CDN MSOLAR CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2018 and 2017

(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, 2018 and 2017, and the statements of comprehensive loss, changes in deficiency 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 based on 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, 2018 and 2017, and its financial performance and its 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 30, 2018

CDN MSOLAR CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	Note	2018	2017
		$	$
ASSETS			
Current			
Cash		965	-
GST receivable		2,554	7,791
		3,519	7,791
LIABILITIES			
Current			
Accounts payable and accrued liabilities	4	36,450	38,624
Due to related parties	4	37,451	284,078
		73,901	322,702
DEFICIENCY			
Share capital	5	1,056,092	796,092
Deficit		(1,126,474)	(1,111,003)
		(70,382)	(314,911)
		3,519	7,791

Nature and Continuance of Operations	1
Contingency	4
Subsequent event	10

Approved and authorized for issue by directors on July 30, 2018

"Thurman Tat Hong So"	*"Ji Wu Li"*
Thurman Tat Hong So, Director	Ji Wu Li, 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, 2018 AND 2017
(Expressed in Canadian Dollars)

	Note	2018	2017
		$	$
Operating expenses			
Auto expenses		-	12,729
Office and miscellaneous		829	3,026
Professional fees		29,167	29,787
Rent		-	20,009
Salary and benefits		-	32,698
Transfer agent and filing fees		25,161	15,471
		(55,157)	(113,720)
Other items			
Gain on debts forgiveness	7	39,686	-
Bad debts	4	-	(300,000)
Loss of disposal of furniture and equipment		-	(2,213)
		39,686	(302,213)
Net loss and comprehensive loss		**(15,471)**	**(415,933)**
Basic and diluted loss per common share		(0.01)	(0.19)
Weighted average number of common shares outstanding		2,520,430	2,192,759

The accompanying notes are an integral part of these financial statements

CDN MSOLAR CORP.
STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	Number of Outstanding Shares	**Share Capital**	**Deficit**	**Total**
		$	$	$
Balance, March 31, 2016	**2,192,759**	**796,092**	**(695,070)**	**101,022**
Comprehensive loss	-	-	(415,933)	(415,933)
Balance, March 31, 2017	**2,192,759**	**796,092**	**(1,111,003)**	**(314,911)**
Issuance of shares from debt conversion	5,200,000	260,000	-	260,000
Comprehensive loss	-	-	(15,471)	(15,471)
Balance, March 31, 2018	**7,392,759**	**1,056,092**	**(1,126,474)**	**(70,382)**

Subsequent to the year ended March 31, 2018, the Company completed a share consolidation on the basis of one new common share for every 10 old common shares. All shares presented and per share amounts have been retroactively adjusted as required for the effect of this share consolidation (see Note 10) in these financial statements.

The accompanying notes are an integral part of these financial statements

CDN MSOLAR CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	Note	2018	2017
		$	$
CASH PROVIDED BY (USED IN):			
Operating activities			
Net loss		(15,471)	(415,933)
Items not affected cash:			
Bad debt expense		-	300,000
Loss on disposal of office equipment		-	2,213
Gain on debts forgiveness		(39,686)	-
		(55,157)	(113,720)
Changes in non-cash working capital balances			
GST receivable		5,237	(3,715)
Prepaid expense		-	3,939
Accounts payable and accrued liabilities		37,512	9,113
Cash used in operating activities		(12,408)	(104,383)
Financing activities			
Advances from related parties		17,273	-
Repayments to related parties		(3,900)	(15,922)
Cash provided by (used in) financing activities		13,373	(15,922)
CHANGE IN CASH DURING THE YEAR		965	(120,305)
CASH, BEGINNING OF YEAR		-	120,305
CASH, END OF YEAR		965	-

	2018	2017
Supplementary disclosures:		
Interest expense	$ -	$ -
Income taxes	$ -	$ -
Non-cash financing activities:		
Issuance of shares from debt conversion	$ 260,000	$ -

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 5300 Lancing Road, Richmond, BC, V7C 3A1.

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 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.

For the year ended March 31, 2018, the Company had a loss of $15,471 (2017: loss of $415,933) and had an accumulated deficit of $1,126,474 (2017: $1,111,003). 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 uncertainties 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 3n and o. 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 involve 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.

(iii) Financial instruments

The determination of categories of financial assets and financial liabilities identified as financial instruments

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) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 has not had other comprehensive income since inception.

k) 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, 2018 and 2017, the Company has not recorded any provisions.

l) 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.

m) 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 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, 2018 and 2017, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) 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, 2018 and 2017, 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.

p) Newly adopted accounting standards

The mandatory adoption of the following new and revised accounting standards and interpretations on April 1, 2017 had no significant impact on the Company's financial statements for the current year or prior period presented.

q) 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 of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

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

<u>IFRS 2 -Share-based payments</u>

In June 2016, the IASB issued the final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) New accounting standards issued but not yet effective

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 adoption of this standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued this standard 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 from 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 adoption of this standard is not expected to have a material impact on the Company's financial statements.

New accounting standards effective for annual periods on or after April 1, 2019:

IFRS 16 – Leases

In June 2016, the IASB issued this standard which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of this standard.

4. 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.

In a prior year, the Company had made an advance to its former President, who was also a director of the Company, in the amount of $300,000. The amount was unsecured, non-interest bearing with no fixed terms of repayment. This person was removed as the President of the Company in January of 2017 and ceased to be a Director of the Company in March of 2017. The Company has filed a civil claim against the former President. As the outcome of the legal proceeding is uncertain and management believes that the Company's recovery of this amount is doubtful, the Company has made a $300,000 provision against this advance receivable as a bad debt expense for the year ended March 31, 2017.

In addition, the Company has also filed a second claim against the former president alleging that the former president wrongfully took possession of an advance intended to be made to the Company by a controlling shareholder. The outcome of this claim is uncertain.

The matters relating to these two claims against the former president are going to be heard by the Supreme Court of British Columbia in 2019.

As at March 31, 2018, an amount of $37,451 (2017: $284,078) was due to a director of the Company. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

There was no key management remuneration or payroll paid during the years ended March 31, 2018 and 2017.

As at March 31, 2018, an amount of $24,837 (2017: $24,837) included in accounts payable and accrued liabilities was due to the former President of the Company. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

5. SHARE CAPITAL

(a) Authorized:

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

(b) Issued and outstanding: As at March 31, 2018, there were 7,392,759 common shares

(c) Shares held in escrow: Nil

On March 9, 2018 the Company issued 5,200,000 shares at a price of $0.05 per share in settlement of debts in the amount of $260,000.

Subsequent to the year ended March 31, 2018, the Company completed a share consolidation on the basis of one new common share for every 10 old common shares. All share amounts have been retroactively restated in these financial statements.

6. 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:

	2018	**2017**
Statutory tax rate	26.00%	26.00%
Expected income tax expense (recovery)	(4,022)	(107,145)
Permanent differences and other	-	-
Change in enacted tax rates	(7,518)	-
Deferred tax assets not recognized	11,540	107,145
Income tax expense	-	-

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

	2018	**2017**
Non-capital loss carry forward	99,598	91,870
Capital assets	1,019	-
Due from a related party	81,000	78,000
Intangible assets	21,395	20,603
Deferred tax assets not recognized	(203,012)	(190,473)
Net deferred income tax assets	-	-

The Company has non-capital losses for income tax purposes of $368,881(2017: $354,410), which can be applied to reduce future taxes. The non-capital losses expire between 2035 and 2038.

7. GAIN ON DEBTS FORGIVENESS

During the year ended March 31, 2018, an unrelated party forgave an accounts payable balance of $39,686 and as a result the Company recorded the amount as a gain on debts forgiveness on the statements of comprehensive loss.

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 AND RISK

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, 2018 and 2017 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:

	2018	2017
	$	$
FVTPL (i)	965	-
Other financial liabilities (ii)	73,901	322,702

(i) Cash

(ii) Accounts payable and due to related parties

Financial risk management objectives and policies

The Company's financial instruments consist of accounts payable and due from 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.

(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 is limited. The Company has no trade receivables as at March 31, 2018 and 2017. Therefore, the Company is not exposed to significant credit risk.

9. FINANCIAL INSTRUMENTS AND RISK (continued)

(iv) *Liquidity risk*

In managing the 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, 2018, the Company had $965 in cash (2017: $nil) to settle accounts payable of $11,613 (2017: $13,787) and due to related parties of $62,288 (2017: $308,915) which are due for payment within twelve months of the financial position date.

10. SUBSEQUENT EVENT

On July 4, 2018, the Company approved the shares consolidation on the basis of one new common share for every ten existing common shares outstanding. There are an aggregate of 7,392,759 common shares of the Company outstanding following the consolidation.