

**CANADIAN DATA PRESERVE INC.**

**Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the Nine Months Ended February 28, 2014**

The accompanying notes are an integral part of these condensed interim financial statements

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## NO Auditor Review of the Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Canadian Data Preserve, Inc. (“the Company”), for the nine-month period ended February 28, 2014 have been prepared by management and have not been the subject of a review by the Company’s external independent auditor.

*Canadian Data Preserve, Inc.*

Vancouver, British Columbia  
April 14, 2014

**CANADIAN DATA PRESERVE INC.**  
**Condensed Interim Statement of Financial Position**  
**(Unaudited – Expressed in Canadian Dollars)**

**February 28, 2014**

|   | <b>February 28<br/>2014<br/>(unaudited)</b> | <b>May 31<br/>2013<br/>(audited)</b> |
|---|---|--------------------------------------|
| <b>ASSETS</b>                                     |   |                                      |
| <b>Current</b>                                    |   |                                      |
| Cash  | \$ 404                                      | \$ 191                               |
| Receivables                                       | 2,115                                       | 2,710                                |
|   | \$ 2,519                                    | \$ 2,901                             |
| <b>LIABILITIES</b>                                |   |                                      |
| <b>Current</b>                                    |   |                                      |
| Accounts payable and accrued liabilities (Note 6) | \$ 55,329                                   | \$ 41,301                            |
| Due to related parties (Note 8)                   | 220,978                                     | 169,308                              |
|   | 276,307                                     | 210,609                              |
| <b>SHAREHOLDERS' EQUITY</b>                       |   |                                      |
| Share capital (Note 7)                            | 275,000                                     | 275,000                              |
| Contributed surplus                               | 361,117                                     | 361,117                              |
| Deficit   | (909,905)                                   | (843,825)                            |
|   | (273,788)                                   | (207,708)                            |
|   | \$ 2,519                                    | \$ 2,901                             |

**ON BEHALF OF THE BOARD**

          "Brian Cameron"           Director

          "Van Potter"           Director

**CANADIAN DATA PRESERVE INC.**

**Condensed Interim Statement of Loss and Comprehensive Loss  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

|   | 3 months ended                     |                                    | 9 months ended                     |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | February 28<br>2014<br>(unaudited) | February 28<br>2013<br>(unaudited) | February 28<br>2014<br>(unaudited) | February 28<br>2013<br>(unaudited) |
| <b>EXPENSES</b>   |                                    |                                    |                                    |                                    |
| Bank charges  | 1,665                              | -                                  | 1,726                              | 126                                |
| Consulting fees (Note 8)                                    | 12,585                             | 25,500                             | 60,585                             | 70,500                             |
| Office  | -                                  | -                                  | -                                  | 580                                |
| Professional fees   | 1,450                              | 1,500                              | 13,050                             | 18,982                             |
| Transfer agent and filing fees                              | 2,911                              | 2,520                              | 7,229                              | 9,956                              |
| <b>LOSS BEFORE OTHER ITEMS</b>                              | <b>(18,611)</b>                    | <b>(29,520)</b>                    | <b>(82,590)</b>                    | <b>(100,144)</b>                   |
| <b>OTHER ITEMS</b>  |                                    |                                    |                                    |                                    |
| Expense recoveries  | 16,510                             | -                                  | 16,510                             | -                                  |
| <b>LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>             | <b>\$ (2,101)</b>                  | <b>\$ (29,520)</b>                 | <b>\$ (66,080)</b>                 | <b>\$ (100,144)</b>                |
| <b>Basic and diluted loss per common share</b>              | <b>\$ (0.00)</b>                   | <b>\$ (0.00)</b>                   | <b>\$ (0.00)</b>                   | <b>\$ (0.01)</b>                   |
| <b>Weighted average number of common shares outstanding</b> | <b>15,638,667</b>                  | <b>15,638,667</b>                  | <b>15,638,667</b>                  | <b>15,638,667</b>                  |

The accompanying notes are an integral part of these condensed interim financial statements

**CANADIAN DATA PRESERVE INC.**  
**Condensed Interim Statement of Changes in Equity**  
**(Unaudited – Expressed in Canadian Dollars)**

**February 28, 2014**

|                                   | Number of<br>Shares | Share<br>Capital | Contributed<br>Surplus | Deficit          | Total<br>Equity  |
|-----------------------------------|---------------------|------------------|------------------------|------------------|------------------|
| Balance, June 1, 2012             | 15,638,667          | \$ 275,000       | \$ 361,117             | \$ (732,152)     | \$ (96,035)      |
| Loss and comprehensive loss       | -                   | -                | -                      | (100,144)        | (100,144)        |
| <b>Balance, February 28, 2013</b> | <b>15,638,667</b>   | <b>275,000</b>   | <b>361,117</b>         | <b>(832,296)</b> | <b>(196,179)</b> |
| Balance, June 1, 2013             | 15,638,667          | \$ 275,000       | \$ 361,117             | \$ (843,825)     | \$ (207,708)     |
| Loss and comprehensive loss       | -                   | -                | -                      | (66,080)         | (66,080)         |
| <b>Balance, February 28, 2014</b> | <b>15,638,667</b>   | <b>275,000</b>   | <b>361,117</b>         | <b>(909,905)</b> | <b>(273,788)</b> |

**CANADIAN DATA PRESERVE INC.**  
**Condensed Interim Statement of Cash Flows**  
**(Unaudited – Expressed in Canadian Dollars)**  
**For the nine months ending February 28, 2014**

|   | <b>9 months ended<br/>February 28<br/>2014<br/>(unaudited)</b> | <b>9 months ended<br/>February 28<br/>2013<br/>(unaudited)</b> |
|---|--|--|
| <b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>          |  |  |
| Loss and comprehensive loss                             | \$ (66,080)  | \$ (100,144)   |
| Changes in non-cash working capital:                    |  |  |
| Receivables   | 595  | 881  |
| Due to related parties                                  | 51,670   | 82,801   |
| Accounts payable and accrued liabilities                | 14,028   | 16,462   |
| Net cash from operating activities                      | 213  | -  |
| <b>CHANGE IN CASH DURING THE YEAR</b>                   | <b>213</b>   | <b>-</b>   |
| <b>CASH, BEGINNING OF YEAR</b>                          | <b>191</b>   |  |
| <b>CASH, END OF YEAR</b>                                | <b>\$ 404</b>  | <b>\$ -</b>  |
| <b>Supplemental disclosure of cash flow information</b> |  |  |
| Cash paid for interest                                  | \$ -   | \$ -   |
| Cash paid for income taxes                              | -  | -  |

## CANADIAN DATA PRESERVE INC.

### Notes to The Condensed Interim Financial Statements (Unaudited – Expressed in Canadian Dollars)

For the nine months ending February 28, 2014

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#### 1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Data Preserve, Inc. (“the Company”) was incorporated on June 11, 2010 under the Laws of British Columbia. The Company is traded on the Canadian National Stock Exchange (“CNSX”).

The condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise indicated.

The condensed interim financial statements were prepared on a going concern basis, under the historical cost convention. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has minimal capital resources presently available to meet obligations which normally can be expected to be incurred by similar companies.

At February 28, 2014, the Company has a working capital deficiency of \$273,788 (May 31, 2013 - \$207,708) and an accumulated deficit of \$909,905 (May 31, 2013 - \$843,825). For the nine months ended February 28, 2014, the Company reported a comprehensive loss of \$66,080 (November 30, 2012 - \$63,979).

Management of the Company does not expect that cash flows for the Company’s operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its operations.

#### 2. BASIS OF PRESENTATION

##### **Statement of compliance to international financial reporting standards**

These condensed interim financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), including International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting,’ and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed interim financial statements are in accordance with IFRS.

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**2. BASIS OF PRESENTATION (cont'd...)**

**Use of estimates and judgments**

The preparation of the condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statement. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, 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:

a) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

b) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

**Determination of functional currency**

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.



## CANADIAN DATA PRESERVE INC.

### Notes to The Condensed Interim Financial Statements (Unaudited – Expressed in Canadian Dollars)

For the nine months ending February 28, 2014

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#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### **Foreign exchange**

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are recognized through profit or loss.

##### **Financial instruments**

###### Financial assets

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

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. 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.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

The Company has not classified any financial assets as held-to-maturity or available-for-sale.

## CANADIAN DATA PRESERVE INC.

### Notes to The Condensed Interim Financial Statements (Unaudited – Expressed in Canadian Dollars)

For the nine months ending February 28, 2014

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

##### **Financial instruments (cont'd...)**

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 a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company's receivables are classified as loans and receivables.

##### Financial liabilities

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

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

*Other financial liabilities* - This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

##### **Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
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**For the nine months ending February 28, 2014**

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Impairment (cont'd...)**

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

**Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

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

**Income taxes**

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

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affects neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes (cont'd...)**

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Application of new and revised International Financial Reporting Standards**

Effective January 1, 2013, the Company adopted the following new and revised IFRS.

Disclosure of Involvement with Other Entities

New IFRS 12 requires the disclosure of information that enables users of these condensed interim consolidated financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effect of those interest on its financial position, financial performance and cash flows.

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Future accounting pronouncements**

A number of new standards, amendments to standards and interpretations are not yet effective as at February 28, 2014, and have not been applied in preparing these condensed interim financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on these condensed interim financial statements.

Financial Instruments: Presentation

The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities. The amendments is effective for years beginning January 1, 2014.

Financial instruments

IFRS 9 Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for annual periods beginning on or after January 1, 2015.

Financial Instruments: Disclosures

The amendments to IFRS 7 outline the disclosures required when initially applying IFRS 9 Financial Instruments. The amendments are effective for years beginning January 1, 2015.

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Interest-bearing loans and other borrowings**

Interest-bearing loans and other borrowings are recognized initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of borrowings on an effective interest basis.

**Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

**Revenue recognition**

Contract revenue is recognized when goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**4. MANAGEMENT OF CAPITAL**

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company 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 Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

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

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the nine months ended February 28, 2014.



**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

*Financial risk management*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of receivables, accounts payable and accrued liabilities and due to related parties.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, accounts payable and accrued liabilities and due to related parties approximate their book values because of the short-term nature of these instruments.

*Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

*Credit risk*

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 4. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As of February 28, 2014 the Company has no financial assets that are past due or impaired due to credit risk defaults.

*Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar as the Company's head office and operations are in Canada. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no significant foreign exchange risk to the Company.

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

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**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Transaction Costs*

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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| Falling due within the next twelve months | <b>February 28, 2014</b> | May 31, 2013 |
|---|--------------------------|--------------|
| Trades payable                            | \$ 43,925                | \$ 23,897    |
| Accrued liabilities                       | 11,404                   | 17,404       |
| Total                                     | \$ 55,329                | \$ 41,301    |

**7. SHARE CAPITAL**

a) Common stock

Authorized

Unlimited common shares without par value  
Unlimited preferred shares without par value

Issued and outstanding

During the year ended May 31, 2011, the Company:

- i) On November 12, 2010, the Company issued 6,038,667 shares with a value of \$15,000 pursuant to a plan of arrangement.
- ii) On April 28, 2011, the Company issued 1,600,000 shares at \$0.0625 in the amount of \$100,000.
- iii) On May 5, 2011, the Company issued 8,000,000 common shares at \$0.02 for the purpose of acquiring a 10% interest in a related Company in the amount of \$160,000.

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

**7. SHARE CAPITAL (cont'd...)**

b) Stock options

|                                       | Number of<br>options | Weighted<br>average exercise<br>price | Weighted<br>average<br>remaining<br>contractual life | Aggregate<br>intrinsic value |
|---------------------------------------|----------------------|---------------------------------------|--|------------------------------|
| Outstanding, June 11, 2010            | -                    | \$ -                                  | -  | \$ -                         |
| Granted                               | 1,000,000            | 0                                     | -  | -                            |
| Expired/cancelled                     | (1,000,000)          | (0)                                   | -  | -                            |
| <b>Outstanding, February 28, 2014</b> | -                    | \$ -                                  | -  | \$ -                         |

c) Share purchase warrants

|                                   | Number of<br>Warrants | Weighted<br>Average<br>Exercise Price |
|-----------------------------------|-----------------------|---------------------------------------|
| Balance, June 11, 2010            | -                     | \$ -                                  |
| Granted                           | 3,200,000             | 0                                     |
| Expired/cancelled                 | (3,200,000)           | (0)                                   |
| <b>Balance, February 14, 2014</b> | -                     | \$ -                                  |

**8. RELATED PARTY TRANSACTIONS**

The Company's related parties consist of companies owned in whole or in part by executive officers and directors as follows:

| Name                                   | Position and nature of transactions   |
|--|---------------------------------------|
| Advantive Information Management, Inc. | Common Director - Management services |
| Brian Cameron                          | Director - Consulting services        |
| Van Potter                             | Director - Consulting services        |
| VisualVault Corporation                | Common Director - Management services |
| VisualVault Technologies Inc.          | Common Director - Management services |

**CANADIAN DATA PRESERVE INC.**

**Notes to The Condensed Interim Financial Statements  
(Unaudited – Expressed in Canadian Dollars)**

**For the nine months ending February 28, 2014**

**8. RELATED PARTY TRANSACTIONS (cont'd...)**

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined based on actual cost.

|  | <b>February 28,<br/>2014</b> | May 31,<br>2013 |
|--|------------------------------|-----------------|
| Advantive Information Management, Inc. | <b>\$ 61,675</b>             | \$ 61,675       |
| Former Directors                       | -                            | 22,500          |
| Brian Cameron                          | <b>380</b>                   | -               |
| VisualVault Corporation                | <b>9,743</b>                 | (1,932)         |
| VisualVault Technologies Inc.          | <b>149,180</b>               | 87,065          |
| <b>Total</b>                           | <b>\$ 220,978</b>            | \$ 169,308      |

The remuneration of directors and other members of key management personnel including share-based payments during the nine months ended February 28, 2014 and November 30, 2012 were as follows:

|                 | <b>February 28,<br/>2014</b> | February 28,<br>2013 |
|-----------------|------------------------------|----------------------|
| Consulting fees | <b>\$ 60,585</b>             | \$ 70,500            |
| <b>Total</b>    | <b>\$ 60,585</b>             | \$ 70,500            |