

**CDN MSOLAR CORP.**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED**

**September 30, 2018 and 2017**

(Expressed in Canadian dollars)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The condensed interim financial statements of CDN MSolar Corp. (the "Company") are the responsibility of the Company's management. The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgments based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed interim financial statements prior to their submission to the Board of Directors for approval.

"Thurman Tat Hong So"

Thurman Tat Hong So  
Chief Financial Officer

November 9, 2018

The accompanying notes are an integral part of these financial statements

**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2018 AND MARCH 31, 2018**  
(Expressed in Canadian Dollars)

	Note	September 30, 2018	March 31, 2018
		\$	\$
<b>ASSETS</b>			
Current			
Cash and cash equivalents		83	965
GST receivable		6,021	2,554
		6,104	3,519
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities		85,120	36,450
Due to related parties	4	15,960	37,451
		101,080	73,901
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	1,056,092	1,056,092
Deficit		(1,151,068)	(1,126,474)
		(94,976)	(70,382)
		6,104	3,519
Nature and Continuance of Operations	1		
Commitments	9		
Subsequent Events	10		

Approved and authorized for issue by directors on November 9, 2018

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

"Catherine Lathwell"  
Catherine Lathwell, Director

"Matthew Bajurny"  
Matthew Bajurny, Director

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**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE GAIN (LOSS)**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

	Note	For the Three Months ended Sept 30, 2018	For the Three Months ended Sept 30, 2017	For the Six Months ended Sept 30, 2018	For the Six Months ended Sept 30, 2017
		\$	\$	\$	\$
<b>Operating expenses</b>					
Listing expenses		3,643	1,500	4,799	3,000
Office & miscellaneous		3	10	7	94
Professional fees		2,121	4,524	16,200	14,790
Transfer agent & filing fees		18,298	597	22,039	2,868
<b>Other items</b>					
Gain on debt forgiveness	6	-	-	18,451	-
<b>Net loss and comprehensive loss</b>		<b>(24,065)</b>	<b>(6,631)</b>	<b>(24,594)</b>	<b>(20,752)</b>
Basic and diluted loss per common share		0.00	0.00	0.00	(0.01)
Weighted average number of common shares outstanding		7,392,759	2,192,759	7,392,759	2,192,759

The accompanying notes are an integral part of these financial statements

**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

	Number of Outstanding Shares	Share Capital \$	Equity (Deficit) \$	Total Shareholders' Equity \$
<b>Balance, March 31, 2016</b>	2,192,759	796,092	(695,070)	101,022
Comprehensive loss	-	-	(52,567)	(52,567)
<b>Balance, Sept 30, 2016</b>	2,192,759	796,092	(747,637)	48,455
Comprehensive loss	-	-	(363,366)	(363,366)
<b>Balance, March 31, 2017</b>	2,192,759	796,092	(1,111,003)	(314,911)
Comprehensive loss	-	-	(20,752)	(20,752)
<b>Balance, Sept 30, 2017</b>	2,192,759	796,092	(1,131,755)	(335,663)
Issuance of shares from debt conversion	5,200,000	260,000	-	260,000
Comprehensive income	-	-	5,281	5,281
<b>Balance, March 31, 2018</b>	7,392,759	1,056,092	(1,126,474)	(70,382)
Comprehensive loss	-	-	(24,594)	(24,594)
<b>Balance Sept 30, 2018</b>	7,392,759	1,056,092	(1,151,068)	(94,976)

During six months ended September 30, 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 9) in these financial statements.

The accompanying notes are an integral part of these financial statements

**CDN MSOLAR CORP.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

	For the Six Months Ended Sept 30, 2018	For the Six Months Ended Sept 30, 2017
	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating activities</b>		
Net loss	(24,594)	(20,752)
Changes in non-cash working capital balances		
Gain on debts forgiveness	(18,451)	-
	(43,045)	(20,752)
Changes in non-cash working capital balances		
GST receivable	(3,467)	6,627
Accounts payable and accrued liabilities	48,670	6,714
Cash used in operating activities	2,158	(7,411)
<b>Financing activities</b>		
Advances from related parties	-	7,473
Repayments to related parties	(3,040)	-
Cash provided by (used in) financing activities	(3,040)	7,473
CHANGE IN CASH DURING THE PERIOD	(882)	62
CASH, BEGINNING	965	-
CASH, ENDING	83	62
Supplementary disclosures:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

The accompanying notes are an integral part of these financial statements

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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1. NATURE AND CONTINUANCE OF OPERATIONS

CDN MSolar Corp. (the “Company” or “CMS”) was incorporated 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 six months ended Sept 30, 2018, the Company had a loss of \$24,594 (2017: loss of \$20,752) and had an accumulated deficit of \$1,151,068 (2017: \$1,131,755). 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 unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) New accounting policies

i) IFRS 9 – Financial Instruments

Effective April 1, 2018, the Company adopted IFRS 9, Financial Instruments (“IFRS 9”). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (“IAS 39”). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance.

The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no material impact to the Company’s financial statements.

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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2. BASIS OF PRESENTATION (continued)

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The new IFRS 9 guidance has had no material impact on the Company's financial statements.

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's September 30, 2018 financial statements has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income.

The Company determines the classification of its financial assets at initial recognition.

*i. Financial assets recorded at fair value through profit or loss ("FVTPL")*

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss. The Company's cash is classified as financial assets measured at FVTPL.

*ii. Amortized cost*

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivable is classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

*i. Amortized cost*

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities, do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

*ii. Financial liabilities recorded at fair value through profit or loss ("FVTPL")*

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above and include warrant liability and special warrants.

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.



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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
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2. BASIS OF PRESENTATION (continued)

*Subsequent measurement*

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

*Derecognition*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

*Expected Credit Loss Impairment*

Model IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

ii) IFRS 15 – Revenue from Contracts with Customers

Effective April 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). Given that the Company does not have revenue from contracts with customers, there is currently no material impact from adoption of the standard.

c) Functional and Presentation Currency

These unaudited condensed interim 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 unaudited condensed interim 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 3q & r. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Use of estimates

The preparation of these unaudited condensed interim 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 judgments

Critical accounting judgments 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 judgment has been applied are:

d. Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. 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.

e. 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.

f. 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)

g. 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.

h. 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 or loss for the period. For an asset that does 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 Instruments

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).

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. 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.

j. 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.

k. 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.

l. 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.

m. 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Income taxes (continued)

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.

n. 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.

o. 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 June 30, 2018 and 2017, the Company has not recorded any provisions.

p. 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.

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**CDN MSOLAR CORP.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
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(Expressed in Canadian Dollars)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Financial assets

See Note 1b.

r. Financial liabilities

See Note 1b.

s. Newly adopted accounting standards

The mandatory adoption of the following new and revised accounting standards and interpretations on September 30, 2018 had no significant impact on the Company's financial statements for the current or prior periods presented. The following standards were adopted for the six months ended September 30, 2018:

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

IFRS 16 - Leases

In January 2016 the International Accounting Standards Board issued IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. As the Company currently has limited exposure to leases, there is currently no material impact expected from the future adoption of the 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.

During the year ended March 31, 2015, the Company made an advance to its former President, who was also a director, of the Company, in the amount of \$300,000. The amount is unsecured, non-interest bearing and 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 lawsuit 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 provided a provision against this advance receivable of \$300,000 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.

As at September 30, 2018, an amount of \$15,960 (2017: \$295,451) was due to a director of the Company. The amount is unsecured, non-interest bearing and with no fixed terms of repayment.

As at September 30, 2018, an amount of \$24,837 (September 30, 2017: \$291,551) included in accounts payable and accrued liabilities was due to the former President of the Company. This amount is unsecured, noninterest bearing with no fixed terms of repayment.

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

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**CDN MSOLAR CORP.**  
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**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
(Expressed in Canadian Dollars)

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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 September 30, 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.

During the six months ended September 30, 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. GAIN ON DEBT RESTRUCTURING

During the six months ended September 30, 2018, historic amounts payable owing to the current President in the amount of \$18,451 were restructured and as a result the Company recorded the amount as a gain on debts forgiveness on the statements of comprehensive loss.

7. 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.

8. 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 September 30, 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:

**CDN MSOLAR CORP.**  
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8. FINANCIAL INSTRUMENTS (continued)

	2018	2017
FVTPL – Financial assets Level 1 (i)	\$ 83	\$ 62
Amortized cost – Financial assets Level (ii)	-	-
FVTPL – Financial liabilities (iii) Level 3	98,080	336,889

- (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.

*(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 June 30, 2018 and 2017. 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 September 30, 2018, the Company had cash of \$83 (2017: \$62) to settle accounts payable of \$85,120 (2017: \$20,501) and due to related parties of \$15,960 (2017: \$316,388) which fall due for payment within twelve months of the financial position date.



9. COMMITMENTS

On September 6, 2018 the Company announced that it had entered into a binding letter agreement (the "Letter Agreement") with Blueberries Cannabis Corp., a privately held issuer existing under the laws of the Province of Ontario ("Blueberries"), which outlines the general terms and conditions pursuant to which CDN and Blueberries have agreed to complete a transaction (the "Transaction") that will result in a reverse take-over of the Company by the current shareholders of Blueberries. The Letter Agreement was negotiated at arm's length and is effective as of September 5, 2018.

Blueberries SAS, a wholly-owned subsidiary of Blueberries, is seeking to become a large-scale producer of naturally grown premium quality cannabis with its primary operations well situated in the Bogotá savanna in central Colombia.

It is currently anticipated that the proposed transaction will be affected by way of a three-cornered amalgamation or other similar form of transaction as is acceptable to the parties. There are currently outstanding an aggregate of 7,392,759 common shares in the capital of the Company and it will issue 63,000,000 Shares to the shareholders of Blueberries Shares in conjunction with the closing of the transaction. For additional information see the Company's press release dated September 6, 2018.

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2018, the Company undertook to make a Listing Statement to list the shares of the Company on the Canadian Securities Exchange in connection with the transaction disclosed in Note 9.