

CANADIAN DATA PRESERVE, INC.

Condensed Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in U.S. Dollars)

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NOTICE TO READER

**NO Auditor Review of the Interim
Financial Statements**

The accompanying unaudited interim financial statements of Canadian Data Preserve, Inc. (“the Company”), for the nine-month period ended February 28, 2017 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 30, 2017

CANADIAN DATA PRESERVE, INC.

Condensed Statement of Financial Position

As at February 28, 2017 & May 31, 2016

| | Notes | February 28, 2017 (unaudited) | May 31, 2016 (audited) |
|--|-------|-------------------------------------|------------------------------|
| ASSETS | | | |
| Current | | | |
| Cash | | \$ 257 | 651 |
| Receivables | | 1,055 | 130 |
| | | <u>\$ 1,312</u> | <u>\$ 781</u> |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 4 | \$ 43,797 | 35,687 |
| Due to related parties | 6 | 596,285 | 510,308 |
| Loans payable | 7 | 22,500 | 22,500 |
| | | <u>662,582</u> | <u>568,495</u> |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 5 | 275,000 | 275,000 |
| Contributed surplus | | 361,117 | 361,117 |
| Deficit | | (1,297,387) | (1,203,831) |
| | | <u>(661,270)</u> | <u>(567,714)</u> |
| | | <u>\$ 1,312</u> | <u>\$ 781</u> |

ON BEHALF OF THE BOARD:

"Brian Cameron" Director
Brian Cameron

"Van Potter" Director
Van Potter

The accompanying notes are an integral part of these financial statements

CANADIAN DATA PRESERVE, INC.

Condensed Statement of Operations and Comprehensive Loss

For the three and nine months ending February 28, 2017 & 2016

| | 3 months ended | | 9 months ended | |
|---|-----------------------|-------------|-----------------------|--------------|
| | February 28 | February 29 | February 28 | February 29 |
| Notes | 2017 | 2016 | 2017 | 2016 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| EXPENSES | | | | |
| Bank charges | \$ 43 | \$ 43 | \$ 148 | \$ 202 |
| Consulting fees | 6 24,000 | 32,000 | 72,000 | 80,000 |
| Interest Expense | 613 | 1,719 | 732 | 4,473 |
| Professional fees | 1,200 | 2,500 | 7,163 | 11,167 |
| Transfer agent and filing fees | 4,191 | 3,251 | 16,944 | 8,245 |
| LOSS BEFORE OTHER ITEMS | (30,047) | (39,513) | (96,987) | (104,087) |
| OTHER INCOME/EXPENSE | | | | |
| Foreign exchange gain/loss | 1,801 | 839 | 3,432 | 1,498 |
| LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD | \$ (28,246) | \$ (38,674) | \$ (93,555) | \$ (102,589) |
| Basic and diluted loss per common share | \$ (0.002) | \$ (0.002) | \$ (0.006) | \$ (0.007) |
| Weighted average number of common shares outstanding | 15,638,667 | 15,638,667 | 15,638,667 | 15,638,667 |

The accompanying notes are an integral part of these financial statements

CANADIAN DATA PRESERVE, INC.
Condensed Statement of Cash Flows
For the nine months ending February 28/29, 2017 & 2016

| | February 28, 2017 (unaudited) | February 29, 2016 (unaudited) |
|---|--|-------------------------------------|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Loss for the period | \$ (93,555) | \$ (102,589) |
| Changes in non-cash working capital: | | |
| Receivables | (925) | (816) |
| Due to related parties | 85,976 | 86,682 |
| Accounts payable and accrued liabilities | 8,110 | 16,451 |
| Net cash used in operating activities | (394) | (272) |
| Cash flow from investing activities | - | - |
| Cash flow from financing activities | - | - |
| CHANGE IN CASH DURING THE PERIOD | (394) | (272) |
| CASH, BEGINNING OF PERIOD | 651 | 459 |
| CASH, END OF PERIOD | \$ 257 | \$ 187 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | \$ - | \$ - |
| Cash paid for income taxes | - | - |

CANADIAN DATA PRESERVE, INC.

Condensed Statement of Changes in Shareholders' Equity

For the nine months ending February 28, 2017 & 2016

| | Number of Shares | Share Capital | Contributed Surplus | Deficit | Total Equity |
|--|-----------------------------|--------------------------|--------------------------------|-----------------------|-------------------------|
| Balance, May 31, 2015 (audited) | 15,638,667 | 275,000 | 361,117 | (1,084,803) | (448,686) |
| Loss and comprehensive loss | - | - | - | (102,589) | (102,589) |
| Balance as of February 29, 2016 (unaudited) | 15,638,667 | 275,000 | 361,117 | (1,187,392) | (551,275) |
| Balance, May 31, 2016 (audited) | 15,638,667 | \$ 275,000 | \$ 361,117 | \$ (1,203,831) | \$ (567,714) |
| Net Loss for the period | - | - | - | (93,556) | (93,556) |
| Balance as of February 28, 2017 (unaudited) | 15,638,667 | \$ 275,000 | \$ 361,117 | \$ (1,297,387) | \$ (661,270) |

The accompanying notes are an integral part of these financial statements

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements
For the nine months ending February 28, 2017

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 Securities Exchange (“CSE”). The head office of the Company is located at 1140 - 1185 West Georgia Street, Vancouver, BC V6E 4E6.

The financial statements of the Company are presented in U.S. dollars, which is the functional currency of the Company, unless otherwise indicated.

The 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 and has a working capital deficit of \$661,270 (May 31, 2016 - \$567,714), a loss for the period of \$93,555 (May 31, 2016 - \$119,028) and a deficit of \$1,297,387 (May 31, 2016- \$1,203,831).

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 & CHANGES TO THE ACCOUNTING POLICIES

Statement of compliance

The interim condensed consolidated financial statements for the six months ended November 30, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at May 31, 2016.

These consolidated condensed interim financial statements were authorized by the audit committee and board of directors of the Company on April 30, 2017.

Use of estimates and judgments

The preparation of the 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 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:

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements
For the nine months ending February 28, 2017

2. BASIS OF PRESENTATION & CHANGES TO THE ACCOUNTING POLICES (cont'd...)

i) 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 Group 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.

ii) 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 United States 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*.

Foreign exchange

Transactions in currencies other than the U.S. 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.

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements
For the nine months ending February 28, 2017

3. 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 harmonized sales 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, 2017 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 U.S. dollar. All of the Company's financial instruments are denominated in U.S. dollars. In management's opinion there is no significant foreign exchange risk to the Company.

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements

For the nine months ending February 28, 2017

3. 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

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.

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.

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements

For the nine months ending February 28, 2017

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

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.

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.

Future accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements, and have not been applied in preparing these 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 its financial statements.

IFRS 15 - Revenue from Contracts and Customers ("IFRS 15"), was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual years beginning on or after January 1, 2017. The Company is currently evaluating the impact of IFRS 15 on its financial statements.

IFRS 9 - Financial Instruments, addresses classification, measurement and recognition of financial assets and financial liabilities. The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements

For the nine months ending February 28, 2017

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit and loss. IFRS 9 is effective for annual years beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit risk changes can be early adopted in isolation without otherwise changing the accounting for the financial instruments. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

IFRS 16 - Leases, Effective for annual periods beginning on or after 1 January 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Management believes that IFRS 16 will not have any impact on these financial statements as all current are low value leases.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| Due within the next twelve months | February 28, 2017 | May 31, 2016 |
|-----------------------------------|-------------------|--------------|
| Accounts payable | \$ 32,109 | \$ 27,837 |
| Accrued liabilities | 11,688 | 7,850 |
| Total | \$ 43,797 | \$ 35,687 |

There are no government remittances payable as at February 28, 2017.

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements
 For the nine months ending February 28, 2017

5. SHARE CAPITALAuthorized

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

| | February 28, 2017 | May 31, 2016 |
|--|-------------------|--------------|
| Issued and outstanding: 15,638,667 shares | \$ 275,000 | \$ 275,000 |

6. 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 |
| Jack Saltich | Director - Consulting services |
| Van Potter | Director - Consulting services |
| Certive Solutions Inc. | Common Director - Management services |
| Certive Technologies Arizona Inc. | Common Director - Management services |

The following summarizes the amount due (to) from related parties:

| | February 28, 2017 | May 31, 2016 |
|--|----------------------|---------------------|
| Advantive Information Management, Inc. | \$ (61,675) | \$ (61,675) |
| Brian Cameron | (380) | (380) |
| Certive Solutions Inc. | (55,457) | (23,552) |
| Certive Technologies Arizona Inc. | (478,773) | (424,701) |
| Total | \$ (596,285) | \$ (510,308) |

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements

For the nine months ending February 28, 2017

6. RELATED PARTY TRANSACTIONS (cont'd...)

The remuneration of directors and other members of key management personnel including share-based payments during the six months ended February 28, 2017 and February 29, 2016 were as follows:

| | February 28, 2017 | February 29, 2016 |
|-----------------|----------------------|----------------------|
| Consulting fees | \$ 72,000 | \$ 80,000 |
| Total | \$ 72,000 | \$ 80,000 |

7. LOANS PAYABLE

The loans are made of the following:

| | February 28, 2017 | May 31, 2016 |
|-------------|-------------------|--------------|
| Chuck Brown | \$ 12,500 | \$ 12,500 |
| Jim Doyle | 10,000 | 10,000 |
| Total | \$ 22,500 | \$ 22,500 |

The Company owes its former directors Chuck Bowen and Jim Doyle, \$12,500 and \$10,000 respectively. There are no set terms for repayment, the loans are unsecured, and the interest rates for the \$12,500 and \$10,000 are 10% and 12%.

8. INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 26.00% (2016 – 26.00%) to the income for the year and is reconciled as follows:

| | February 28, 2017 | February 29, 2016 |
|---|-------------------|-------------------|
| Loss for the period | \$ (93,555) | \$ (102,589) |
| Expected income tax (recovery) | (24,324) | (25,647) |
| Change in statutory rates | - | - |
| Change in unrecognized deductible temporary differences | 24,324 | 25,647 |
| Total income tax expense (recovery) | \$ - | \$ - |

CANADIAN DATA PRESERVE, INC.

Notes to the Condensed Financial Statements

For the nine months ending February 28, 2017

8. INCOME TAXES (cont'd...)

The significant components of the Company's deferred tax assets are as follows:

| | February 28, 2017 | February 29, 2016 |
|--|-------------------|-------------------|
| Deferred tax assets (liabilities) | | |
| Non-capital losses available for future period | \$ 741,588 | \$ 648,033 |
| Unrecognized deferred tax assets | (741,588) | (648,033) |
| Net deferred tax assets | \$ - | \$ - |

The deferred tax assets have not been recognized in these financial statements as it is not probable that they will be realized.

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

| | February 28, 2017 | February 29, 2016 | Expiry Date Range |
|--|-------------------|-------------------|----------------------|
| Temporary differences | | | |
| Non-capital losses available for future period | \$ 741,588 | \$ 648,033 | 2031-2037 |

Tax attributes are subject to review, and potential adjustment by tax authorities.