CDN MSOLAR CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2016 and 2015

(Expressed in Canadian dollars)

MANNING ELLIOTT
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
CDN MSolar Corp.

We have audited the accompanying financial statements of CDN MSolar Corp. which comprise the statements of financial position as at March 31, 2016 and 2015, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we consider 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 CDN MSolar Corp. as at March 31, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of CDN MSolar Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 26, 2016

CDN MSOLAR CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Note	2016	2015
		$	**$**
ASSETS			
Current			
Cash and cash equivalents		120,305	248,355
GST receivable		4,076	4,288
Prepaid expense		3,939	4,788
Due from a related party	5	300,000	300,000
		428,320	557,431
Security deposit		-	1,915
Office equipment, net	4	2,213	3,185
		430,533	562,531
LIABILITIES			
Current			
Accounts payable and accrued liabilities		4,674	1,737
Payroll deduction payable		-	876
Due to related parties	5	324,837	326,294
		329,511	328,907
SHAREHOLDERS' EQUITY			
Share capital	6	796,092	796,092
Deficit		(695,070)	(562,468)
		101,022	233,624
		430,533	562,531

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Approved and authorized for issue by directors on July 26, 2016

"Thurman Tat Hong So"
Thurman Tat Hong So, Director

"Samuel Yu"
Samuel Yu, Director

The accompanying notes are an integral part of these financial statements

CDN MSOLAR CORP.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Note	2016	2015
		$	$
Operating expenses			
Amortization		972	372
Auto expenses		16,245	1,112
Marketing		500	5,637
Office and miscellaneous		5,605	3,237
Professional fees		22,932	18,262
Rent		27,439	9,105
Salary and benefits		42,429	38,073
Transfer agent and filing fees		16,480	15,002
Travel expenses		-	383
Net loss and comprehensive loss		**(132,602)**	**(91,183)**
Basic and diluted loss per common share		(0.01)	(0.00)
Weighted average number of common shares outstanding		21,927,584	21,927,584

The accompanying notes are an integral part of these financial statements

CDN MSOLAR CORP.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Number of Outstanding Shares	Share Capital	Deficit	Total Shareholders' Equity
		$	$	$
Balance, March 31, 2014	**21,927,584**	**796,092**	**(471,285)**	**324,807**
Comprehensive loss	-	-	(91,183)	(91,183)
Balance, March 31, 2015	**21,927,584**	**796,092**	**(562,468)**	**233,624**
Comprehensive loss	-	-	(132,602)	(132,602)
Balance, March 31, 2016	**21,927,584**	**796,092**	**(695,070)**	**101,022**

The accompanying notes are an integral part of these financial statements

CDN MSOLAR CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Note	2016	2015
		$	$
CASH PROVIDED BY (USED IN):			
Operating activities			
Net loss		(132,602)	(91,183)
Item not affected cash			
Amortization		972	372
Changes in non-cash working capital balances			
GST receivable		212	6,488
Prepaid expense		2,764	(4,752)
Security deposit		-	(1,915)
Accounts payable and accrued liabilities		2,937	(2,268)
Payroll deduction payable		(876)	876
Cash used in operating activities		(126,593)	(92,382)
Investing activity			
Acquisition of furniture and equipment	4	-	(3,121)
Cash used in investing activity		-	(3,121)
Financing activities			
Due from a related party	5	-	(300,000)
Due to related parties	5	(1,457)	300,002
Cash provided by (used in) financing activities		(1,457)	2
CHANGE IN CASH DURING THE YEAR		(128,050)	(95,501)
CASH, BEGINNING		248,355	343,856
CASH, ENDING		120,305	248,355

Supplementary disclosures:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

CDN MSolar Corp. (the "Company" or "CMS") was incorporated on under the laws of British Columbia on March 15, 2013. On September 30, 2013, the Company completed an amalgamation with MN Ventures Ltd. ("MN"), a reporting issuer and continues under the name CDN MSolar Corp. The address of the Company's corporate office and its principal place of business are 128 – 5589 Byrne Road, Burnaby, British Columbia, Canada.

The Company is established to be the exclusive worldwide marketing and business development partner of Dongying Minghui New Energy Science & Technology Co., Ltd. ("Minghui"). Minghui is a parent company of CDN MSolar Corp. with 64% ownership of the Company. 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.

For the year ended March 31, 2016, the Company incurred a loss of $132,602 (2015: $91,183) and had an accumulated deficit of $695,070 (2015: $562,468). 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 factors raise significant doubt about the Company's ability to continue as a going concern.

These 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 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

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

2. BASIS OF PRESENTATION

a) Statement of compliance

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

b) Functional and Presentation Currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Measurement basis

The financial statements have been prepared on the historical cost convention except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraphs 3o & p. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Use of estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant accounts that require estimates as the basis for determining the stated amounts include determination of accrued liabilities, deferred income taxes and useful lives and impairment of equipment. Actual results could differ from these estimates.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant judgments include the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management; and the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

c) Use of judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year. The more significant areas where management judgement has been applied are:

(i) Going concern

The assessment of the Company’s ability to execute its strategy by funding future working capital requirements involves judgement. The directors monitor future cash requirements to assess the Company’s ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

(ii) Income taxes

Judgments are made by management at the end of the reporting period to determine the likelihood that deferred income tax assets will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make judgments related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in profit or loss in the period in which the change occurs.

d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Deferred financing 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.

f) Impairment

Non-financial assets

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

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Share-based payments

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

h) Loss per share

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

i) Amortization

Equipment is recorded at cost less accumulated amortization and impairment. Amortization is calculated at the following annual rates:

Office equipment	33% straight line
Furniture and fixture	20% straight line

Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss.

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably.

j) Leases

The Company has classified its car lease as an operating lease. Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded within profit and loss unless they are attributable to qualifying assets, in which case they are capitalized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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 balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

l) 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 has not had other comprehensive income since inception.

m) 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 can be made. If the 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 March 31, 2016 and 2015, the Company has not recorded any provisions.

n) Intangible asset

Intangible asset consists of acquired technologies. Acquired technologies have an infinite useful life. The intangible asset was initially recognized at cost as an asset and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, the intangible asset is allocated to the Company's cash-generating units that are expected to benefit from the synergies of combination. The cash-generating units are tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the intangible asset and then to the other assets pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2016 and 2015, the Company has classified due from a related party as loans and receivables. The Company has not classified any financial assets as held to maturity, or as available for sale. Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

p) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2016 and 2015, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

q) Newly adopted accounting standards

The mandatory adoption of the following new and revised accounting standards and interpretations on April 1, 2015 had no significant impact on the Company's financial statements for the current year or prior period presented. The following standards were adopted for the year ended March 31, 2016:

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 statements 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Newly adopted accounting standards (continued)

IFRS 10 *Consolidated Financial Statements* - 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.

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.

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.

IAS 1 *Presentation of Financial Statements* – In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

r) New accounting standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

New accounting standards effective for annual periods on or after January 1, 2016:

IAS 16 – Property, Plant and Equipment and IAS 36 – Intangible Assets
In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 15 – Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets rom Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) New accounting standards issued but not yet effective (continued)

IFRS 9 - Financial Instruments

In 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, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

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

4. OFFICE EQUIPMENT

	Office Equipment	Furniture and Fixtures	Total
	$	$	$
Cost			
At April 1, 2014	655	-	655
Additions	973	2,148	3,121
At March 31, 2016 and 2015	1,628	2,148	3,776
Accumulated amortization			
At April 1, 2014	219	-	219
Amortization for the year	300	72	372
At March 31, 2015	519	72	591
Amortization for the year	543	429	972
At March 31, 2016	1,062	501	1,563
Net book value			
At March 31, 2015	1,109	2,076	3,185
At March 31, 2016	566	1,647	2,213

5. RELATED PARTY BALANCES AND 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.

During the year ended March 31, 2015, the Company has made an advance to the President, who is also a director, of the Company, in the amount of $300,000. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

(Expressed in Canadian Dollars)

5. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the year ended March 31, 2015, the Company obtained an advance of $300,000 from an officer of the Company, who subsequently became a director, for working capital purposes. As at March 31, 2016, the amount is still outstanding. The amount is unsecured, non-interest bearing and with no fixed terms of repayment.

As at March 31, 2016, the balance due to the President was $24,837 (2015: $26,294). This amount is unsecured, non-interest bearing with no fixed terms of repayment.

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

6. SHARE CAPITAL

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Shares held in escrow

As at March 31, 2016, the company has 8,217,414 common shares held in escrow (2015: 13,695,690). These escrow shares are subject to escrow trading restrictions pursuant to the Escrow agreement and are released on a straight basis, with one-tenth released on the date the Company's securities are listed on a Canadian exchange (listing date), one-sixth of remaining escrow securities released every 6 months after the listing date until April 8, 2017.

7. INCOME TAXES

The provision for (recovery of) income taxes differs from the amount that would have resulted in applying Canadian federal and provincial statutory tax rates as follows:

	2016	2015
Statutory tax rate	26.00%	26.00%
Expected income tax expense (recovery)	(34,477)	(23,708)
Permanent differences and other	5	71,386
Deferred tax assets not recognized	34,472	(47,678)
Income tax expense	-	-

Significant components of the Company's deferred income tax assets are shown below:

	2016	2015
Non-capital loss carry forward	62,319	28,100
Capital assets	406	153
Intangible assets	20,603	20,603
Deferred tax assets not recognized	(83,328)	(48,856)
Net deferred income tax assets	-	-

The Company has non-capital losses for income tax purposes of $239,690 (2015: $108,077), which can be applied to reduce future taxes. The non-capital losses expire between 2034 and 2036.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to fund its operations, so that it can provide returns for shareholders and benefits for other stakeholders. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its equity as 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2016 and 2015 because of the demand nature or short-term maturity of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	2016	**2015**
	$	$
FVTPL (i)	120,305	248,355
Loans and receivables (ii)	300,000	300,000
Other financial liabilities (iii)	329,511	328,031

(i) Cash and cash equivalents
(ii) Due from related party
(iii) Accounts payable and due to related parties

Financial risk management objectives and policies

The Company's financial instruments consist of cash and cash equivalents, due from related party, accounts payable and due to related parties. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar.

9. FINANCIAL INSTRUMENTS (continued)

(ii) *Interest rate risk*

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.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash equivalents is limited because the Company has no trade receivables as at March 31, 2016 and 2015. Therefore, the Company is not exposed to significant credit risk.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at March 31, 2016, the Company had cash of $120,305 (2015: $248,355) to settle accounts payable of $4,674 (2015: $1,737) and due to related parties of $324,837 (2015: $326,294) which fall due for payment within twelve months of the financial position date.

10 COMMITMENTS

The Company is committed to a warehouse lease with minimum lease payments of $2,291 per month, expiring in February 2017.

The Company is committed to a car lease with a monthly payment of $882 for the term of three years, expiring March 15, 2018.

11. SUBSEQUENT EVENT

On April 8, 2016, 2,739,138 common shares were released from escrow.