

# **AUXELLENC HEALTH CORPORATION**

(formerly 0924888 B.C. Ltd.)

## **Unaudited Condensed Interim Financial Statements**

**For the Period From Incorporation on November 9, 2011 to April 30, 2012**

(Expressed in Canadian dollars)

	Page
Management Responsibility and Notice to Readers	2
Unaudited Condensed Interim Statement of Financial Position	3
Unaudited Condensed Interim Statement of Loss and Comprehensive Loss	4
Unaudited Condensed Interim Statement of Changes in Shareholders' Equity	5
Unaudited Condensed Interim Statement of Cash Flows	6
Notes to the Unaudited Condensed Interim Financial Statements	7 - 18

## **MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of Auxellence Health Corporation (formerly 0924888 BC Ltd.) [the "Company"] are the responsibility of the management and Board of Directors of the Company. The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Ron Ozols  
Chief Executive Officer

Vancouver, BC  
May 30, 2013

## **NOTICE TO READERS**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements for the period from incorporation on November 9, 2011 to April 30, 2012 have not been reviewed by the Company's auditors.

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

## Unaudited Condensed Interim Statement of Financial Position

(Expressed in Canadian dollars)

	April 30, 2012 \$
<b>Assets</b>	
Current	
Subscriptions receivable	1
<b>Total Assets</b>	<b>1</b>
<b>Liabilities and Shareholders' Equity</b>	
<b>Current Liabilities:</b>	
Accrued liabilities	-
	-
<b>Shareholders' Equity:</b>	
Capital stock (Note 5)	1
Deficit	-
	1
<b>Total Liabilities and Shareholders' Equity</b>	<b>1</b>

Nature and Continuance of Operations (Note 1)

Commitment (Note 4)

Subsequent Event (Note 11)

Approved and authorized for issue by the Board of Directors on May 30, 2013:

"Ron Ozols"Ron Ozols, Director

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Unaudited Condensed Interim Statement of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

		<b>From Incorporation Date on November 9, 2011 to April 30, 2012</b>
<b>Expenses</b>	<b>\$</b>	<b>-</b>
<b>Net loss and total comprehensive loss for the period</b>		<b>-</b>
<b>Basic and diluted loss per common share</b>	<b>\$</b>	<b>-</b>
<b>Weighted average number of common shares outstanding</b>		<b>1</b>

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

## Unaudited Condensed Interim Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars except the number of shares)

	Number of Outstanding Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$
Share issued for cash on incorporation, November 9, 2011 Note (5)	1	1	—	—	1
Net loss and comprehensive loss for the period	—	—	—	—	—
Balance, April 30, 2012	1	1	—	—	1

The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

**Auxellence Health Corporation**  
(formerly 0924888 B.C. Ltd.)  
Unaudited Condensed Interim Statement of Cash Flows  
(Expressed in Canadian dollars)

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**From Incorporation Date  
on November 9, 2011 to  
April 30, 2012**

**Cash (used in) /provided by:**

**Operating activities**

Net loss for the period	\$	-
Change in non-cash working capital components		
Subscriptions receivable		(1)
Accounts payable & accrued liabilities		-

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<b>Net cash provided by (used in) operating activities</b>		<b>(1)</b>
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**Financing activities**

Share issuance on incorporation		1
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<b>Net cash provided by financing activities</b>		<b>1</b>
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**Investing activity**

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<b>Net cash used in investing activities</b>		<b>-</b>
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<b>Change in cash</b>		<b>-</b>
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<b>Cash, beginning of the period</b>		<b>-</b>
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<b>Cash, end of the period</b>	<b>\$</b>	<b>-</b>
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<b>Cash paid during the period for interest expense</b>	<b>\$</b>	<b>-</b>
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<b>Cash paid during the period for income taxes</b>	<b>\$</b>	<b>-</b>
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The accompanying notes are an integral part of these Unaudited Condensed Interim Financial Statements

## **Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

Notes to the Unaudited Condensed Interim Financial Statements

April 30, 2012

(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Auxellence Health Corporation (formerly 0924888 BC Ltd.) (the "Company") was incorporated on November 9, 2011 and, pursuant to a plan of arrangement (the "Arrangement") between the Company and Haltain Developments Corp. ("Haltain") dated November 10, 2011, it will acquire the letter of intent signed between Haltain and C&C Cosmeceuticals Corp. ("C&C LOI") and \$2,500 in cash from Haltain as part of the arrangement agreement (the "Arrangement Agreement"), and will commence its business as a consumer marketing company selling proprietary natural skincare cosmeceuticals products. The \$2,500 coming from Haltain as part of the Arrangement should provide the Company with the capital necessary to fulfill its short-term needs. As consideration for this asset, the Company will issue 20,003,667 common shares, multiplied by the Conversion Factor, as defined in the Arrangement Agreement, which shares will be distributed to the Haltain shareholders who hold Haltain shares on the share distribution record date. Haltain completed the Arrangement on January 11, 2012 and transferred \$2,500 cash and assigned the C&C LOI to the Company on May 21, 2013. The Company initiated the share distribution on May 21, 2013 and issued 1,512,684 common shares to Haltain, which were then re-distributed to the shareholders of Haltain as of record date of May 13, 2013. The Company is a start-up development company marketing and selling proprietary labeled natural skincare cosmeceuticals consumer products. The principal markets for natural skincare consumer products is large but extremely competitive. The Company's principal business following the Arrangement will be the development of the proposed business combination with C&C Cosmeceuticals Corp. The Company may also acquire additional licenses to other proprietary natural skincare products. Accordingly, the Company's financial success may be dependent upon the extent to which it can develop its natural skincare cosmeceuticals consumer products and the economic viability of acquiring, or developing any such additional products.

The head office and principal office of the Company is located at 2922 Mt. Seymour Parkway, North Vancouver, BC, V7H 1E9.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully commercialize the proprietary labeled natural skincare cosmeceuticals consumer products and the economic viability of developing any additional products it may acquire in the future.

The commercialization of the proprietary labeled natural skincare cosmeceuticals consumer products may take many years to be in successful operation and the amount of resulting income, if any, is difficult to determine with any certainty. As a development stage company, the Company does not anticipate producing revenues for some time, other than from incidental revenue and the sales of marketable securities, if any. On April 30, 2012 the Company had not yet achieved profitable operations, a deficit of \$Nil, a working capital of \$1, and expects to incur further losses in the development of its business, all of which casts material uncertainty about the Company's ability to continue as a going concern.

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Notes to the Unaudited Condensed Interim Financial Statements**

April 30, 2012

(Expressed in Canadian dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS (continued)**

These unaudited condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. BASIS OF PRESENTATION**

In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. The Company was incorporated on November 9, 2011. These unaudited condensed interim financial statements are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These unaudited condensed interim financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

**3. SIGNIFICANT ACCOUNTING POLICIES****a. Significant accounting judgments and estimates**

The preparation of these unaudited condensed interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The unaudited condensed interim financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include valuation of share-based transactions and provision for deferred income tax.

Judgments made by management that have the most significant effect on the unaudited condensed interim financial statements are discussed in Notes 3d), 3e), 3f) and 3i).



**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Notes to the Unaudited Condensed Financial Statements**

April 30, 2012

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****b. Cash and cash equivalents**

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at April 30, 2012, there is \$Nil included as cash equivalents.

**c. Shared-based payments**

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

**d. Deferred income taxes**

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**e. Financial instruments**

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments at fair value through profit or loss (FVTPL).

## Auxellence Health Corporation

(formerly 0924888 B.C. Ltd.)

Notes to the Unaudited Condensed Interim Financial Statements

April 30, 2012

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e. Financial instruments (continued)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment.

#### Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.

#### Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, accrued liabilities and due to related parties are classified as financial liabilities.

Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	FVTPL
Subscription receivable	Loans and receivable
Accounts payable	Other liabilities
Accrued liabilities	Other liabilities

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Notes to the Unaudited Condensed Interim Financial Statements**

April 30, 2012

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****e. Financial instruments (continued)**

Financial instruments recorded at fair value on the statement 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 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**f. Impairment****i) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Notes to the Unaudited Condensed Interim Financial Statements**

April 30, 2012

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Impairment (continued)

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

g. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

h. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Notes to the Unaudited Condensed Interim Financial Statements**

April 30, 2012

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****i. 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 at statement of financial position date, 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. The increase in the obligation due to the passage of time is recognized as finance expense. 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.

**j. Future changes in accounting policies**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

Notes to the Unaudited Condensed Interim Financial Statements

April 30, 2012

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Future changes in accounting policies (continued)

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

k. Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the marketing and selling proprietary labeled natural skincare cosmeceuticals consumer products.

## Auxellence Health Corporation

(formerly 0924888 B.C. Ltd.)

### Notes to the Unaudited Condensed Interim Financial Statements

April 30, 2012

(Expressed in Canadian dollars)

#### 4. COMMITMENT

The Company has no commitment other than the C&C LOI transferred from its former parent company, Haltain. As at the date of these unaudited condensed interim financial statements, no definitive agreement has yet been entered into with C&C (see Note 11).

#### 5. CAPITAL STOCK

- a. Authorized: unlimited Common shares without par value
- b. Issued and Outstanding:

	Number of Shares	Amount (\$)
Common shares issued for cash	1	1
<b>Balance as at April 30, 2012</b>	<b>1</b>	<b>1</b>

One common share was issued at \$1 per common share on November 9, 2011 to Haltain. The incorporator share was cancelled on May 21, 2013.

As discussed in Note 1, the Company issued 1,512,684 common shares to Haltain and Haltain re-distributed these shares to its shareholders as of the record date of May 13, 2013. The aggregate fair value of these shares in the amount of \$2,500 was based on the fair value estimates of assets transferred from Haltain to the Company. On May 21, 2013, Haltain transferred \$2,500 cash and assigned the C&C LOI valued at \$Nil to the Company.

#### Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at and during the period ended April 30, 2012, no option was granted or outstanding.

#### 6. C&C LETTER OF INTENT

On November 10, 2011, Haltain entered into a letter of intent with C&C Cosmeceuticals Corp. ("C&C") and the shareholders of C&C, owners of 100% of the issued and outstanding capital stock of C&C, with respect to a proposed transaction in which Haltain will form a subsidiary to purchase all of the issued and outstanding capital stock of C&C. C&C is integrating innovative therapeutic and diagnostic devices along with an PRESCRIPTOR expert system to provide a personalized system of diagnostic procedures and an individually unique health solution for each consumer. This technology was initially geared towards selling proprietary formulations of natural skin health and therapeutic products; however, the business model has expanded to provide an unbiased and independent recommendation of any and all manufacturer's products that are submitted to be included and evaluated to potentially be prescribed by the company's Prescriptor expert system.

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Notes to the Unaudited Condensed Interim Financial Statements**

April 30, 2012

(Expressed in Canadian dollars)

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**6. C&C LETTER OF INTENT (continued)**

The expert system seeks to find the most effective and optimized open sourced solution for the consumer, irrespective of manufacturer (un-gamed recommendations). C&C recognizes that there are many excellent solutions in the marketplace but the problem for the consumer and manufacturer has been how to match up the right solution, product or plan to the right consumer. As a result, C&C has developed a very different and effective approach that gathers and analyzes the otherwise missing physiological information toward addressing the consumer's problems with an effective solution. In effect the Company is brokering the physiological data from the individual consumers (buyers), with the solution or product data from the manufacturers (sellers), to improve the efficiency in the marketplace within these two sectors of the health industry. The purchase price shall be paid on the date of closing by the issuance of approximately 39,000,000 post-consolidated common shares of the capital stock of the Company at a deemed price of \$0.10 per common share to the shareholders of C&C. The exact number of shares to be issued by the Company shall be determined prior to entering into the definitive agreement.

**7. CAPITAL DISCLOSURES**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the proprietary labeled natural skincare cosmeceuticals consumer products and the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

**8. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and accrued liabilities. Cash is stated at fair value and classified within Level 1 of the fair value hierarchy. The fair values of accrued liabilities approximate their carrying values due to their short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to commercialize the proprietary labeled natural skincare cosmeceuticals consumer products. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.



**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

**Notes to the Unaudited Condensed Interim Financial Statements**

April 30, 2012

(Expressed in Canadian dollars)

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**8. FINANCIAL INSTRUMENTS (continued)**

The Company's credit risk was primarily attributable to bank balances and HST receivable. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. HST receivable is due from Canadian Government and management believes that the credit risk to be minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2012, the Company had cash balance of \$Nil and current liabilities of \$Nil. All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

**9. RELATED PARTY TRANSACTIONS**

- a. As at April 30, 2012, accrued liabilities of \$Nil were owed to Ron Ozols, the president and a director of the Company. During the period ended April 30, 2012, the Company did not incur or accrue any consulting fees to Ron Ozols.

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

**10. SEGMENTED INFORMATION**

During the period ended April 30, 2012, the Company had one reportable operating segment, being the marketing and selling of proprietary labeled natural skincare cosmeceuticals consumer products.

**Auxellence Health Corporation**

(formerly 0924888 B.C. Ltd.)

Notes to the Unaudited Condensed Interim Financial Statements

April 30, 2012

(Expressed in Canadian dollars)

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**11. SUBSEQUENT EVENTS**

Subsequent to the period ended April 30, 2012, the Company has completed the Plan of Arrangement and issued 1,512,684 common shares in exchange for \$2,500 cash and the C&C LOI. Such shares were also re-distributed to shareholders of Haltain as of record date of May 13, 2013.

Subsequent to the period ended April 30, 2012, the Company entered into an amalgamation agreement with C&C.

Subsequent to the period ended April 30, 2012, the Company changed its name to Auxellence Health Corporation.