CDN MSOLAR CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months period ended December 31, 2013

(Unaudited)

(Expressed in Canadian dollars)

CDN MSolar Corp.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements; the statements must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor. The company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

Management has prepared the information and representations in this interim report. The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the condensed interim financial statements.

The company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

"Lin Hoi Yu"
Acting Chief Financial Officer

February 24, 2014

CDN MSOLAR CORP.
Unaudited Condensed Interim Statement of financial position
As at December 31, 2013
(Expressed in Canadian dollars)

	Note	December 31, 2013 $	For the period ended March 31, 2013 $
ASSETS			
Current Assets			
Cash		105,097	-
GST receivable		3,615	
Total Current Assets		108,712	-
Fixed Assets, Net		656	-
Technology Transfer Agreement	4	195,000	-
Total Assets		**304,368**	**-**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		1,618	41,311
Total Current Liabilities		1,618	41,311
Shareholder’s Advances	5	18,703	-
SHAREHOLDERS’ EQUITY (DEFICIENCY)			
Share capital	6	472,843	1
Deficit		(188,796)	(41,312)
		284,047	(41,311)
Total Liabilities and Shareholders’ Equity		**304,368**	**-**

Nature and Continuance of Operations (Note 1)
Reverse Takeover Transaction – Amalgamation (Note 7)

Approved and authorized for issue by the Board of Directors on February 24, 2014:

"Brian Peterson"
Brian Peterson, Director

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

CDN MSOLAR CORP.

Unaudited Condense Interim Statement of Comprehensive Loss
For the Nine Months Period ended December 31, 2013
(Expressed in Canadian dollars)

	For the Nine Months ended December 31, 2013 $	For the Period from Incorporation March 15, 2013 to March 31, 2013 $
Operating Expenses		
Accounting and legal fees	93,724	18,841
Agency and stock transfer fees	5,365	-
Consulting fees	8,039	-
Filing fees	295	-
Listing expenses (Note 7)	39,915	22,471
General office expenses	164	-
	147,502	41,312
Other Income		
Interest income	18	-
Net loss and comprehensive loss	147,484	41,312
Basic and diluted loss per common share	(0.01)	(0.00)
Weighted average number of common shares outstanding	15,687,735	1

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

CDN MSOLAR CORP.

Unaudited Condensed Interim Statement of Changes in Equity
For the Nine Months Period ended December 31, 2013
(Expressed in Canadian dollars)

	Number of Outstanding Shares	Share Capital	Deficit	Total Shareholder's Equity
		$	$	$
Share issued on incorporation	1	1	-	1
Net loss	-	-	(41,312)	(41,312)
Balance, March 31, 2013	**1**	**1**	**(41,312)**	**(41,311)**
Cancel Incorporation Share	(1)	(1)	-	(1)
Shares Issued for Cash @ $.02	6,250,000	125,000		125,000
Shares Issued for Technology Transfer	9,750,000	195,000		195,000
Shares Issued for Cash @ $.05	2,000,000	100,000		100,000
Shares Issued for Amalgamation	1,999,997	26,751		26,751
Shares Issued for Cash @ $0.10	260,920	26,092		26,092
Net loss for the Nine Months ended December 31, 2013	-	-	(147,484)	(147,484)
Balance, December 31, 2013	**20,260,917**	**472,843**	**(188,796)**	**284,047**

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

CDN MSOLAR CORP.
Unaudited Condensed Interim Statement of Cash flows
For the Nine Months Period ended December 31, 2013
(Expressed in Canadian dollars)

	For the Nine Months ended December 31, 2013	**For the Period from Incorporation March 15, 2013 to March 31, 2013**
	$	**$**
Cash (used in) / provided by:		
Operating activities		
Net loss for the period	(147,484)	(41,312)
Item not affected cash:		
Listing expenses	26,751	-
Change in non-cash working capital Components:		
GST receivable	(3,615)	-
Accounts payable and accrued liabilities	(39,694)	41,311
Shareholder Advances	18,703	-
Cash used in operating activities	(145,339)	(1)
Investing activities		
Property and equipment	(656)	-
Cash used in investing activities	(656)	-
Financing activities		
Share issuance	251,092	-
Cash provided by financing activities	251,092	-
Change in cash	105,097	(1)
Cash, beginning of the period	-	1
Cash, end of the period	**105,097**	**-**

Cash paid for interest expense	-
Cash paid for income taxes	-

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

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

On September 30, 2013, the Company completed an amalgamation with CDN MSolar Corp. (the "MSolar") and MN Ventures Ltd. (the "MN") by way of a reverse takeover (Note 7) which continues the business and operations of the MSolar under the name of CDN MSolar Corp. (the "Company"). The Company was incorporated on under the laws of British Columbia on March 15, 2013. The address of the Company's corporate office and its principal place of business are 708 - 1155 West Pender, Vancouver, British Columbia, Canada.

The Company is a listed company, established to be the exclusive worldwide marketing and business development partner of Dongying Minghui New Energy Science & Technology Co., Ltd. ("Minghui"). Minghui is located in the national economic and technology development zone in the city of Dongying located on the Yellow River delta in the Shandong Province of China. Minghui has developed, created and manufactured certain products and systems that involve proprietary technologies, patents, methodologies, systems and solutions regarding integrated energy saving technology, collectively, the Minghui developments, IP and products (the "Minghui Technology"). Minghui has developed over thirty patents in conjunction with several Chinese universities in China. At its core, Minghui designs, manufactures and sells integrated energy saving technology ("IEST") systems combining its flat-panel solar collector, multi-source heat pump and deep geothermal pump in response to a growing demand for energy-saving solutions designed for residential and commercial buildings. The Company plans to expand Minghui operations from its base in Canada to the international market, with plans to establish research and development, production and sales operations outside China.

These condensed interim financial statements have been prepared on the basis of accounting principal 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 may successfully be dependent upon the extent to which it can successfully raise the capital to implement the business plan.

The success of the Company is dependent upon certain factors that may be beyond management's control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected.

For the nine months period ended December 31, 2013, the Company incurred a loss of $147,484 which raises significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations, as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to cover its marketing and other costs.

These 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 PREPARATION

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. Accordingly, these condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and as such do not include all of the information required for full annual financial statements.

2. BASIS OF PREPARATION (Continued)

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These condensed interim financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL") as described at Note 3, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Significant accounting judgements and estimates

The preparation of these condensed interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The condensed interim financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the condensed interim 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.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, 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, related to, but are not limited to, the following:

b. Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

c. Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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 commons 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.

e. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the condensed interim 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 asset is not recognized. 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.

f. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If he effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at December 31, 2013, no provision has been recorded in the Company.

g. Earnings (loss) per share

A 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 shares outstanding are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available-for-sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliable measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Accounts payable	Other liabilities
Due to related party	Other liabilities

The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

i. Impairment

i) Non-financial assets

The carrying amount 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 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”).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Impairment (Continued)

i) Non-financial assets (Continued)

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 cost 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.

ii) Financial assets

A financial asset not carried at fair value trough 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 reliable.

An impairment loss in respect of a financial asset measure 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 new 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).

j. 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 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 measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. The Company ahs not had other comprehensive income since inception.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which is 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 Canadian License Marketing Agreement business.

l. Future changes in accounting policies

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2013, and have not been applied in preparing these financial statements. The following standards and interpretations have been issued by IASB and the IFRIC effective for annual periods beginning on or after January 1, 2013:

IFRS 1 – First time adoption of IFRS
In March 2012, the IASB issued an amendment to this standard, which a new exception was included in respect of government loans. Measurement of below-market rate government loans is allowed to be applied prospectively the loan at its fair value at the inception of the loan, it obtained the information to measure the loan at its fair value at the inception of the loan, and it could re-measure the loan on transition. This exception is to be applied on a loan-by loan basis. This amendment is not expected to affect the Company.

IFRS 7 – Financial Instruments: Disclosures
In December 2011, the IASB issued an amendment to this standard, which requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statement to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. This amendment is not expected to affect the Company.

IFRS 10 – Consolidated Financial Statements
IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when entity controls one or more other entities. IFRS 10 changed the definition of control such that the same criteria are applied to all entities to determine control. IFRS 10 supersedes all of the guidance in IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation – Special Purpose Entities.*

IFRS 11 – Joint Arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a join venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognized 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, *Interest in Joint Ventures*, and SIC 13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers.*

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Future changes in accounting policies (Continued)

IFRS 12 – Disclosure of Interests in Other Entities Contributions
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, 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, and entity's interests in other entities.

IFRS 13 – Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. 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 that is dispersed among the specific standards requiring value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 – Presentation of Financial Statements
In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IAS 19 – Employee Future Benefits
In June 2011, the IASB issued an amendment to IAS 19, which changes the recognition, measurement and presentation of defined benefit pension expense and provides for additional disclosures for all employee benefits.

IAS 27 – Separate Financial Statements
As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 – Investments in Associates and Joint Ventures
As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provided the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

IFRIC 20 – Production Stripping Costs
In October 2011, the IASB issued IFRIC 20, which requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probably future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Future changes in accounting policies (Continued)

The following standard will be effective for annual periods beginning on or after January 1, 2014:

IAS 32 – Financial instruments: Presentation
In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

The following standard will be effective for annual periods beginning on or after January 1, 2015:

IFRS 9 – Financial Instruments
November 2009, as part of the IASB project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9, *Financial Instruments*, which introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirement regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

4. TECHNOLOGY TRANSFER AGREEMENT

On March 23, 2013, the Company entered into a Letter of Intent (“LOI”) with Minghui to purchase the Minghui Technology as described in Note 1 in exchange for common shares of the Company. On April 15, 2013, the Company signed a Technology Transfer Agreement pursuant to this LOI to purchase the Minghui Technology in exchange for 9,750,000 common shares.

Pursuant to the TTA, Minghui granted Cdn Msolar Corp. an irrevocable license to produce, develop, market, sell and/or otherwise distribute the Minghui Technology. The license is unlimited to use and exploitation worldwide, with the exception of China.

5. 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.

The President and Shareholder of the Company has advanced $44,795 towards working capital with no terms for repayment except for agreement to convert at least $10,000 of the advance into shares of the Company at $.10 per share, determined by independent members of the board to be a reasonable arm length price. On December 19, 2013, the Company convert $26,092 of the portion of the shareholder’s advance in exchange for 260,920 common shares. The balance of the shareholder’s advance is $18,703 as of December 31, 2013.

There was no key management remuneration or payroll paid during the period.

(Expressed in Canadian dollars)

6. CAPITAL STOCK

a. Authorized: unlimited common shares without par value.

b. Issued and Outstanding:

	Number of Shares	Amount ($)
Common shares issued for cash	8,510,920	251,092
Common shares issued for Technology Transfer	9,750,000	195,000
Common shares issued for Amalgamation	1,999,997	26,751
Balance, December 31, 2013	**20,260,917**	**472,843**

7. REVERSE TAKEOVER TRANSACTION (AMALGAMATION)

On March 22, 2013, MSolar entered into a Letter of Intent with Newlox Gold Ventures Corp. (the "Newlox") whereby MSolar and Newlox would be amalgamated into an amalgamated company (the "Amalco"). Newlox is a reporting issuer in the jurisdictions of British Columbia and Alberta. Pursuant to the Letter of Intent, shares of MSolar issued and outstanding would be exchanged on a one-to-one basis for shares of Amalco, whereas Newlox will be issued the number of Newlox shares held by the Newlox shareholder of record of Newlox as of June 29, 2013 multiplied by the conversion factor of 0.14973522 giving approximately 1 share of MN for every 6.68 shares of Newlox held. Accordingly Newlox will distribute approximately 2,000,000 of the Almalco's shares to the shareholders of Newlox.

Newlox assigned the Letter of Intent entered into with the MSolar to MN, a company incorporated on May 3, 2013 and is a wholly owned subsidiary of Newlox. On June 25, 2013, MSolar and MN entered into an amalgamation agreement.

As indicated in Note 1, on September 30, 2013, MSolar completed a merger with MN resulting in MSolar owning all of the issued and outstanding securities of MN. Under the amalgamation, each shareholder of record of Newlox as at June 29, 2013 entitled to receive shares of MN received one share of Company for each one share they are entitled to receive of MN. Under the amalgamation, each shareholder of record of MSolar as at September 30, 2013 received one share of the Company for every one common share of MSolar held by the shareholder.

On October 14, 2013, under the Amalgamation, the Company issued 18,000,000 new common shares to the shareholders of MSolar and 1,999,997 common shares to former shareholders of MN.

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Although the transaction resulted in a single entity, control passed to the former shareholders of MSolar and the transaction constitutes a reverse take-over of MN by MSolar and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 3 Business Combinations. As MN did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction does not constitute a business combination; rather it is treated as an issuance of shares by the Company for the net assets of MN. MN was a shell company so the net asset of MN received by the Company was Nil.

7. REVERSE TAKEOVER TRANSACTION (AMALGAMATION) (Continued)

The transaction was measured at the fair value of the shares that the Company would have had to issue for the ratio of ownership interest in the combined entity to be equivalent to the ratio of ownership interest (between new and former owners) in the combined entity if the transaction had taken the legal form of MSolar acquiring MN. This share value was determined based on MSolar share value and is considered as a significant estimate and judgement. This value of $26,751 has been charged to expense as listing expense. Further to the reverse takeover, the unaudited condensed interim financial statements for the period ended December 31, 2013 reflect the assets, liabilities and results of operations of MSolar and MN. The comparative figures are those of MSolar, prior to the reverse takeover.

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern (Note 1), 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 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.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of accounts payable and amounts due to related party, the fair value of which are considered to approximated their carrying value dues to their short-term maturities.

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

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company currently has minimal exposure to credit risk.

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 ensures that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2013, the Company had cash of $105,097, net working capital of $107,094 and amounts due to related party of $18,703. 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 requirements.

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 insignificant.

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