Aileron Ventures Limited

Financial Statements

December 31, 2015 and 2014

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Independent Auditors' Report

To the Shareholders
Aileron Ventures Limited

We have audited the accompanying financial statements of Aileron Ventures Limited, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014, and the statements of loss and comprehensive loss, statements of changes in shareholders' deficiency and statements of cash flows for the years ended December 31, 2015 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aileron Ventures Limited as at December 31, 2015 and December 31, 2014 its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014, in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 2 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Collins Barrow Calgary LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
April 25, 2016

Aileron Ventures Limited

Statements of Financial Position
December 31, 2015 and 2014
(Expressed in Canadian dollars)

Assets	**Notes**	**2015**	**2014**
Current assets			
Cash		$ 3,585	$ 1,531
		3,585	1,531
Investment	5	-	9,250
		$ 3,585	$ 10,781
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		$ 5,500	$ 5,500
Due to affiliates	6	67,335	50,268
		72,835	55,768
Shareholders' Deficiency			
Share capital	7	27,770	27,770
Deficit		(97,020)	(72,757)
		(69,250)	(44,987)
		$ 3,585	$ 10,781

Going concern 2

See accompanying notes.

Approved by the Board:

(signed) *"Harold Kunik"*, Director

(signed) *"John Mackay"*, Director

Aileron Ventures Limited

Statements of Loss and Comprehensive Loss

Years Ended December 31, 2015 and 2014

(Expressed in Canadian dollars)

	Notes	2015	2014
Expenses			
Bank Charges		$ 90	$ 50
General and administrative		8,923	7,888
Professional fees		6,000	6,300
		15,013	14,238
Loss from operations		(15,013)	(14,238)
Unrealized loss on investment	5	(9,250)	-
Net loss and comprehensive loss		$ (24,263)	$ (14,238)
Basic loss per share	7(c)	$ (0.003)	$ (0.001)

See accompanying notes.

Aileron Ventures Limited

Statements of Changes in Shareholders' Deficiency

Years Ended December 31, 2015 and 2014

(Expressed in Canadian dollars)

	Notes	Number of Common Shares	Common Shares Stated Value	Deficit	Total Shareholders' Deficiency
As at December 31, 2013		9,664,155	$ 27,770	$ (58,519)	$ (30,749)
Net loss for the year		-	-	(14,238)	(14,238)
As at December 31, 2014		9,664,155	$ 27,770	$ (72,757)	$ (44,987)
Net loss for the year		-	$ -	$ (24,263)	$ (24,263)
As at December 31, 2015		9,664,155	$ 27,770	$ (97,020)	$ (69,250)

See accompanying notes.

Aileron Ventures Limited

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

(Expressed in Canadian dollars)

	2015	2014
Operating Activities		
Net loss	$ (24,263)	$ (14,238)
Items not affecting cash		
Unrealized loss on investment	9,250	-
	(15,013)	(14,238)
Financing activities		
Advances from affiliates, net	17,067	15,069
Change in cash	2,054	831
Cash, beginning of year	1,531	700
Cash, end of year	$ 3,585	$ 1,531

See accompanying notes.

1. General business description

Aileron Ventures Limited (the "Company"), formerly 1539467 Alberta Ltd., was incorporated on May 31, 2010 under the *Business Corporations Act* (Alberta). To date, the Company has not had any operations, and is currently engaged in activities to identify and evaluate businesses with a view to completing an acquisition of a business or assets.

The address, and principal place of business of the Company is Suite 400, 2424 - 4th Street SW, Calgary, Alberta, Canada, T2S 2T4.

2. Going concern

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate to the carrying values and classifications of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

At December 31, 2015, the Company had not yet achieved profitable operations, and recorded a loss during the year ended December 31, 2015 of $24,263 (2014 - $14,238), has a working capital deficiency of $69,250 (2014 - $54,237), has accumulated a deficit of $97,020 (2014 - $72,757) since inception and expects to incur further losses in the development of its business. These conditions indicate a material uncertainty which may cause significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on its ability to receive continued financial support from its affiliates, raise additional debt or equity financing or identify business operations that generate positive cash flows.

3. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors (the "Board") on April 25, 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

(i) derivative financial instruments, if any, are measured at fair value; and
(ii) held for trading financial assets are measured at fair value with changes in fair value recorded in earnings.

The methods used to measure fair values are discussed in Note 10.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets, liabilities and equity:

Deferred income taxes

Deferred income taxes are based on estimates as to the timing of the reversal of temporary differences, tax rates currently substantively enacted and the determination of tax assets not recognized. Tax assets not recognized are based on estimates of the probability of the Company utilizing certain tax pools and losses in future periods.

4. Significant accounting policies

(a) Income taxes

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered and/or the carrying value of temporary differences exceed their tax basis.

(b) Net loss per share

Net loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is not presented as the Company does not have any potentially dilutive instruments.

(c) Financial instruments

(i) Classification and measurement

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as “fair value through the statement of income”, “loans and receivables”, “available-for-sale”, “held-to-maturity”, or “financial liabilities measured at amortized cost” as defined by IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets and financial liabilities at “fair value through the statement of income” are either classified as “held for trading” or “designated at fair value through the statement of income” and are measured at fair value with changes in fair value recognized in the statement of income. Transaction costs are expensed when incurred. The Company has designated cash and investment as “held for trading”.

Financial assets and financial liabilities classified as “loans and receivables”, “held-to-maturity” or “financial liabilities measured at amortized cost” are measured at amortized cost using the effective interest method of amortization. “Loans and receivables” are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. “Held-to-maturity” financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity. “Financial liabilities measured at amortized cost” are those financial liabilities that are not designated as “fair value through the statement of income” and that are not derivatives. The Company has designated accounts payable and accrued liabilities and due to affiliate as “financial liabilities measured at amortized cost”.

Financial assets classified as “available-for-sale” are measured at fair value, with changes in fair value recognized in statement of comprehensive income. “Available-for-sale” financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company has no “available-for-sale” financial assets.

(ii) Equity instruments

The Company's common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(iii) Impairment

The Company assesses, at each statement of financial position date, whether there is objective evidence that a financial asset, other than those designated as "fair value through the statement of income" are impaired. When impairment has occurred, the cumulative loss is recognized in the statement of income. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of income in the period. Impairment losses may be reversed in subsequent periods.

(d) New accounting standards, interpretations and amendments to existing standards

Pronouncements effective for annual periods beginning on or after January 1, 2018:

IFRS 9 "Financial Instruments". IFRS 9 provides a comprehensive standard on accounting for financial instruments. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting.

IFRS 15 "Revenue from Contracts with Customers". This new standard was jointly developed by the IASB and FASB. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. This new Standard will also result in enhanced disclosures about revenue; provide guidance for transactions that were not previously addressed comprehensively (for example. Service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The Company has not yet completed its assessment and evaluation of the effect of adopting the new and amended standards and the impact they may have on its financial statements.

5. Investment

The investment consists of common shares held in Immunall Science Inc. ("Immunall"), a publicly listed entity on the Canadian Securities Exchange (CSE), which represents a minority interest of approximately 5.5%. As the Company owns a minority position, the investment is accounted for as a held for trading financial asset, which is measured at fair value. During the year ended December 31, 2015, the shares of Immunall were cease traded, and the fair value was written down to $0 (December 31, 2014 - $9,250).

(Expressed in Canadian dollars)

6. Due to affiliates

The amounts due to affiliates are payable to Mosaic Limited Partnership and Mosaic Capital Corporation, entities related through common ownership, arising from these entities providing advances to the Company which are unsecured, non-interest bearing and have no fixed terms of repayment.

7. Share capital

(a) Authorized

Unlimited	common voting shares
Unlimited	preferred shares, issuable in series, with the rights, privileges, restrictions and conditions determined by the Board of Directors upon issuance

(b) Issued

	Number	**Stated Value**
Common shares		
As at December 31, 2015 and 2014	9,664,155	$ 27,770

(c) Loss per common share

Loss per common share is calculated based on the weighted average number of common shares outstanding during the year ended December 31, 2015 of 9,664,155 (2014 - 9,664,155).

8. Income tax

The income tax provision differed from the amount which would be obtained by applying the combined federal and provincial statutory income tax rate to the respective tax periods' loss before income taxes. The following schedule explains the differences between the expected and actual tax provision:

	2015	**2014**
Loss before income tax	$ (24,263)	$ (14,238)
Statutory tax rate	26%	25%
Expected income tax recovery	(6,308)	(3,559)
Tax assets not recognized	6,308	3,559
Total income tax	$ -	$ -

(Expressed in Canadian dollars)

The components of the net deferred income tax asset amounts as at December 31, 2015 and 2014 are as follows:

	2015	**2014**
Investment	$ 3,375	$ 813
Non-capital losses	22,073	16,684
Tax assets not recognized	(25,448)	(17,497)
Net deferred tax asset	$ -	$ -

Management has assessed the deferred tax asset using the criteria of whether it is probable that the deferred tax asset can be realized. Based on the uncertainty of future taxable income, management has recorded an allowance for the full amount of the deferred tax asset as at December 31, 2015 and 2014.

The Company has available the following estimated non-capital loss carry forwards for which a deferred tax asset has not been recognized in the financial statements:

Year of Expiry	Amount
2030	$ 3,750
2031	13,731
2032	18,050
2033	16,968
2034	14,238
2035	15,013
Total	$ 81,750

9. Related party transactions

There were no amounts paid to officers or directors in the years ended December 31, 2015 and 2014.

10. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(a) Credit risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation. The Company expects to continue to receive the financial support of its affiliates in order to pay its liabilities as they become due.

(c) Fair values

The fair value of accounts payable and accrued liabilities and due to affiliates approximates their carrying value because of the short-term nature. Currently the Company is not involved in any hedging activities.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - reflects valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 - reflects valuation techniques based on inputs that are quoted prices of similarly instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for the instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - reflects valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The financial instruments in the Company's financial statements, measured at Level 1 fair value, are cash and investment.

(d) Capital disclosures

The Company's policy when managing capital is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business.

The Company includes shareholders' deficiency in the definition of capital.

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. In order to maintain or adjust the capital structure, the Company may adjust spending, issue new units or incur debt.

The Company is not subject to externally imposed capital requirements.

There have been no changes to the Company's capital management policy during the years ended December 31, 2015 and 2014.