	-
Class A common shares to be issued	-	-	-	-	-	-	-	149,025	-	149,025
Class A common share-based compensation	138,338	110,671	-	-	-	(547)	-	-	-	110,124
Issued for acquisition of license	64,149	83,144	-	-	-	-	-	-	-	83,144
Net loss for the period	-	-	-	-	-	-	-	-	(713,616)	(713,616)
Balance, December 31, 2015	5,964,507	2,309,147	40,320	60,480	19,582	41,485	305,583	149,025	(3,764,138)	(878,836)
Class A common share-based compensation	202,999	137,024	-	-	-	3,470	-	(137,024)	-	3,470
Class A common shares issued for services	115,000	92,000	-	-	-	-	-	(12,000)	-	80,000
Issuance of convertible debentures	-	-	-	-	7,137	-	-		-	7,137
Class A common shares to be issued	-	-	-	-	-	-	-	37,500	-	37,500
Class A common shares to be issued for business acquisition	-	-	-	-	-	-	-	844,605	-	844,605
Net loss for the three months ended March 31, 2016	-	-	-	-	-	-	-	-	(508)	(508)
Balance, March 31, 2016	6,282,506	2,538,171	40,320	60,480	26,719	44,955	305,583	882,106	(3,764,646)	93,368

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

SATURNA GREEN SYSTEMS INC.
CONDENSED STATEMENTS OF CASH FLOWS
UNAUDITED
For the three months ended March 31
(Expressed in Canadian Dollars)

		2016		2015
Operating activities				
Net Loss for the period	$	(508)	$	(116,406)
Items not involving cash:				
Accretion interest		42,937		12,233
Amortization		2,217		2,063
Class A common share-based payments		40,969		3,470
Class A common shares issued for services		80,000		-
Changes in non-cash working capital items related to operations:				
Accounts receivable		128,984		(11,578)
Accounts payable and accruals		(85,850)		(8,183)
Deferred revenue		112,405		-
Due to/from related parties		(9,796)		43,417
Inventory		(9,230)		(16,026)
Prepaid expenses		(76,143)		30,624
Cash from (used for) operating activities		225,985		(60,386)
Investing activities:				
Purchase of licenses		-		(14,919)
Cash used for investing activities		-		(14,919)
Financing activities:				
Repayment of promissory note		(276,800)		-
Issuance of shares		-		191,160
Issuance of promissory note		100,000		-
Cash from (used for) financing activities		(176,800)		191,160
Net increase in cash		49,185		115,855
Cash, beginning of the period		20,501		50,091
Cash, end of the period	$	69,686	$	165,946

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

1. NATURE OF OPERATIONS

Saturna Green System Inc., (the "Company" or "Saturna") is a privately held company incorporated under the laws of British Columbia on June 23, 2010.

Saturna is in the business of developing hardware and software solutions for light weight inner-city vehicles.

The Company's head office and principal place of business is Suite 110-131 Water Street, Vancouver British Columbia, V6B 4M3.

2. BASIS OF PREPARATION

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, *Interim Financial Reporting.* These interim financial statements follow the same accounting policies and methods of application as set out in the financial statements for the year ended December 31, 2015. These statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2015.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, meaning that it will continue in operation in foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company does not yet earned revenues and has no source of capital beyond capital raised. If the Company is unable to raise sufficient capital required, it will likely be unable to continue operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

As at March 31, 2016 the Company had a net working capital deficiency of $887,528 (December 31, 2015 - $1,017,343) and a cumulative deficit of $3,764,646 (December 31, 2015 - $3,764,138).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Scientific research and experimental development tax credits

The Company is Canadian Controlled Private Corporation eligible to receive refundable tax credits based on its eligible scientific research and experimental development expenditures. The Company records the anticipated tax credits as a reduction in the costs to which they apply, at such time that the amount of tax credits is estimable and their receipt is reasonably assured. The Company has estimated tax credits receivable of $81,099 at December 31, 2015 which were received during the three months ended March 31, 2016. The Company has not yet estimated the tax credits receivable for year ended December 31, 2015 and for the three months ended March 31, 2016.

b) Revenue Recognition

Revenue from product sales is recognised when all of the following conditions have been met:

i) significant risks and rewards of ownership have been transferred to the buyer;
the Company no longer controls or has significant involvement in the product;

ii) the amount of revenue and costs incurred with respect to the product can be measured reliably; and

iii) it is probable that the economic benefits of the sale will be received by the Company.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from services is recognised when all of the following conditions have been met:

i) revenue and costs with respect to the provision of services can be measured reliably;
ii) it is probable that the economic benefit associated with the provision of services will be received by the Company; and
iii) the stage of completion of the services at the end of the reporting period can be measured reliably.

c) Recently adopted accounting policies

IAS 1 – Presentation of Financial Statements – In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The amended standard was adopted as of January 1, 2016 and had no impact on the financial results of the Company.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amended standard was adopted as of January 1, 2016 and had no impact on the financial results of the Company.

4. **MANAGEMENT OF FINANCIAL RISK**

Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at March 31, 2016 the Company had a cash balance of $20,501 (December 31, 2015 - $50,091) to settle current liabilities of $1,357,381 (December 31, 2015 - $1,481,622).

5. ACCOUNTS RECEIVABLE

	March 31, 2016	**December 31, 2015**
Accounts receivable	$ 10,035	$ 48,232
Tax credits receivable	-	81,099
	$ 10,035	$ 129,331

6. PREPAID EXPENSES

	March 31, 2016	**December 31, 2015**
Deposit for inventory	$ 85,256	$ 23,306
License services	66,512	66,512
General expenses	18,560	4,367
	$170,328	$ 94,185

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

Property and equipment is comprised as follows:

	As at March 31, 2016			As at December 31, 2015		
	Cost	**Accumulated Amortization**	**Net Book Value**	**Cost**	**Accumulated Amortization**	**Net Book Value**
Scooters	16,378	(5,104)	11,274	16,378	(4,189)	12,189
Computer Equipment	3,854	(3,854)	-	3,854	(3,854)	-
Office Furniture	3,955	(2,570)	1,385	3,955	(2,498)	1,457
Computer Software	86,515	(5,934)	80,581	86,515	(5,934)	80,581
Production Tooling	49,200	(6,150)	43,050	49,200	(4,920)	44,280
Total	159,902	(21,612)	136,290	159,902	(21,395)	138,507

8. RIGHT TO ACQUIRE AFFILIATE

On February 3, 2016, the Company entered into a business arrangement with a Lebanese corporation (the “Affiliate”) for joint product development and software licensing. The Affiliate will represent the Company exclusively in several territories for its scooter sharing business and will engage in certain related marketing activities and pay certain field trial expenses.

The Affiliate is owned 59.995% by a director/officer of the Company, 0.005% by an unrelated third party and 40% by Berytech Fund II (Holding) s.a.l., a Lebanese venture capital fund (the “Investor”). Investor has provided USD 610,000 of funding to the Affiliate. Upon agreement by the Investor, the Affiliate and the Company, among others, the Investor may advance additional funds for an aggregate of USD 2.5 million on similar terms.

The Company issued to the Investor a three-year warrant to acquire 1,016,667 class A common shares that may be exercised by the Investor at any time for a strike price of CAD $844,606 which is the value of the Investor’s funding to the Affiliate at the Bank of Canada closing exchange rate on February 3, 2016. The consideration to be paid by the Investor on the exercise of the warrant is comprised of the Investor’s equity interest and the Investor’s debt in the Affiliate. The Company will increase the number of warrant shares to reflect each additional investment made by the Investor at the prevailing market price at the time the funds are advanced to the Affiliate.

The warrant, if it remains outstanding on February 3, 2019, will be automatically exercised. Upon exercise of the warrant, the Company has the right to acquire the 59.995% equity interest in the Lebanese corporation, held by the director/officer of the Company, for USD 1.00. The Company’s obligation to the Investor under the warrant is secured by a charge on the Company’s intellectual property. The terms of the warrant are described in note 12(e).

9. ACCRUED COMPENSATION

Accrued compensation as at March 31, 2016 included $165,331 (December 31, 2015-$180,252) due to employees of the Company, and $45,747 (December 31, 2015 - $44,744) due to directors and officers of the Company.

On January 8, 2015, the Company entered into an agreement with a past employee with respect to settlement of $49,015 accrued compensation. The past employee agreed to convert this to class A common shares in the event that the Company raises a minimum of $2 million or completes a transaction that results in its class A common shares being listed on a public stock exchange. Subsequent to March 31, 2016 this was converted.

During the year ended December 31, 2014 accrued compensation in the amount of $858,699 was forgiven,

(Expressed in Canadian Dollars)

9. ACCRUED COMPENSATION (continued)

$674,667 which was due to directors and officers of the Company. The forgiveness of accrued compensation was part of a royalty arrangement, as set out in the audited financial statements for the year ended December 31, 2015.

10. RELATED PARTY TRANSACTIONS

The following amounts are payable to related parties as at March 31, 2016 and December 31, 2015:

	March 31, 2016	December31, 2015
Companies controlled by directors	$ 3,649	$ 3,649
Accrued compensation (Note 9)	45,747	51,941
Obligation to issue class A common shares	37,500	74,885
Expenses incurred on behalf of Company	940	4,541
Bridge loans from director	150,000	150,000
	$237,836	$ 285,016

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management compensation

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company, during the three months ended:

	March 31, 2016	March 31, 2015
Salary	$ 72,900	$ 36,941
Class A common share-based compensation accrued/paid	37,500	-
	$ 110,400	$ 36,941

11. LOANS, SHORT TERM

(a) On February 3, 2016 the Company redeemed a short-term non-interest bearing promissory note in the amount of $267,113.

(b) On March 21, 2016 the Company issued a short term promissory note to Kenna Resources Corp. ("**Kenna**") in the amount of $100,000, the proceeds of which were to provide general working capital until closing a reverse takeover and financing transaction. The loan matures on the earlier of May 31, 2016 and the date that the Company's Letter of Intent with Kenna terminates. After maturity the loan accrues interest at a rate of 10% per annum calculated monthly in arrears and is payable on demand. Subsequent to March 31, 2016 the Company issued an additional promissory note to Kenna Resources Corp. in the amount of $150,000 on the same terms.

(c) At March 31, 2016 the Company has convertible debentures (the "Debentures") outstanding with an aggregate principal amount of $510,000 and bearing interest at a rate of 10% per annum payable at maturity. The Debentures are comprised of

(i) convertible debentures with an aggregate principal amount of $360,000 outstanding as a December 31, 2015;

(ii) a bridge loan of $100,000 that was exchanged for a convertible debenture, effective retroactively from May 30, 2014, being the date that the funds were received. The bridge loan was non-interest bearing with no stated terms of repayment. Upon the issuance of the Debenture, during the three months ended March 31, 2016, the Company recorded accretion interest expense of $ 23,966 and recorded an increase in the equity component of $5,239; and

(iii) two six-month $25,000 convertible debentures which were amended retroactively from May 27, 2014 and June 12, 2014, being the dates the funds were received, to reflect the material terms of

11. LOANS, SHORT TERM (Continued)

the Company's Debentures including the interest rate and conversion terms. During the three months ended March 31, 2016 the Company recognized interest expense of $ 6,688 in connection with the amended terms and recorded an increase in the equity component of $1,898.

See subsequent event note 15.

12. SHARE CAPITAL AND RESERVES

(a) Authorized

An unlimited number of class A common shares without par value, class B common shares without par value, class C common shares without par value and preferred shares without par value.

(b) Issued share capital

As at March 31, 2016 there were 6,282,506 (December 31, 2015 - 5,964,507) issued and fully paid class A common shares, nil class B common shares, nil class C common shares and 40,320 (December 31, 2016 - 40,320) issued and fully paid preferred shares outstanding.

(c) Share Issuances

Quarter ended March 31, 2016:

On January 12, 2016 the Company settled its obligation to issue 15,000 class A common shares to a consultant as payment for financial advisory services rendered during the year ended December 31, 2015 in the amount of $12,000.

On January 12, 2016 the Company issued 100,000 class A common shares as consideration of business development services expensed in the three months ended March 31, 2016 in the amount of $80,000.

On February 15, 2016 the Company settled its obligation to issue 202,999 class A common shares for accrued remuneration of $137,024 relating to services performed during the year ended December 31, 2015. Of this amount 98,592 shares were issued to director/officers of the Company.

See subsequent event note 15.

Three months ended March 31, 2015:

The Company issued 398,250 units pursuant to subscription agreements dated March 20, 2015, each unit comprised of one class A common share and one class A common share purchase warrant, at price of $0.80 per unit, for gross proceeds of $318,600. During the three months ended March 31, 2015 proceeds of $191,160 were received and 238,950 units were issued. On Apr 1, 2015 the Company issued the remaining 159,300 units on its receipt of the final subscription proceeds of $127,440. Also in connection with the private placement, an option to acquire an additional 79,650 units on same terms as the private placement terms was granted. This option expired on March 20, 2016.

(d) Stock options

Options to purchase class A common shares may be granted to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

Stock options (continued)

The continuity of the stock options for the three months ended March 31, 2015 and 2014 is as follows:

	Options	Weighted Average Exercise Price	
Balance, December 31, 2014	164,500	$	1.06
Granted	-		-
Expired	-		-
Cancelled	-		-
Balance, March 31, 2015	164,500	$	1.06
Granted	-		-
Expired	-		-
Cancelled	-		-
Balance, December 31, 2015	164,500	$	1.06
Granted	-		-
Expired	30,000		.50
Cancelled	-		-
Balance, March 31, 2016	134,500	$	1.15

The following table summarizes the stock options outstanding as of March 31, 2015

Outstanding	Exercise Price		Expiry Date	Exercisable
30,000	$	0.75	June 30, 2016	30,000
30,000	$	0.75	August 31, 2016	30,000
10,000	$	1.35	November 22, 2016	10,000
7,500	$	2.00	January 24, 2017	7,500
30,000	$	1.50	May 8, 2017	30,000
27,000	$	1.50	June 28, 2017	27,000
134,500				134,500

For the three months ended March 31, 2016 the Company recorded expense in the amount of $3,470 in respect of incentive stock options (March 31, 2015 - $3,470).

No stock options were granted during the three months ended March 31, 2016 and March 31, 2015. See subsequent event note 15.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

(e) Warrants

The continuity of the warrants for the three months ended March 31, 2015 and 2014 is as follows:

	Warrants	Weighted Average Exercise Price	
Balance, December 31, 2014	-	$	-
Granted [(1)]	238,950	$	0.76
Expired	-		-
Cancelled	-		-
Balance, March 31, 2015	238,950	$	0.76
Granted[(1)]	159,300	$	0.76
Expired	-		-
Cancelled	-		-
Balance, December 31, 2015	398,250	$	0.76
Granted[(2)]	1,016,667	$	0.83
Expired	-		-
Cancelled	-		-
Balance, March 31, 2016	1,414,917	$	0.81

[(1)]In connection with the March 20, 2015 private placement, the Company issued 398,250 class A common share purchase warrants, 238,950 during the quarter ended March 31, 2015 and 159,300 subsequent to the quarter end. Each warrant entitles the holder to purchase, on or before March 20, 2020, one class A common share at the following exercise prices:

(i) On or before March 20, 2017, of $0.20 per class A common share;
(ii) After March 20, 2017 and on or before March 20, 2018, of $0.40 per class A common share;
(iii) After March 20, 2018 and on or before March 20, 2019, of $1.00 per class A common share; and
(iv) After March 20, 2019 and on or before March 20, 2020, of $2.00 per class A common share.

In the event that the Company completes a transaction that results in the class A common shares being traded on a public stock exchange the warrants may be exercised by the holders at a 10% discount to the prevailing exercise price, failing which they will expire after 30 days of receiving notice of the transaction. Also in connection with the private placement an option to acquire an additional 79,650 units on the same terms as the private placement terms was granted. During the three months ended March 31, 2016 the option to acquire additional units expired.

[(2)]On February 3, 2016 the Company granted a warrant to acquire 1,016,667 class A common shares at a price of $0.83 per share for total proceeds of $844,606, the consideration which shall be paid by the transfer of the Investor's 40% interest, including its debt, in the Company's Affiliate. The warrant is exercisable at any time at the option of the Investor or automatically on February 3, 2019. Upon exercise of the warrant the Company shall have the right to acquire an additional 59.995% of the Affiliate for a price of USD 1.00. In the event that prior to the exercise of the warrant, the Company issues class A common shares at a share price less than the price determined by dividing the investment amount by the number of class A common shares issuable upon exercise of the warrant, the Company shall increase the number of class A common shares issuable under the warrant to equal the Investment amount divided by such share price. In the event that the Company completes a public listing of its securities, the class A common shares issuable under the warrant will be calculated using the initial listing price but shall be subject to no further adjustment. In accordance with this provision, and in

(Expressed in Canadian Dollars)

12. SHARE CAPITAL AND RESERVES (continued)

Warrants (continued)

connection with the Company's public listing transaction the warrant was subsequently adjusted to permit the Investor to acquire 1,260,606 class A common shares. The exercise price for the warrant is CAD $844,606 being the value of the Investor's loans to the Affiliate at the prevailing exchange rate at the date of the advance. See note 8.

13. REVENUE

Revenue for the three months ended March 31, 2016 is comprised of the sale of software licenses to an affiliated company. Revenue for the three months ended March 31, 2015 was derived $11,579 from services and $5,333 from product sales.

Revenue for the three months ended March 31, 2016 was derived 100% from the Middle East. Revenue for the three months ended March 31, 2015 was derived 100% from USA.

14. EXPENSES BY NATURE

For the Three Months Ended March 31, 2016

	General And Administration	Research and Development	Sales and Marketing
Office expense	$ 19,760	$ 2,163	$ 38
Accounting and Legal	214	-	-
Consulting	-	19,706	-
Personnel	121,323	66,733	20,401
Travel	3,962	-	1,007
Totals	$ 145,259	$ 88,602	$ 21,446

For the Year Ended March 31, 2015

	General And Administration	Research and Development	Sales and Marketing
Office expense	$ 16,680	$ 256	$ 389
Accounting and Legal	-	-	-
Consulting	-	-	-
Personnel	46,968	32,633	9,752
Travel	5,690	1,668	3,670
Totals	$ 69,338	$ 34,557	$ 13,811

15. SUBSEQUENT EVENTS

(a) Bridge Loans

On Apr 27, 2016 the Company issued a short-term promissory note to Kenna Resources Corp. ("**Kenna**") in the amount of $150,000, the proceeds of which were to provide general working capital until closing a reverse takeover and financing transaction. The loan matures on the earlier of Jun 30, 2016 and the date that the

(Expressed in Canadian Dollars)

15. SUBSEQUENT EVENTS (continued)

Company's Letter of Intent with Kenna terminates. After maturity the loan accrues interest at a rate of 10% per annum calculated monthly in arrears and is payable on demand. This promissory note follows an earlier promissory note in the amount of $100,000 issued on March 21, 2016 per note 11 (b).

(b) Reverse Acquisition Transaction

On June 28, 2016 the Company completed a reverse takeover transaction with Kenna Resources Corp. ("Kenna") pursuant to a Securities Exchange Agreement ("SEA"). Under the terms of the SEA, Kenna acquired all of the Company's class A common shares from the Company's shareholders in exchange for 26,191,427 common shares of Kenna at a deemed price of $0.20 per Kenna share (the "**Transaction**").

Immediately prior to closing the Company had 7,818,341 class A common shares outstanding after giving effect to the following:

Class A common shares issued immediately prior to completion of the Transaction	Class A common shares	Issue Price	Share Capital
Class A common shares issued and outstanding, March 31, 2016	6,282,506		
Conversion of debentures [(1)]	1,014,917	$0.5025	$510,000
Settlement of accrued compensation	73,157	$0.67	$49,015
Finder's fees paid to Fortuna Investment [(2)]	447,761	$0.67	$300,000
Total class A common shares issued and outstanding immediately prior to completion of the Transaction	7,818,341		

(1) Convertible debentures in the aggregate principal amount of $510,000 were converted at a price of $0.5025 per class A common share, being the Transaction price of $0.67 per class A common share, less a discount of 25%, with no additional consideration paid for accrued interest. See note 11 (c).

(2) Issued pursuant to advisory agreements with Fortuna Investment Corp. In addition to 447,761 class A common shares, the Company paid Fortuna a fee of $120,000 upon completion of the Transaction. See note 21 (c) of the Company's audited financial statements.

In connection with the Transaction, immediately prior to the shares exchange, Kenna consolidated its common shares on a 1.469565217 to 1 basis (the "**Consolidation**"), resulting in 5,618,616 common shares of Kenna being issued and outstanding.

Upon completion of the Transaction Kenna changed its name to LOOPShare Ltd. (the "Resulting Issuer"). The Resulting Issuer paid finder's fees of $279,415 by the issuance of 1,397,074 Resulting Issuer common shares.

In conjunction with closing of the Transaction, the Resulting Issuer closed a private placement for gross proceeds of $1,375,000 by the issuance of 6,875,000 Resulting Issuer common shares at a price of $0.20 per share and paid cash commissions totaling $52,210 along with 254,800 non-transferable broker warrants in connection with the private placement. Each broker warrant entitles the holder thereof to purchase one

15. SUBSEQUENT EVENTS (continued)

Resulting Issuer common share at an exercise price of $0.37 per share for a period of two years from the closing of the private placement.

d) Employment Agreement

The Company entered into an employment agreement effective January 1, 2016 with Anwar Sukkarie, a director and officer of the Company, pursuant to which up to 1,044,776 class A common shares of the Company will be issuable to Mr. Sukkarie, upon certain performance criteria being met. This employment agreement will be assumed by Kenna in connection with the closing of the Transaction.

In addition, Mr. Sukkarie shall receive 223,880 class A common shares as remuneration payable in equal instalments of 111,940 on June 30, 2016 and December 31, 2016.

e) Preferred Shares Repaid

On June 28, 2016 the Company redeemed preferred 40,320 preferred shares for cash of $60,480. The completion of the Transaction triggered a liquidity event under the preferred share agreement and provided the holder with the right to force redemption.