

BIG ROCK LABS INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period from April 01, 2014 to June 30, 2014

(Expressed in Canadian Dollars)

Notice of no auditor review of interim financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's external auditor has not performed a review of the interim financial statements for the period ending June 30, 2014.

The Management of Big Rock Labs Inc. was responsible for the preparation of these interim financial statements. The interim financial statements were prepared in accordance with generally accepted accounting principles in Canada developed by the Canadian Institute of Chartered Accountants.

BIG ROCK LABS INC.
STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)

	<u>June 30,</u> <u>2014</u>
<u>ASSETS</u>	
Current	
Cash	\$ 206,051
GST Amounts receivable	\$ <u>2,777</u>
Intellectual Property and other intangible assets (Note 9)	\$ <u>36,300</u>
Total Assets	\$ <u>245,128</u>
<u>LIABILITIES</u>	
Current	
Accrued liabilities	\$ <u>1,900</u>
<u>SHAREHOLDERS' EQUITY</u>	
Share capital (Note 4)	\$ 336,000
Deficit	\$ <u>(92,772)</u>
Total Shareholders' Equity	\$ <u>243,228</u>
Total Liabilities and Shareholders' Equity	\$ <u><u>245,128</u></u>
Nature and Continuance of Operations (Note 1)	
Major Events (Note 8)	

Approved and authorized by the Board of Directors on August 28, 2014:

On behalf of the Board:

/s/ "Harald Seemann"
Harald Seemann
Director

/s/ "Karl Pawlowicz"
Karl Pawlowicz
Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)
For the period from April 01, 2014, to June 30, 2014
(Expressed in Canadian Dollars)

Expenses	
Professional Fees	\$ 41,735
Plan of Arrangement (Note 8)	\$ 20,000
CSE Listing Fees	\$ 13,000
Other Expenses	<u>\$ 3,205</u>
	<u>\$ 77,940</u>
Loss before other items	<u>\$ (77,940)</u>
Other items	
Interest and other income	<u>\$ 562</u>
Net loss and comprehensive loss for the period	<u>\$ (77,378)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>18,300,000</u>

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BIG ROCK LABS INC.
STATEMENT OF CHANGES OF EQUITY (UNAUDITED)
For the period from April 01, 2014, to June 30, 2014
(Expressed in Canadian Dollars)

	<u>Number of Shares</u>	<u>Share Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance, April 01, 2014	18,200,000	\$ 306,000	\$ (15,394)	\$ -
Shares issued for cash (Note 4)	100,000	30,000	-	\$ 30,000
Loss for the period	-	-	(77,378)	\$ (77,378)
Balance, June 30, 2014	<u>18,300,000</u>	<u>\$ 336,000</u>	<u>\$ (92,772)</u>	<u>\$ -</u>

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BIG ROCK LABS INC.
STATEMENT OF CASH FLOWS (UNAUDITED)
For the period from April 01, 2014, to June 30, 2014
(Expressed in Canadian Dollars)

Operating Activity	
Loss for the period	\$ (77,378)
Changes in non-working capital items:	
GST Amounts receivable	(2,777)
Accrued liabilities	1,900
	<hr/>
Cash used in operating activities	(78,255)
	<hr/>
Financing Activity	
Common Shares issued for cash (Note 4)	30,000
	<hr/>
Investing Activity	
Development of Intangible Assets (Note 9)	(8,800)
	<hr/>
Decrease in cash during the period	(57,055)
Cash, beginning of the period	<hr/> 263,106
Cash, end of the period	<u>\$ 206,051</u>
 Supplemental Disclosure of Cash Flow Information:	
Cash received during the period for interest	<u>\$ 562</u>
 Cash paid during the period for income taxes	 <hr/> <hr/>

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BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Big Rock Labs (“Big Rock” or the “Company”) was incorporated on April 04, 2014 under the Business Corporations Act of British Columbia. The Company owns 100% of Big Rock Technologies Inc. which was incorporated on February 13, 2014 under the Business Corporations Act of British Columbia as well. The head office of the Company is at 15 Iceboat Terrace, Suite 4106; Toronto, Ontario M5V 4A5.

Big Rock Labs became a reporting issuer in British Columbia and Alberta on May 27, 2014, pursuant to the closing of a statutory plan of arrangement with Gorilla Minerals Corp. and Big Rock Labs' wholly-owned subsidiary Big Rock Technologies Inc. In addition to being a reporting issuer in British Columbia and Alberta, Big Rock Labs became a reporting issuer in Ontario upon listing on the Canadian Securities Exchange (“CSE”) on June 02, 2014.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2014, the Company has not generated any revenues from operations, and has a working capital of \$206,928, and an accumulated deficit of \$92,772. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

2. Basis of Preparation

Statement of Compliance

These financial statements for the period ended June 30, 2014, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian Dollars, unless otherwise noted, which is the functional currency of the Company.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant Judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment in applying the Company's financial statements is the classification of financial instruments and the going concern assumption.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

Cash

The Company's cash consists of amounts held in its corporate bank account.

Basic and Diluted Loss Per Share

Basic losses per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted losses per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. No potentially dilutive securities were issued during the period. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)

Share-based payment transactions

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Intangible Assets

The Company's acquired Trademarks, Domain Names, and Software Application (collectively, "the Intellectual Property" or "IP") and certain contracts (Note 9) costs shall be accounted for as intangible assets using IFRS 38. This IP is initially capitalized at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditures, including employee costs, which enhances or extends the performance of computer software and beyond its specifications and which can be reliably measured, is added to the original cost of the software and domain names. Costs associated with maintaining the computer software are recognized as an expense when incurred.

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss, unless the asset is carried at the revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)

A reversal of impairment loss for an asset other than goodwill is recognized in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense, a reversal of that impairment is also credited to profit or loss.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following three categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss ("FVTPL"), available for sale ("AFS") financial assets or loans and receivable.

The Company has classified its cash as loans and receivables.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities include accrued liabilities. Subsequent to initial recognition, accrued financial liabilities are measured at amortized cost using the effective interest method. All are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of the available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets or liabilities.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Accounting standards issued but not yet applied

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards and does not anticipate any material changes to the financial statements upon adoption of these new and revised accounting pronouncements.

IFRS 9 – *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)

4. Share Capital

- a) Authorized: An unlimited number of common shares without par value.
- b) Issued: On April 22, 2014, the Company issued 100,000 common shares at a price of \$0.30 per common share for total proceeds of \$30,000.

5. Financial Instruments

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Fair value

The carrying value of cash amounts, and accrued liabilities approximated their fair value because of the relatively short-term nature of these instruments.

Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Due to its planned global revenue stream, the Company is exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise additional funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows:

Fair value through profit and loss:	June 30, 2014
Cash	\$ 206,051

Financial liabilities included in the statement of financial position are as follows:

Non-derivative financial liabilities:	June 30, 2014
• Accrued liabilities	\$ 1,900
	\$ -

Fair value

The fair value of the cash and accrued liabilities approximates their carrying amounts, due to the short-term maturities of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2014:

	Level 1	Level 2	Level 3
Cash	\$ 206,051	\$ -	\$ -

6. Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the development stage, its principal source of funds is from the issuance of common shares. 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, acquire or dispose of assets or adjust the amount of cash. The Company expects its capital resources, which include a share offering, will be sufficient to carry its research and development plans and operations through its current operating period. The Company is not subject to externally imposed capital requirements.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)**7. Income Taxes**

(a) Current Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

		June 30, 2014
Net loss for the period	\$	(77,378)
Expected tax recovery at a combined federal and provincial rate of 25.00%		(19,344)
Tax benefit not recognized		(19,344)
Deferred income tax recovery	\$	–

(b) Deferred Taxes

Significant components of the Company's deferred income tax assets (not recognized) after applying enacted corporate income tax rates are as follows:

		June 30, 2014
Non-capital loss carry forwards	\$	19,344
Net deferred income tax asset not recognized	\$	19,344

At June 30, 2014, management considers that it is not "more likely than not" that these losses will not be utilized and accordingly a full valuation allowance has been recognized against these losses.

At June 30, 2014, the Company has Canadian non-capital losses of \$23,193 which, if not utilized to reduce income in future periods, expire through 2033.

8. Major Events

On April 4, 2014, the Company entered into an Arrangement Agreement ("the Arrangement Agreement") with Gorilla and Big Rock Labs Inc. ("Big Rock Labs"). Gorilla is a reporting issuer in the provinces of Alberta and British Columbia. The parties agreed to reorganize their business by way of a Plan of Arrangement which was carried out under the provisions of the Business Corporations Act (British Columbia). As a part of the Arrangement Agreement, the following transactions took place:

- i. Big Rock Technologies acquired all the 10,000 issued and outstanding Big Rock Labs' common shares from Gorilla (the "Purchase Shares") for \$20,000;

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BIG ROCK LABS INC.

Notes to the Financial Statements (Unaudited)

June 30, 2014

(Expressed in Canadian Dollars)

- ii. Big Rock Technologies and Big Rock Labs exchanged securities on a 1:1 basis, such that all issued and outstanding common shares of Big Rock Technologies were exchanged by their holders for the same number of shares of Big Rock Labs;
- iii. Gorilla and Big Rock Labs exchanged securities as follows: Gorilla issued 4 common shares to Big Rock Labs and Big Rock Labs issued 4,000 common shares to Gorilla (collectively, the "Exchange Shares"); and
- iv. The Purchase Shares and the Exchange Shares were then cancelled.

Following closing of the Arrangement on May 27, 2014, Big Rock Labs became a reporting issuer in Alberta and British Columbia and Big Rock Technologies became the wholly-owned subsidiary of Big Rock Labs. Since this transaction resulted in the shareholders of Big Rock Technologies owning a majority of the issued and outstanding shares of the Company, this transaction was accounted for as a reverse acquisition. Big Rock Labs was incorporated on April 4, 2014, as a subsidiary of Gorilla, for the purpose of participating in and completing the Arrangement.

9. Intangible Assets

On March 4, 2014, the Company entered into an Asset Purchase Agreement with 2382709 Ontario Inc. to purchase intangible assets comprised of Intellectual Property and Contracts. The Intellectual Property is comprised of the Hostello Trademarks, the Hostello Domain Names, and the Hostello Software Application. The value of \$30,000 reflects the acquisition cost of these assets. With further development of the Hostello Asset in April and May 2014, the value increased to \$32,500 by June 30, 2014. In June 2014 the Company also started development of the Reach Asset, valued at \$3,800 on June 30, 2014.

10. Subsequent Events

On July 07, 2014 the Company published a news release titled "Big Rock Labs Adds Kashif Shaikh and Uzair Khan to Toronto iOS Engineering Team".

On July 28, 2014 the Company published a news release titled "Big Rock Labs Announces Successful Dual Listing on the Frankfurt Stock Exchange, Enters Reach iOS Testing Phase and Android Development".

Big Rock Labs completed a dual listing of the company's shares on the Frankfurt Stock Exchange ("FSE") on July 16, 2014. The Company's trading symbol on FSE is "BR1" and the stock identification number is "A1 I6BN".

On August 19, 2014 the Company published a news release titled "Big Rock Labs Expands Reach iOS Foursquare Integration, Testing Phase Nears Successful Completion".

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