UPCO INTERNATIONAL INC.

(formerly NSS RESOURCES INC.)

FORM 2A

LISTING STATEMENT

October 26, 2017

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2. Corporate Structure

2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

Upco International Inc. (the "Issuer", the "Company" or "Upco International") has its registered office and its principal place of business at Suite 206 595 Howe Street, Vancouver, BC V6C 2T5.

2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

The Issuer was incorporated under the *Business Corporations Act* (British Columbia) on March 28, 2012 under the name NSS Resources Inc. The Issuer changed its name to Upco International Inc. on October 26, 2017.

2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state

(a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

(b) the place of incorporation or continuance; and

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

The Issuer has one wholly-owned subsidiary, Upco Systems Inc. which was incorporated in the State of New York, United States of America. The Issuer owns 100% of the issued and outstanding shares in the common stock of Upco Systems Inc.

2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

Not applicable.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

The Issuer was incorporated in Canada.

3. General Development of the Business

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

3.2 Disclose:

(1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

(b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

(2) Under paragraph (1) include particulars of

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

(b) the actual or proposed date of each significant acquisition or significant disposition;

(c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;

(d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;

(e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

(f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

(g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

Definitions

"A2P" means application to person.

"API" means application program interface. API is a set of routines, protocols and tools for building software applications.

"App" means (software) application.

"B2B" means business to business.

"B2C" means business to consumer.

"CDMA" means code division multiple access. CDMA is a major radio system used in cell phones.

"GSM" means global system for mobile communication. GSM is a major radio system used in cell phones.

"IP" means internet protocol.

"ISP" means internet service provider.

"M2M" means machine to machine.

"SMS" means short message service.

“Tier-1 Carrier” means an internet service provider that can serve its coverage area entirely through settlement-free collaboration with other carriers, rather than having to pay tolls to other companies for using parts of a third party's IP network.

“Tier-2 Carrier” means an internet service provider which engages in the practice of peering with other networks, but which also purchases IP transit to reach some portion of the internet.

“Tier-3 Carrier” means an internet service provider which solely purchases IP transit from other networks to reach the internet.

“VoIP” means voice over internet protocol.

“WebRTC” means web real-time communication.

“XaaS” means anything as a service.

General Development of the Business

From April 2014 to June 2014, the Issuer acquired a 100% interest in the Seneca Property near Harrison Hot Springs, British Columbia, Canada by staking 9 mineral claims comprising the property. Pursuant to a finder’s fee agreement, the Issuer granted a 2% net smelter return royalty to Asante Gold Corporation, a company related by common directors of the Issuer at that time, on production from the current Seneca claims, and from any additional interests in minerals or land acquired by the Issuer located within 5 km of these claims.

The Issuer’s non-offering prospectus dated October 30, 2014 was receipted by the British Columbia Securities Commission on October 31, 2014 and effective December 18, 2014 the Issuer’s common shares were listed for trading on the Canadian Securities Exchange (the “CSE”). During the financial year ended June 30, 2015, the Issuer raised a total of $232,500 through private placements of its securities. The Issuer did not raise any funds during the financial year ended June 30, 2016. During the financial year ended June 30, 2017 the Company issued 142,500 common shares in settlement of $8,550 in debt and did not raise any funds through the issuance of securities. During the three most recently completed financial years, the Issuer incurred $47,600 in acquisition and exploration expenses with respect to the Seneca Property. During the financial year ended June 30, 2017, the claims comprising the Seneca Property lapsed. As at the date hereof the Issuer no longer has a mineral property.

Effective as of May 26, 2017 the Issuer entered into a share exchange agreement (the “Agreement”) with Upco Systems Inc. (“Upco”), Aduna Holding GmbH (“Aduna”) and Andrea Pagani which replaced a non-binding letter of intent entered into among the Issuer, Upco and Aduna. Pursuant to the Agreement, the Issuer acquired all of the issued and outstanding common shares of Upco through the issuance of 33,000,000 common shares in the capital of the Issuer at a deemed price of $0.06 per share (the “Transaction”). In connection with the Transaction, 2,000,000 common shares in the capital of the Issuer were issued on closing as a finder’s fee. All 35,000,000 common shares issued are held in escrow in accordance with CSE requirements, are subject to a statutory 4-month hold and are legended accordingly. See “Escrowed Securities” for more particulars of the escrowed securities.

The Transaction resulted in the Issuer acquiring the business operated by Upco, which is to provide VoIP (Voice over Internet Protocol) wholesale business services as a global telecom carrier. A summary of the business is provided below. See "Narrative Description of the Business" for a more detailed description of the business. The effect of the Transaction on the operating results and financial position of the Issuer is that the Issuer will have revenue from operating Upco's business rather than only having losses from mineral exploration activities.

Upco operates primarily in the telecommunications industries as a global telecom carrier within the international VoIP wholesale business with its main reportable business segment being wholesale international long distance traffic termination. Upco has also designed a software program that will enable fully secure communications, social media, namely connecting users and sharing pictures, locations, international airtime top up, International and national calls and chatting.

In the B2B (business to business) sector Upco is positioned between the well-known major international Tier-1 carriers as well as medium to small national providers and has already terminated millions of international long-distance calls in both fixed line and mobile networks.

Upco also develops the B2C (business to consumers) area with appropriate applications and services for the end user.

Upco's focus is largely on the still unregulated growth markets such as Latin America, Asia, Africa and the Middle East. In these countries, especially in the underdeveloped infrastructure areas, the data bandwidth for the most recent versions of well-known mobile applications like Skype, WhatsApp or Viber is too low and these applications can rarely be used. In this environment Upco offers a solution by providing VoIP communication in connection with low-bandwidth applications.

The Transaction was not with a related party of the Issuer and Upco and the Issuer had no financial or business interests prior to the completion of the Transaction either directly or indirectly and Upco had no prior relationships with the directors, management or staff members, of the Issuer.

Other than as disclosed in this Listing Statement, the Issuer is not aware of any trends, uncertainties, demands, commitments or other events that are reasonably likely to have a material effect on the Issuer's business, financial condition or results of operations.

4. Narrative Description of the Business

4.1 General

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

(a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

(b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

(c) disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

(d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

(2) For principal products or services describe:

a) the methods of their distribution and their principal markets;

b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:

(i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

(ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,

(iii) sales or transfers to controlling shareholders; and

(iv) sales or transfers to investees.

c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

(i) the timing and stage of research and development programs,

(ii) the major components of the proposed programs, including an estimate of anticipated costs,

(iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(iv) the additional steps required to reach commercial production and an estimate of costs and timing.

(3) Concerning production and sales, disclose:

a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

d) the sources, pricing and availability of raw materials, component parts or finished products;

e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

f) the extent to which the business of the segment is cyclical or seasonal;

g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;

j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

(4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

(5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

(6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

(7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

(8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

Narrative Description of the Business

The Issuer, through its wholly-owned subsidiary Upco, provides VoIP (Voice over Internet Protocol) wholesale business services as a global telecom carrier. Upco's VoIP service terminates national and international long distance calls for retail customers, other telecommunications companies and service providers. National and international long distance calls that are initiated via landline or mobile networks are routed through Upco's VoIP interconnections, which link almost every country as well as significant carriers and service providers. Upon receiving a call, Upco assumes the primary responsibility of ensuring that the

call will be correctly terminated at the next destination point. Termination of calls happens within milliseconds, which means that orders are fulfilled almost immediately upon receipt. Unlike most other businesses, Upco has no inventory risk.

Upco's VoIP wholesale business is based primarily on bilateral agreements between Upco and global telecom carriers, which set out terms and conditions such as provision of services, payment terms and periods of service. Bilateral means that the purchase and sale of international telephone minutes can happen in either direction (both incoming and outgoing calls). This means that each party to the agreement can act either as a customer or a supplier. The choice of carrier is generally carried out by the least-cost-routing principle. The Upco platform can automatically detect the cheapest provider and then terminate calls accordingly.

Pricing for calls is set by rate notifications made by Upco and global telecom carriers. Rate notifications are renewed at least on a weekly basis. Upco can choose carriers based on cost, call quality or a combination of both.

Customer and supplier billing is typically done on either a weekly, biweekly or monthly basis. An invoice will list all terminated national and international long distance calls including the destination, duration and costs. If bilateral traffic has occured, then the net amount owing is determined, which amount will be paid by the applicable party.

In situations where Upco is acting the principal service provider Upco bears the full credit risk for the amounts receivable from the customer. This risk is limited by the amount of credit that Upco grants to a particular telecom carrier, which is determined by factors such as the carrier's size (Tier 1/Tier 2), payment record and residence. Similarly, a telecom carrier may grant credit to Upco.

The business objectives that the Issuer expects to accomplish in the forthcoming 12-month period are:

- Start its Upco Mobile business division.
- Start its A2P (application to person) SMS (short message service) business division

Commercial milestones:

- Before launching the Upco Mobile app in the market Upco is working on "look and feel" to attract as many possible customers as it can by using viral marketing; no cost related to this milestone.
- Prepare a promotion event for business market together with press release in order to get as many customers on board as possible. Expected to occur in September 2017; no cost related to this milestone.
- Create a full set of information materials to upload via social and professional channels that compare Upco's selling value proposition against competitors. Expected to occur in September 2017; no cost related to this milestone.
- Set up an automatic systems for bookkeeping; no cost related to this milestone.

- Set up a back office that is able to collect and address customers' questions and manage the billing platform. Expected to occur in September 2017; no cost related to this milestone.
- Every quarter after the initial launch send out news on new features already available in the Upco Mobile app like International AirTime recharge, money transfer, multiple geographical numbers, etcetera. Expected to occur in October 2017; no cost related to this milestone.
- Set up indirect channels by using local distributors in major countries to address ethnic markets. Expected to occur in October 2017; no cost related to this milestone.
- Launch Upco Mobile app. Expected to occur in October 2017; no cost related to this milestone.
- Start A2P SMS business division. Expected to occur in December 2017; no cost related to this milestone.

Funds Available to the Issuer

As at the most recent month end, being August 31, 2017, the Issuer had an estimated working capital of $CDN 5,154. The Issuer's pro forma consolidated working capital as June 30, 2017 is approximately $CDN 342,541.

Principal Uses of Funds

Use of Funds	Amount ($)
General Administration Expenditures & Working Capital	$CDN 200,000
Unallocated cash	142,541
Total:	**$CDN 342,541**

The Issuer intends on spending the funds available to it as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of the funds may be necessary for the Issuer to achieve its objectives. The Issuer may require additional funds in order to meet its objectives, in which case the Issuer expects to either issue additional shares or incur indebtedness. There is no assurance that additional funding required by the Issuer would be available at reasonable commercial terms, or at all.

Upco Business Divisions

1. VoIP Wholesale

VoIP Wholesale currently contributes 100% of the Company's revenues.

Upco provides high-quality voice termination and has become now a global network that connects 170 countries and a variety of major carriers worldwide. Upco is a global platform and works as an accepted hub between Tier-1 and Tier-2/Tier-3 Carriers providing three different service levels based on the quality CLI, Premium and Standard.

With the forthcoming Upco Mobile application international calls can be initiated and terminated as well.

Upco has developed into a Global Telecom Carrier within the international telecommunications business since 2015 and already terminated millions of international long-distance calls in fixed line and mobile networks for Tier-1 Carriers, the largest service providers of each country, retail customers, other telecommunications companies, service providers and resellers around the world.

Thus, Upco's Carrier Cloud is a global platform for international telephone minutes, which connects currently 170 countries and therefore almost every important country and major service provider. And for many of these customers, particularly the major carriers, we engage in buy-sell relationships, terminating their customers' traffic in exchange for terminating our wholesale and retail traffic with their customers.

However, high quality connections and competitive international termination rates require a compelling technology platform and reliable direct connection routes.

Upco has entered into the following telecom wholesale bilateral agreements:
- Titan bilateral agreement
- Dexatel bilateral agreement
- Vivaldi bilateral agreement
- Ideacomm bilateral agreement
- Future Telekom bilateral agreement
- iConnect bilateral agreement
- Videocon bilateral agreement
- RouteTrader addendum
- Cosmic Explorer bilateral agreement
- Singularity bilateral agreement
- Dial Telecommunications bilateral agreement
- Goldline Services bilateral agreement
- Inspire Communications bilateral agreement
- Sigma Telecom bilateral agreement
- Prime Global bilateral agreement
- Gsoft bilateral agreement
- BTI bilateral agreement
- ATMC bilateral agreement
- Shahar Tech bilateral agreement
- ITTC bilateral agreement
- Advise bilateral agreement
- Xotel bilateral agreement
- Hayo Telecom bilateral agreement
- Protech bilateral agreement
- Teta Service bilateral agreement
- Lebara bilateral agreement
- Voice Market bilateral agreement
- Mannix bilateral agreement
- Widenet bilateral agreement
- RashaCOM bilateral agreement
- Telebiz bilateral agreement

- GlobalCell bilateral agreement
- B2B Telecom bilateral agreement
- International Project SIA bilateral agreement

Upco's Carrier Cloud A Powerful Platform

Upco's Carrier Cloud is the centerpiece of our daily VoIP business. This powerful platform, basically developed by Digitalk Limited, is also used by Tier-1 Carrier to manage its yearly wholesale turnover up to US$ 500m.

Upco's Carrier Cloud differences to existing solutions and competitors are:

- REACH A complete cloud-based trading platform solution which connects currently 170 countries
- GATEWAY Accepted trading hub between Tier-1 and Tier-2/Tier-3 Carriers
- SCALE Enables high trading volume with strong partners up to several hundreds of US$ millions
- NO LIMITS Trading Scalability without technical limits
- QUALITY Highest quality routes in connection with most cost-effective pricing
- INTELLIGENCE Business Intelligence and detailed data analysis to drive down costs and increase profitability

The VoIP Market

Since 2006 the rapidly growing adoption of smart portable devices such as smartphones and tablets in the residential and corporate sectors is driving the global VoIP services market and the major telecom providers worldwide face a key challenge: the decline of their traditional telephony business. One part of this puzzle is the wholesale voice business.

In the industrialized countries with correspondingly high data bandwidth a small number of key players deliver international telephone calls on behalf of the global industry. A customer of one provider will place an off-network call through applications such as Skype, WhatsApp or Viber, and the wholesale providers as middlemen will terminate that call across the world to the final destination network.

Meanwhile many businesses have migrated over to a VoIP system for its cost-effective, revenue-generating features, not to mention it has become the keystone to how businesses operate. Effective communication means effective business, so it's no surprise that VoIP has and will continue to see serious growth.

Voice is still valuable

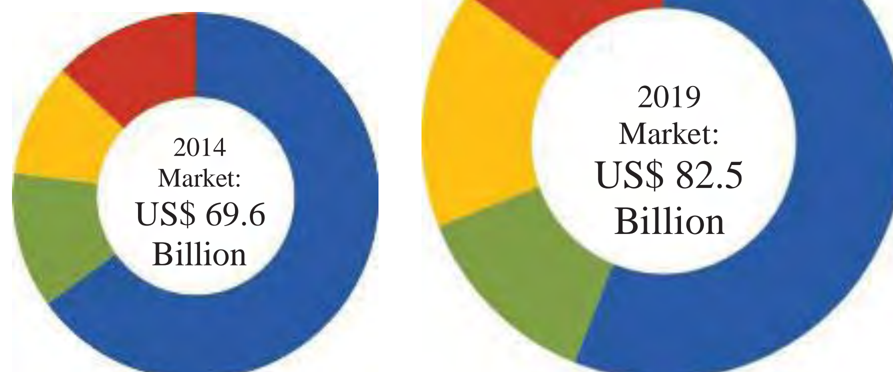
Mobile VoIP applications are expected to reach $36 billion by 2016 with a rising number of users up to 180 million.

VoIP technology carried over 100 billion minutes of mobile voice calls in 2015 but this accounts only for 6% of 3G subscribers and 2% of standard mobile subscribers.

This means that huge growth opportunities are still driven in the termination of international calls through mobile-based data applications and next generation technologies such as WebRTC, Hypervoice and XaaS for value added services will contribute to a significant growth in the next 3 to 5 years.

Infonetics Research forecasts

The global VoIP market will climb to US$ 82.5 Billion in 2019



© Infonetics Research

■ Residential ■ IP Connectivity ■ Hosted VoiP & UC ■ Managed IP PBX

Source: Infonetics Research http://www.dialexia.com/voip-market-forecast-2016/infonetics-global-voip-may/

Retail customers will continue to value reliable voice services and are generally willing to pay for unlimited minute plans on fixed networks and this situation is unlikely to change. Thus, in the industrialized countries respectively markets the challenge is correspondingly large to fulfill the aim of a sufficient voice quality related to an acceptable profit margin. Moreover this in an environment in which the retail customer is accustomed to receive even higher bandwidth for the same price.

In addition the regulatory measures now influence termination rates and roaming charges, which then lead to increased competition and an effect on the VoIP price advantages. And the named application key players have established partnerships with major Tier-1 Carriers such as 3 UK, KDDI and Verizon and occupy a market-dominant role.

International Roaming   The beloved Cash Cow

International roaming was one of the facilities that made GSM (Global System for Mobile Communication) a truly global success story. However, huge roaming fees were billed to the customers over these years. It was "the cash cow" of the major telecom providers and therefore, of course these Carriers have defended their premium against a regulation of these markets and alternative access technologies in those countries for a long time. In the meantime, this has been

adjusted in the industrialized countries, but however, about 20 percent of the large major telecom providers still believe that increasing roaming costs in unregulated countries shall compensate their "losses" in the regulated countries.

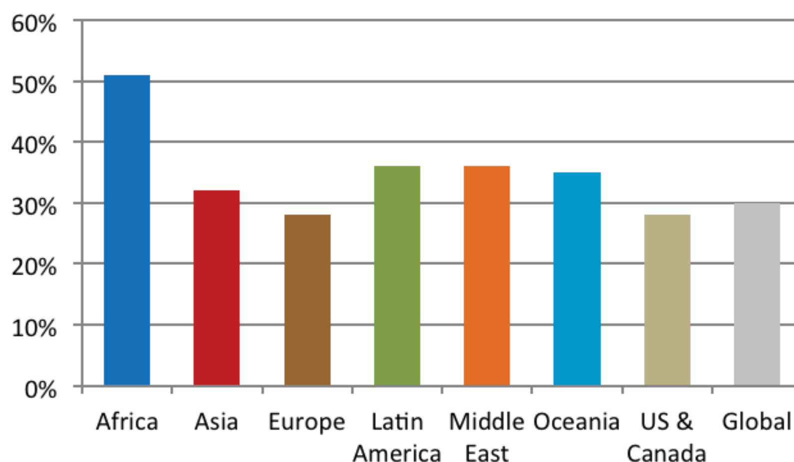
And they can, because in these countries structural and technical barriers first must be overcome. The introduction of roaming regulation while mastering these challenges could result in unintended and unforeseen consequences that negatively impact the industry, mobile users and government revenue.

Huge opportunities in unregulated growth markets

These markets include Latin America, Asia Pacific, Africa and the Middle East. Upco has a significant number of direct connections to the respective largest telecom providers. These countries are in various stages of economic development with significant differences. In other words, the overall development depends on local market and economic conditions and the factors such as labor costs, inflation rates, technology platforms, economies of scale and target customer segments will all affect local roaming rates.

Africa's international bandwidth growth to lead the world

Projected international bandwidth demand growth by region



Source: TeleGeography, a division of PriMetrica, Inc., https://www.telegeography.com

Africa for example continues to be the fastest growing mobile market in the world and roaming services, however, are still emerging. While the infrastructure in landline connections in many parts of the continent still remains technically underdeveloped, mobile communication is the driver for economic and social progress. In this environment mobile communication and mobile services will achieve attractive margins for years.

Africa leads in mobile banking, because only few Africans have traditional bank accounts. However, most of them have access to a mobile phone. The simple SMS payment system m-Pesa has established itself as a leader in Africa and gives millions of people there now the chance to be part of the economic life. In addition, African immigrants remit billions of dollars to the

people in their homelands. Thus, migration has a tremendous potential for VoIP and simple value-added services and applications.

VoIP Services Market Opportunity Assessment 2016 - 2020

Future Market Insights (FMI), a London based premier provider of syndicated research, has studied the VoIP services market and provides a detailed analysis, offering an understanding of the driving forces behind the popularity of these services in the global communication industry.

The report also provides analysis of the major sub-segments of the global VoIP services market for the next six years, including details of the industry drivers, restraints, market trends and market structure.

Some excerpts of the Analysis

- Growth of the global VOIP services market is driven by technological advancements, leading to roll out of advanced networks and increased usage of these services over various networks. Business customers adopting cloud-based VoIP services due to cost efficiency and packaged service offerings is another factor driving growth. The market is further being driven by telecommunication players constantly diversifying to offer customers VoIP services.
- Future Markets Insight (FMI) forecasts that the number of subscribers in the corporate consumer segment will increase to around 204.8 billion by 2020, accounting for US$ 86.20 billion in terms of revenue.
- The machine to machine (M2M) segment of the VoIP services market is expected to account for US$ 24.74 billion with 72.2 billion subscribers by 2019.
- Phone to phone segment is expected to increase to US$ 44.78 billion by 2019 with 116.5 billion subscribers by 2019.
- The computer to phone segment is projected to increase to US$ 56.56 billion with a 128.3 billion strong subscriber base by 2019.
- Of all, phone to phone VOIP services is the fastest growing segment, expected to increase rapidly in terms of subscriber base and revenue up to 2019.
- This robust growth is attributed to service providers transitioning from circuit-switched networks to packet-switched networks. Hence the market has been witnessing a shift from traditional telephony using CDMA or GSM technology, to VoIP services using cellular networks such as 3G and 4G.

Some of the market restraints include low public acceptance of VoIP services in the residential consumer segment. However, with need to make international or long-distance calls growing constantly due to a moving working force or migrating population, the impact of low public acceptance is expected to decline to low over the forecast period.

In addition, certain regulations or policies implemented by regional governments in emerging economies to protect or safeguard local telecom industry is hampering growth of the global VOIP services market to a large extent. The impact of this however, is expected to decline from high to medium and then to low by the end of the forecast period.

2. Upco Mobile – The Smartphone Application

Upco plans to release its Upco Mobile application in late 2017.

Upco Mobile will be the first service of the Upco product family, a free to download mobile-based data application, which allows customers to send and receive international calls with the advantages of Upco's existing VoIP Wholesale network worldwide. Upco Mobile will be also available in those countries and underdeveloped infrastructures, where most of the recent versions of key player applications can rarely be used there.

The application is designed to work on any mobile or WiFi network in all available bandwidth data environments and will be available for:

Upco plans to release new versions of operating systems every few months, and with each version there will be changes in the device's API, access to audio drivers and other pitfalls.

Upco intends to always keep Upco Mobile up to date and tested against developer beta releases.

Designed to offer unparalleled user experience designed to work from any network

- HD Audio and Video
- Secure Communication (Encryption)
- Presence status + last seen
- One to one chats
- Group chats
- Multimedia sharing and geo location
- Enhanced Address Book (users discovery)
- Sign up using Phone Number (with SMS verification), Google+, Facebook or Email
- Integration with 3rd party systems for offnet calling and SMS
- WebRTC Interworking
- Push Technology

Upco Mobile is intended to enable fully secure communications, social media, namely connecting users and sharing pictures, locations, international airtime top up, International and national calls and chatting with the advantages of Upco's existing VoIP Wholesale network worldwide.

Beside the basic functionalities Upco Mobile is intended to offer encrypted communication and be available in Upco's GSM partner networks.

3. A2P SMS

Following the establishment of a good customer base for Upco Mobile, Upco plans to start its A2P SMS business division in December 2017.

The A2P SMS application is intended to manage SMS for any SIM card. Upco intends to enter into the SMS wholesale market with its A2P SMS application.

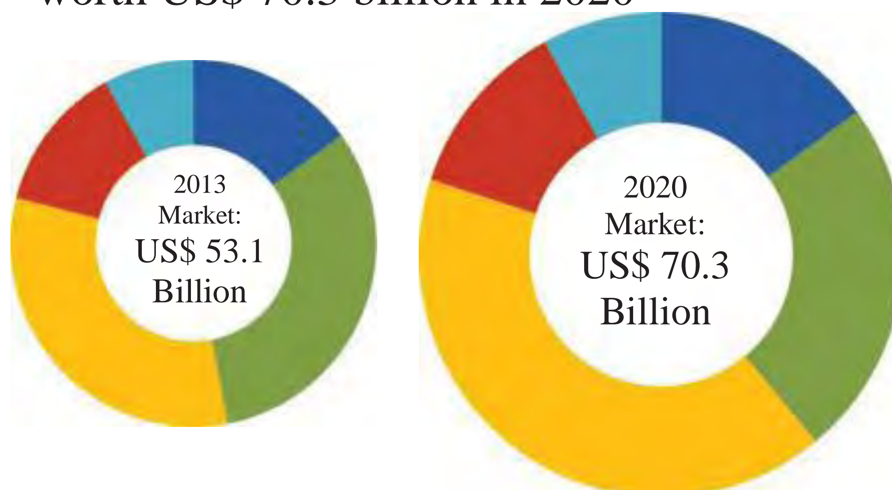
Global A2P SMS Market

Application-to-person (A2P) SMS is a service in which an SMS is sent from an application, especially a web application, to a mobile subscriber. The global A2P SMS market is driven by greater mobile marketing activities and growth in mobile banking and mobile payments. Additionally, technological innovations and development of new SMS platform tools with integrated application programming interface (APIs) are further expected to fuel the market growth until 2020. This market is segmented on the basis of applications and geography.

The various application segments in the global A2P SMS market include promotional campaigns which are projected to exhibit strong growth for the upcoming years, pushed content services, customer relationship management services, interactive services, and other inquiry based services. A2P SMS is preferred over other content delivery mediums as it offers multiple advantages.

Compelling reasons why SMS is still a channel of choice

SMS is "the" original mobile phone application and is installed on every handset in the world. SMS is global, whereas other services are fragmented. In Asia people are using Line, WeChat, and Kakao, WhatsApp is dominant in Europe and Apple's iMessage rules the States. And in parts of the world where data bandwidth becomes a real challenge, SMS is unaffected.



SMS is also the most secure and reliable option for A2P communications. This is important for all organizations and providers who are sending sensitive data.

The Fields of Use are Versatile

A2P SMS are mostly used in industries like marketing, media, healthcare, insurance, entertainment, banking, tourism, financial services, and retail. The market for A2P SMS consists of several participants like SMS gateway providers, SMS aggregators, telecom operators, resellers, and bulk SMS providers.

Upco's Target Markets

Geographically, Asia Pacific was the leading regional market for A2P SMS, with around more than 40% share in total revenue generated in 2013. Strong growth of e-commerce and insurance industry in China, India and other emerging economies for the region are driving demand for A2P SMS.

North America and Europe are additional important regions for A2P SMS market. Latin America, Africa and Middle East are also expected to experience significant growth of A2P SMS market until 2020.

Revenue Model

VoIP

Upco records revenue based on "prices charged for minutes" for minutes provided to arm's length and non-arm's length parties, which prices are outlined in specific agreements and for which Upco issues invoices.

Similarly, Upco records cost of revenue based on "prices charged for minutes" for minutes used by arm's length and non-arm's length parties as outlined in specific agreements and for which Upco is invoiced.

All of the revenue in Upco's income statement is from reciprocal transactions.

The agreements between Upco and its customers set forth the price per minute for customers using Upco's service.

Minutes used by customers are recorded by a third party service company, which provides Upco with a detailed summary of minutes utilized by each customer. Upon receipt of the summary of minutes from the service company, Upco applies the price per minute for that specific customer (as per the underlying agreement) and invoices accordingly. This represents Upco's revenue. Similarly, the "reciprocal" portion of this type of transaction is that the customer will charge Upco for utilizing its network/minutes, for which Upco is invoiced and records in cost of sales.

Upco Mobile App

Upco mobile makes money primarily through Upco credits or monthly subscriptions. While Upco-to-Upco calls, video calls, and group calls are free, calls and text messages to non-users require Upco credits. These credits allow Upco users to make calls to land lines, send text messages anywhere in the world, or purchase an Upco number so that users can receive calls from anywhere in the world on their Upco account.

Upco offers Upco to Go, a service that allows low-cost international calls from mobile phones and landlines. No matter what location, an Upco To Go subscriber can dial a local number (that they purchase) to call international contacts. For instance, an Upco user in London wishing to speak to a New York colleague simply has to add the New Yorker into his/her Upco To Go contacts list. A local number will be issued by Upco, which the Londoner can dial to be connected to his/her American counterpart.

Upco offers Upco to International, a service that allows users to recharge mobile airtime anywhere in the world. Any Upco user can easily use Upco credits to recharge any international prepaid mobile number (this is important for the Africa market). Here revenues come from two sources: foreign exchange in favor of Upco and fees for airtime top-up.

Upco offers Upco to money, a service that allows money transfer between users; revenues will be generated by a fee for each transaction.

Upco offers Upco to family, a service that allows Upco users to help relatives far away to take medicines, and pay for tickets, school and other local uses by using Upco credits.

A2P SMS

Upco intends to offer to the mid-size financial market segment a cloud SMS gateway able to provide security with SMS service so users can perform many types of transaction.

Upco intends to offer Machine to Machine SMS information to users who wish to receive information on many components of their industry.

Upco intends to offer health services by providing SMS alerts for emergencies.

These SMS services are expected to generate fees.

Product Development

The development of the Upco Mobile application has been completed. The application is currently being tested for bugs, and bugs are being fixed as they occur.

Upco's product development follows industry standard practice for mobile device applications. Standard practices such as analysis and product definition, creation and validation of system requirements, development of system design and architecture, coding, testing and quality assurance are utilized. Industry best practices are adhered to for reliability, deployment of the software and customer support.

Production and Sales

Upco promotes its services using direct sales efforts by having its directors and officers participate at fairs and big events to reinforce its relationship with carriers.

Any specialized and knowledge requirements to drive the Upco wholesale business are provided by management of Upco.

Upco's brand is probably the most important element for marketing purposes and it is expected to drive up the value of the Company. The introduction of the Upco Mobile into the market will reinforce Upco's brand by creating value proposition from the end user scale up to enterprise scale.

Although it is possible that wholesale contracts could be terminated within the 12 months following the date of this Listing Statement, a contract would only be terminated if there were good reasons not to renew. Usually both parties would benefit from the contract continuing. In the past 3 years Upco did not terminate any relevant contract which was productive.

Upco did not have any employees during its most recently completed financial year. Upco outsources its services directly to salesforce people and to a service company which maintains and operates the telecom infrastructure of Upco.

Upco is not dependent on any single contract to provide wholesale VoIP services. During Upco's most recently completed financial year, revenue from each of Upco's five largest customers provided more than 10% of Upco's total revenues.

Upco expects an increase in profitability in the next financial year since the worldwide telecommunication sector is affected by a huge development in areas like Africa and South America which are expected to increment Upco's revenue stream.

Due to Upco's long term relations on management level with local telecom operators, it is in the principal market which is now attracting the largest percentage of telecom arena partners, which market is comprised of Africa, South America and the Middle East. Upco is driving major percentages of revenues in Africa and it will soon add local partners in South America and the Middle East to increase Upco's competitive position.

The Issuer and Upco do not have any lending operations nor have there ever been any bankruptcies proceedings against them, and they have not restructured themselves during the past three years.

Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

(1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or

amount of any payments or distributions to be made under the asset-backed securities.

(2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

(a) the composition of the pool as of the end of each financial year or partial period;

(b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees; and

(e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

(3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

(4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

(6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

The Issuer does not have any asset-backed securities outstanding.

4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

The Issuer does not have a mineral project.

4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

The Issuer does not have any oil and gas operations.

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

(a) net sales or total revenues;

(b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

(c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

(d) total assets;

(e) total long-term financial liabilities as defined in the Handbook;

(f) cash dividends declared per share for each class of share; and

(g) such other information as would enhance an investor’s understanding of the Issuer’s financial condition and results of operations and would highlight other trends in financial condition and results of operations.

The following financial information is derived from the Issuer’s audited financial statements for the years indicated. This summary is qualified by, and should be read in conjunction with, the Issuer’s financial statements, including the notes thereto and the accompanying management’s discussion and analysis, included elsewhere in this Listing Statement. The Issuer’s fiscal year-end is June 30.

	Audited for the year ended June 30, 2017	Audited for the year ended June 30, 2016	Audited for the year ended June 30, 2015
Interest income	443	973	737
Total income (loss)	$(181,814)	$(95,325)	$(151,549)
Basic and diluted income (loss) per share	$(0.02)	$(0.01)	$(0.02)
Total assets	$14,685	$162,724	$248,158
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends per share	Nil	Nil	Nil

Discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

The Company's expenses for the year ended June 30, 2015 included costs incurred in connection with the filing of the Company's non-offering prospectus and the listing of the Company's common shares on the CSE resulting in a relatively high loss for said financial year. During the financial year ended June 30, 2015 the Company raised a total of $231,375 through the issuance of securities and increased its exploration and evaluation assets by $28,971 resulting in an increase in total assets of $95,402. During the financial year ended June 30, 2016 the Company did not raise any funds through the issuance of securities while still incurring the operating expenses of an exchange listed reporting issuer resulting in a decrease in the Company's assets which decrease was partially offset by an increase in the Company's exploration and evaluation assets of $18,629. During the financial year ended June 30, 2017 the Company issued 142,500 common shares in settlement of $8,550 in debt and did not raise any funds through the issuance of securities. All of the Company's Seneca claims lapsed during the financial year ended June 30, 2017 and the Company wrote off the capitalized costs of $57,078.

Upco

The following financial information is derived from the Upco's audited financial statements for the years indicated. This summary is qualified by, and should be read in conjunction with, Upco's financial statements, including the notes thereto and the accompanying management's discussion and analysis, included elsewhere in this Listing Statement. Upco's fiscal year-end is December 31.

	Audited for the year ended December 31, 2016	Audited for the year ended December 31, 2015	Audited for the period from incorporation to December 31, 2014
Revenue	US$12,068,708	US$2,527,155	US$66,561
Total income (loss)	US$(608,557)	US$15,493	US$(30,641)
Basic and diluted income (loss) per share	US$(3,042.79)	US$77.47	US$(153.21)
Total assets	US$1,248,241	US$1,231,809	US$803,800
Total long-term financial liabilities	US$1,578,212	US$911,902	US$456,425
Cash dividends per share	Nil	Nil	Nil

Discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

Upco's revenue for the year ended December 31, 2015 of US$2,527,155 was substantially higher than that of US$66,561 for the period from incorporation on August 13, 2014 to December 31, 2014 due to Upco's business operating for a full year versus a partial year of just over four months during which partial year the business started up. As a result of the business operating for a full year versus a partial year, Upco's cost of revenue and operating expenses for the year ended December 31, 2015 were substantially higher at US$2,520,115 than those of US$162,235 for the period from incorporation on August 13, 2014 to December 31, 2014, which, together with other income of $8,453 during the year ended December 31, 2015 resulted in a net income of US$15,493 for the year ended December 31, 2015, and, together with other income of $65,033 during the period from incorporation on August 13, 2014 to December 31, 2014 resulted in a net loss of US$(30,641) for the period from incorporation on August 13, 2014 to December 31, 2014.

During the financial year ended December 31, 2016 Upco's revenue increased from US$2,527,155 during the previous financial year to US$12,068,708. Upco's cost of revenue and operating expenses increased from US$2,520,115 during the financial year ended December 31, 2015 to US$12,660,917 and its net income decreased from US$15,493 to US$(608,557).

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 5.1.

Quarterly information for the Issuer as is follows:

	Q4 Jun 30, 2017	**Q3 Mar 31, 2017**	**Q2 Dec 31, 2016**	**Q1 Sep 30, 2016**	**Q4 Jun 30, 2016**	**Q3 Mar 31, 2016**	**Q2 Dec 31, 2015**	**Q1 Sep 30, 2015**
Net revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total income (loss)	$(120,323)	$(19,906)	$(24,644)	$(16,941)	$(20,996)	$(26,342)	$(26,939)	$(21,048)
Basic and diluted income (loss) per share	($0.01)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)

<u>**Upco**</u>

Upco is not a reporting issuer and has not prepared quarterly financial statements.

5.3 Dividends – disclose:

(a) any restriction that could prevent the Issuer from paying dividends; and

(b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

The Issuer has not paid dividends in the past and does not anticipate paying dividends in the near future. The Issuer expects to retain any earnings to finance future growth and, when appropriate, retire debt.

Upco

Upco has not paid dividends in the past and does not anticipate paying dividends in the near future. Upco expects to retain any earnings to finance future growth and, when appropriate, retire debt.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

(a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

(b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Not applicable.

6. Management's Discussion and Analysis

Annual MD&A

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor’s report on the financial statements for the Issuer’s most recently completed financial year.

The following management’s discussion and analysis for the Issuer is as of September 1, 2017.

The following management’s discussion and analysis for Upco is as of July 5, 2017.

6.2 Overall Performance - Provide an analysis of the Issuer’s financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer’s business. Compare the Issuer’s performance in the most recently completed financial year to the prior year’s performance. The analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

(b) other parts of the business if

  (i) they have a disproportionate effect on revenues, income or cash needs, or

  (ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

(c) industry and economic factors affecting the Issuer's performance;

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

MD&A for the Issuer

Years ended June 30, 2017 and June 30, 2016

Overall Performance

The Company has no operational revenue, and exploration activity is subject to the availability of funds raised through financings. Global financial and commodity markets have been volatile, and the Company is thus impacted by these generic industry factors which are beyond its control. The Company anticipates obtaining additional financing in the future primarily through further equity financing.

The Company did not raise any funds through the issuance of securities during the financial year ended June 30, 2016. During the financial year ended June 30, 2017 the Company issued 142,500 common shares in settlement of $8,550 in debt and did not raise any funds through the issuance of securities. All of the Company's Seneca claims lapsed during the financial year ended June 30, 2017 and the Company wrote off the capitalized costs of $57,078. The Company is evaluating other concessions and also working on closing the acquisition of Upco Systems Inc. pursuant to a share exchange agreement entered into effective May 26, 2017.

Results of Operations

The Company's comprehensive loss for the year ended June 30, 2017 was $181,814 or $0.02 per Common Share (2016: $95,325 or $0.01 per Common Share). The increase in loss of $86,489 mainly resulted from increases in write

off expenses of exploration and evaluation assets of $57,078, share-based payments of $22,300 and professional fees of $8,016, which increases were partially offset by a decrease in field expenses of $4,408.

The Company capitalizes all mineral property acquisition and exploration costs until the properties to which the costs are related are placed into production, sold or abandoned. The decision to abandon a property is largely determined by exploration results and the amount and timing of the Company's write-offs of capitalized mineral property costs will vary in a fiscal period from one year to the next and typically cannot be predicted in advance.

During the year ended June 30, 2017, mineral property acquisition and exploration costs were $Nil.

All of the Company's Seneca claims lapsed during the financial year ended June 30, 2017 and the Company wrote off the capitalized costs of $57,078.

Liquidity and Capital Resources

At June 30, 2017, the Company had working capital of $10,961.

At present, the Company's operations do not generate cash flow.

In order to finance the Company's programs and to cover general and administrative expenses, the Company raises money through equity issues. Many factors influence the Company's ability to raise funds, including the health of the junior equity market, the climate for investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Company's activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond management's control.

MD&A for Upco

Years ended December 31, 2016 and December 31, 2015

Overall Performance

Upco derives its revenue from telecommunication wholesale services. Upco's main service is to provide long-distance services through access to its network, which has the capability to track pertinent data for each individual call to a particular country destination. This allows Upco to rate each call by applying predetermined long-distance rates by country to the volume of minutes provided.

Upco enters into reciprocal transactions pursuant to which Upco may purchase minutes to specific destinations at predetermined rates and the counterparty may purchase minutes from Upco to specific destinations at predetermined rates. Upco

earns its revenues from access to, and usage of, its telecommunications network by the counterparty, based on these reciprocal transactions. The number of minutes purchased and sold in a reciprocal transaction are not necessary equal. Upco recognizes revenue and related cost of revenue for these reciprocal transactions based on the prices charged for minutes.

Upco has incurred certain costs related to its development of a smartphone application, which will allow a customer to send and receive local and international long-distance calls through an internet connection with the advantages of Upco's existing VoIP network.

At December 31, 2016 and 2015, management of Upco has assessed the intangible asset for recoverability and no events or circumstances indicated that the carrying value may not be recoverable. Therefore, there was no impairment of this asset at December 31, 2016 and 2015.

The intangible asset was not ready for use until subsequent to December 31, 2016, and therefore no amortization has been recorded. Once ready for use, the asset will commence to be amortized on a straight line basis over its estimated useful life of three years.

Upco's intended business objectives for the next 12-month period are to start its Upco Mobile business division and start its A2P (application to person) SMS (short message service) business division.

Results of Operations

Upco's comprehensive loss for the year ended December 31, 2016 was US$608,575 or US$3,042.79 per common share (2015: US$(15,493) or US$77.47 per common share). The increase in loss of $56,224 mainly resulted from increases in the cost of revenue of US$9,765,589 which was largely offset by an increase in revenue of US$9,541,553, and increases in operating expenses mainly comprised of increases in IT and communication of US$143,006, research and development of US$125,744, professional fees of US$79,334, consulting fees of US$67,159, office expenses of US$17,951 and management fees of US$12,248 which increases were partially offset by decreases in interest and bank charges of US$46,517, finance costs of US$20,881, bad debts of US$9,515 and salaries and wages of US$7,467.

For the year ended December 31, 2016 Upco recorded an intangible asset of US$351,850 compared to US$85,941 for the year ended December 31, 2015. The intangible asset was not ready for use until subsequent to December 31, 2016, and therefore no amortization has been recorded. Once ready for use, the asset will commence to be amortized on a straight line basis over its estimated useful life of three years.

Liquidity and Capital Resources

At December 31, 2016, Upco had working capital of US$495,256 compared to US$700,105 at December 31, 2015. The difference in working capital mainly resulted from a decrease in Upco's cash position of US$145,849 a decrease in accounts payable of US$86,224 which decreases in current assets were partially offset by a decrease in current liabilities of US$41,321.

As at the date of this management's discussion and analysis, Upco has incurred losses and its liabilities exceed the value of its financial assets. Upco's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Upco's ability to continue as a going concern.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit Upco to continue as a going concern.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

The following table provides selected annual financial information for the Issuer for the three most recently completed financial years:

	Audited for the year ended June 30, 2017	Audited for the year ended June 30, 2016	Audited for the year ended June 30, 2015
Interest income	443	973	737
Total income (loss)	$(181,814)	$(95,325)	$(151,549)
Basic and diluted income (loss) per share	$(0.02)	$(0.01)	$(0.02)
Total assets	$14,685	$162,724	$248,158
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends per share	Nil	Nil	Nil

Upco

The following financial information is derived from the Upco's audited financial statements for the years and period indicated.

	Audited for the year ended December 31, 2016	Audited for the year ended December 31, 2015	Audited for the period from incorporation to December 31, 2014
Revenue	US$107,334	US$2,527,155	US$66,561
Total income (loss)	US$(608,557)	US$15,493	US$(30,641)
Basic and diluted income (loss) per share	US$(3,042.79)	US$77.47	US$(153.21)
Total assets	US$1,248,241	US$1,231,809	US$803,800
Total long-term financial liabilities	US$1,578,212	US$911,902	US$456,425
Cash dividends per share	Nil	Nil	Nil

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

The Company's expenses for the year ended June 30, 2015 included costs incurred in connection with the filing of the Company's non-offering prospectus and the listing of the Company's common shares on the CSE resulting in a relatively high loss for said financial year. During the financial year ended June 30, 2015 the Company raised a total of $231,375 through the issuance of securities and increased its exploration and evaluation assets by $28,971 resulting in an increase in total assets of $95,402. During the financial year ended June 30, 2016 the Company did not raise any funds through the issuance of securities while still incurring the operating expenses of an exchange listed reporting issuer resulting in a decrease in the Company's assets which decrease was partially offset by an increase in the Company's exploration and evaluation assets of $18,629. During the financial year ended June 30, 2017 the Company issued 142,500 common shares in settlement of $8,550 in debt and did not raise any funds through the issuance of securities. All of the Company's Seneca claims

lapsed during the financial year ended June 30, 2017 and the Company wrote off the capitalized costs of $57,078.

Upco

Upco's revenue for the year ended December 31, 2015 of US$2,527,155 was substantially higher than that of US$66,561 for the period from incorporation on August 13, 2014 to December 31, 2014 due to Upco's business operating for a full year versus a partial year of just over four months during which partial year the business started up. As a result of the business operating for a full year versus a partial year, Upco's cost of revenue and operating expenses for the year ended December 31, 2015 were substantially higher at US$2,520,115 than those of US$162,235 for the period from incorporation on August 13, 2014 to December 31, 2014, which, together with other income of $8,453 during the year ended December 31, 2015 resulted in a net income of US$15,493 for the year ended December 31, 2015, and, together with other income of $65,033 during the period from incorporation on August 13, 2014 to December 31, 2014 resulted in a net loss of US$(30,641) for the period from incorporation on August 13, 2014 to December 31, 2014.

During the financial year ended December 31, 2016 Upco's revenue increased from US$2,527,155 during the previous financial year to US$12,068,708. Upco's cost of revenue and operating expenses increased from US$2,520,115 during the financial year ended December 31, 2015 to US$12,660,917 and its net income decreased from US$15,493 to US$(608,557).

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

(b) any other significant factors that caused changes in net sales or total revenues;

(c) cost of sales or gross profit;

(d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

(e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

The Company's comprehensive loss for the year ended June 30, 2017 was $181,814 or $0.02 per Common Share (2016: $95,325 or $0.01 per Common Share). The increase in loss of $86,489 mainly resulted from increases in write off costs of exploration and evaluation assets of $57,078, share-based payments of $22,300 and professional fees of $8,016, which increases were partially offset by a decrease in field expenses of $4,408.

Mainly as a result of writing off $57,078 in exploration and evaluation assets and a decrease of $87,143 in cash and cash equivalents, the Company assets decreased by $148,039. The Company did not raise any funds through the issuance of securities during the financial year ended June 30, 2017.

The Company had a cash and cash equivalents balance as at June 30, 2017 of $13,875 (2016 - $105,000), with working capital of $10,961 (2016 $97,561).

Upco

Upco's comprehensive loss for the year ended December 31, 2016 was US$608,575 or US$3,042.79 per common share (2015: US$(15,493) or US$77.47 per common share). The increase in loss of $56,224 mainly resulted from increases in the cost of revenue of US$9,765,589 which was largely offset by an increase in revenue of US$9,541,553, and increases in operating expenses mainly comprised of increases in IT and communication of US$143,006, research and

development of US$125,744, professional fees of US$79,334, consulting fees of US$67,159, office expenses of US$17,951 and management fees of US$12,248 which increases were partially offset by decreases in interest and bank charges of US$46,517, finance costs of US$20,881, bad debts of US$9,515 and salaries and wages of US$7,467.

For the year ended December 31, 2016 Upco recorded an intangible asset of US$351,850 compared to US$85,941 for the year ended December 31, 2015. The intangible asset was not ready for use until subsequent to December 31, 2016, and therefore no amortization has been recorded. Once ready for use, the asset will commence to be amortized on a straight line basis over its estimated useful life of three years.

At December 31, 2016 Upco had a cash balance of US$45,116 (2015 US$190,965), with working capital of US$495,256 (2015 - US$700,105).

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Quarterly information for the Issuer:

	Q4 Jun 30, 2017	Q3 Mar 31, 2017	Q2 Dec 31, 2016	Q1 Sep 30, 2016	Q4 Jun 30, 2016	Q3 Mar 31, 2016	Q2 Dec 31, 2015	Q1 Sep 30, 2015
Net revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total income (loss)	$(120,323)	$(19,906)	$(24,644)	$(16,941)	$(20,996)	$(26,342)	$(26,939)	$(21,048)
Basic and diluted income (loss) per share	($0.01)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)

During the three months ended June 30, 2017, the Company wrote off the capitalized costs of its Seneca claims of $57,078 and recorded share-based payments of $29,7501 which expenses were the main reasons for the Company's substantially higher loss for said quarter.

There are no general trends with respect to the Company's quarterly results.

Upco

Upco is not a reporting issuer and has not prepared quarterly financial statements.

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

(c) its working capital requirements;

(d) liquidity risks associated with financial instruments;

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

(h) defaults or arrears or anticipated defaults or arrears on

a. dividend payments, lease payments, interest or principal payment on debt,
b. debt covenants during the most recently completed financial year, and
c. redemption or retraction or sinking fund payments; and

(i) details on how the Issuer intends to cure the default or arrears.

As at June 30, 2017, the Company had a cash and cash equivalents balance of $13,875 (2016 - $105,000), with working capital of $10,961 (2016 $97,561).

In addition to its cash on hand at the end of the quarter, the Company had the following options issued and outstanding:

Quantity	Type	Exercise Price	Expiry Dates
500,000	Incentive Stock Options	$0.10	July 30, 2019
100,000	Incentive Stock Options	$0.10	January 2, 2020
100,000	Incentive Stock Options	$0.10	January 6, 2021
200,000	Incentive Stock Options	$0.20	January 16, 2022

Upco

At December 31, 2016 Upco had a cash balance of US$45,116 (2015 US$190,965), with working capital of US$495,256 (2015 - US$700,105).

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

(ii) the expected source of funds to meet these commitments, and

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that the Issuer has arranged but not yet used.

As at the date of this management's discussion and analysis, At present, the Company's operations do not generate cash.

In order to finance the Company's programs and to cover general and administrative expenses, the Company raises money through equity issues. Many factors influence the Company's ability to raise funds, including the health of the junior equity market, the climate for investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Company's activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond management's control.

Upco

As at the date of this management's discussion and analysis, Upco has incurred losses and its liabilities exceed the value of its financial assets. Upco's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Upco's ability to continue as a going concern.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit Upco to continue as a going concern.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

(a) a description of the other contracting part(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Upco

As of the date of this MD&A, Upco does not have any off-balance sheet arrangements.

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

Related Party transactions include transactions with key management personnel and their related parties who hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

During the year, $60,000 (2016 - $58,500) in consulting fees and $Nil (2016: $9,920) in geological services were paid or accrued to JNS Capital Corp (a corporation owned by a director and officer of the company).

During the year $2,000 (2016: $3,000) was charged by HWG, Chartered Professional Accountants (a firm in which the CFO is a partner). Included in accounts payable and accrued liabilities at year-end is $Nil (2016: $4,200) owing to the firm.

During the year Nil (2016: 100,000) options were granted to related parties.

During the period from incorporation to June 30, 2017, there were no other short-term, postemployment, other long-term, or termination benefits incurred with key management personnel.

Upco

During the years ended December 31, 2016 and 2015, Upco entered into the following transactions with related parties:

(i) Recorded US$265,909 (2015 - US$85,941) in software development fees, which have been recorded as intangible asset, to a company controlled by an officer and director of Upco.
(ii) Recorded US$125,744 (2015 - US$Nil) in research and development to a company controlled by an officer and director of Upco.
(iii) Recorded US$190,921 (2015 - US$81,845) in IT and communication fees to a company controlled by an officer and director of Upco.
(iv) Recorded US$12,248 (2015 - US$Nil) in management fees to an officer and director of Upco.
(v) Recorded US$37,317 (2015 - US$Nil) in consulting fees to an officer and director of Upco.
(vi) Recorded US$16,520 (2015 - US$21,209) in interest expenses for loans made to Upco by a company controlled by an officer and director of Upco.

Upco recorded revenue of US$198,654 (2015 - US$39,846) and cost of revenue of US$303 (2015 - US$637), for transactions with a company controlled by an officer and director of Upco.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of

operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

Not applicable.

Upco

Not applicable.

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

The expected effect of the acquisition of Upco Systems Inc. on the operating results and financial position of the Issuer is that the Issuer will have revenue from operating Upco's business rather than only having losses from mineral exploration activities. As at the date of this management's discussion and analysis the proposed acquisition is being reviewed by the Canadian Securities Exchange and is subject to shareholder approval.

Upco

Proposed Transactions

On May 26, 2017, the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement") with Upco and Aduna Holding GmbH ("Aduna"). Pursuant to the Share Exchange Agreement, the Company will acquire all of the issued and outstanding common shares of Upco through the issuance of 33,000,000 common shares, at a deemed price of $0.06 per share. A finder's fee of 2,000,000 shares will be paid at closing.

At closing and at the sole discretion of the board of directors of the Company as constituted immediately after the time of closing, the Company will grant options to certain directors, officers, employees and consultants of the Company and Upco to purchase up to 3,722,500 common shares in the capital of the Company at an exercise price of $0.06 or as may be allowed by and regulatory authority.

Closing of the proposed transaction is subject to a number of conditions being satisfied or waived at or prior to closing, including the following:

- No material adverse change with respect to Upco or its business having occurred prior to closing of the Share Exchange Agreement;
- The receipt of all required regulatory and Canadian Securities Exchange approvals; and

- The transaction represents a fundamental change pursuant to the Policies of the Canadian Securities Exchange, and is subject to approval by the Company's shareholders.

As a result of the acquisition of Upco by the Company, Upco will become a wholly-owned subsidiary of the Company.

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

(ii) describe the accounting principle that has been adopted and the method of applying that principle,

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives,

(B) identify the alternatives,

(C) describe why management made the choice that you did, and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

There have not been any changes in the Issuer's accounting policies since the beginning of the most recently completed financial year.

Upco

There have not been any changes in Upco's accounting policies since the beginning of the most recently completed financial year.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial

statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

Financial Instruments

a) Disclosures

The Company's financial instruments consist of cash and cash equivalents, interest receivable, accounts payable and accrued liabilities.

The carrying values of the above approximate their respective fair values due to the short-term nature of these instruments. There were no financial instruments carried at fair value at June 30, 2017 and 2016.

b) Financial instrument risk exposure and risk management

(i) Credit risk:
Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. With cash on deposit with sound financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

(ii) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2017, the Company had current liabilities totaling $2,914 (2016: $7,439) and cash and cash equivalents of $9,115 (2016: $96,258) and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

(iii) Market risk:
Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

c) Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares and accumulated deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the years ended June 30, 2017 and 2016. The Company is not subject to any external covenants.

Upco

Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when Upco has become party to the contractual provisions of the instruments.

Upco's financial instruments primarily consist of cash (classified as held-for-trading), accounts receivables and due from related party (classified as loans and receivables), accounts payable and accrued liabilities (classified as other financial liabilities) and loans payable (classified as other financial liabilities). The fair values of these financial instruments approximate their carrying values. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification.

Loans and receivables and other financial liabilities are initially measured at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period profit and loss.

Held-for-trading financial instruments are measured at fair value. All gains and losses are included in profit and loss for the periods in which they arise.

A fair value hierarchy is used to determine the significance of inputs used in fair value measurement.

The three levels of the fair value hierarchy are:

(i) Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
(iii) Level 3 - inputs that are not based on observable market data.

During the years ended December 31, 2016 and 2015, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

Financial Risk Management

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies. Upco’s Audit Committee oversees how management monitors compliance with Upco’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by Upco.

Upco’s risk management policies are established to identify and analyze the risks faced by Upco, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Upco’s activities.

Upco has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. Trade receivables are the most significant financial instrument that is exposed to credit risk.

Upco’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of Upco’s customer base, including the default risk of the industry, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

A credit policy is established under which each new customer is analyzed individually or in groups for creditworthiness and given appropriate credit limits. Upco’s review includes agent review, external ratings when available, and in some cases, bank references. Credit limits are established for each customer and these limits are reviewed on an ongoing basis. Customers that fail to meet Upco’s creditworthiness benchmark may transact with Upco only on a prepayment basis.

Trade and other receivables relate mainly to Upco’s customers.

Upco establishes an allowance for doubtful accounts that represents its estimate of uncollectible accounts in respect of trade and other receivables. The allowance for doubtful accounts is used to record potential impairment losses unless Upco is satisfied that no recovery of the amount owing is possible, at which point the amounts are written-off against the financial asset directly.

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk associated with cash and cash equivalents are minimized significantly by ensuring that these financial instruments are placed with major financial institutions. Credit risk associated with trade and other receivables is mitigated by Upco's large and unrelated customer base and the application of its credit evaluation, control and monitoring processes.

Liquidity risk

Trade liquidity risk is the risk that Upco will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Upco manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. Upco does not currently believe it will encounter difficulty in meeting its obligations associated with its financial liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Upco manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. The following are the contractual maturities of financial liabilities, including estimated interest payments.

Currency risk

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. Upco's functional currency is the US dollar, but it regularly transacts in EUR for a portion of its business activities. The value of financial instruments or cash flows associated with the instruments denominated in US dollars will be affected by changes in the exchange rate fluctuations in the market between the EUR and US dollar.

An analysis of the US dollar against the EUR was performed as at December 31 of each year based on Upco's currency risk exposure. The results of the analysis resulting in an increase or decrease on Upco's profit or loss and equity was not considered significant. Upco does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

Upco's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's note and lease obligations. Upco does not currently use derivative instruments to limit interest rate risks.

There has been no change to Upco's exposure to market risks or the manner in which these risks are managed and measured from the prior year.

Interim MD&A

6.15 Date - Specify the date of the interim MD&A.

The following management discussion and analysis for the Issuer is as at October 10, 2017.

Upco

The following management's discussion and analysis for Upco is as of September 13, 2017.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Interim MD&A for the Issuer

Three months ended September 30, 2017 and September 30, 2016

Results of Operations

The Company's comprehensive loss for the three months ended September 30, 2017 was $5,807 or $0.00 per Common Share (2016: $16,941 or $0.00 per

Common Share). The decrease in loss of $11,081 resulted mainly from a decreases in consulting fees expenses of $15,000.

For the three months ended September 30, 2017, mineral property acquisition and exploration costs were $Nil (2016: $Nil).

Liquidity and Capital Resources

At September 30, 2017, the Company had working capital of $5,154 compared to $80,700 at September 30, 2016.

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover general and administrative expenses, the Company raises money through equity issues. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

Summary of Quarterly Results

	Q1 Sep 30, 2017	**Q4 Jun 30, 2017**	**Q3 Mar 31, 2017**	**Q2 Dec 31, 2016**	**Q1 Sep 30, 2016**	**Q4 Jun 30, 2016**	**Q3 Mar 31, 2016**	**Q2 Dec 31, 2015**
Net revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total income (loss)	$(5,807)	$(120,323)	$(19,906)	$(24,644)	$(16,941)	$(20,996)	$(26,342)	$(26,939)
Basic and diluted income (loss) per share	($0.00)	($0.01)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)

During the three months ended June 30, 2017, the Company wrote off the capitalized costs of its Seneca claims of $57,078 and recorded share-based payments of $29,7501 which expenses were the main reasons for the Company's substantially higher loss for said quarter.

There are no general trends with respect to the Company's quarterly results.

Results of Operations

The Company's comprehensive loss for the three months ended September 30, 2017 was $5,807 or $0.00 per Common Share (2016: $16,941 or $0.00 per Common Share). The decrease in loss of $11,081 resulted mainly from a decreases in consulting fees expenses of $15,000.

During the three months ended September 30, 2017 the Company did not raise any funds through the issuance of securities while still incurring the operating expenses of an exchange listed reporting issuer resulting in a decrease in the Company's assets of $5,807 since June 30, 2017.

The Company had a cash and cash equivalents balance as at September 30, 2017 of $3,247 (June 30, 2017 - $9,115), with working capital of $5,154 (June 30, 2017 $10,961).

Liquidity

As at September 30, 2017 the Company had a cash and cash equivalents balance of $3,247 (June 30, 2017 - $9,115), with working capital of $5,154 (June 30, 2017 $10,961).

In addition to its cash on hand at the end of the quarter, the Company had the following options and warrants issued and outstanding:

Quantity	Type	Exercise Price	Expiry Dates
500,000	Incentive Stock Options	$0.10	July 30, 2019
100,000	Incentive Stock Options	$0.10	January 2, 2020
100,000	Incentive Stock Options	$0.10	January 6, 2021
200,000	Incentive Stock Options	$0.20	January 16, 2022

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

Related Party transactions include transactions with key management personnel and their related parties who hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

During the quarter ended September 30, 2017, $Nil (2016: $15,000) in consulting fees and $Nil (2016: $9,920) in geological services was paid or accrued to JNS Capital Corp (A Corporation owned by a director and officer of the company).

During the period from incorporation to June 30, 2017, there were no other short-term, postemployment, other long-term, or termination benefits incurred with key management personnel.

Proposed Transactions

On July 4, 2017, NSS announced that further to the Company's news release of April 21, 2017, the Company had entered into a share exchange agreement ("Share Exchange Agreement") with Upco Systems Inc. ("Upco") and Aduna Holding GmbH ("Aduna"). Pursuant to the Share Exchange Agreement, NSS will acquire all of the issued and outstanding common shares of Upco via the issuance of 33,000,000 common shares of NSS at a deemed price of $0.06 per NSS share. A finder's fee of 2,000,000 NSS shares will be paid at closing. All of these securities will be subject to CSE escrow requirements and a statutory 4-month hold and will be so legended.

At closing and at the sole discretion of the board of directors of NSS as constituted immediately after the time of closing, NSS will grant options to certain directors, officers, employees and consultants of NSS and Upco to purchase up to 3,722,500 common shares in the capital of NSS at an exercise price of $0.07 per share or at such lower exercise price as may be allowed by any regulatory authority.

Closing of the proposed transaction is subject to a number of conditions being satisfied or waived at or prior to closing, including the following:

- no material adverse change with respect to Upco or its business having occurred; and
- the receipt of all required regulatory and Canadian Securities Exchange approvals.
- The transaction represents a fundamental change pursuant to the policies of the Canadian Securities Exchange, and is subject to shareholder approval. Following the transaction, the business of the Company will be the business of Upco.

As a result of the acquisition of Upco by the Company, Upco will become a wholly-owned subsidiary of the Company.

Interim MD&A for Upco

Six months ended June 30, 2017

Results of Operations

Upco's comprehensive loss for the six months ended June 30, 2017 was US$246,568 or US$1,233 per common share. No comparison is available for the six months ended June 30, 2016 as Upco is not a reporting issuer and has not prepared quarterly financial statements.

Liquidity and Capital Resources

At June 30, 2017, Upco had working capital of US$255,414 compared to US$495,256 at December 31, 2016.

As at the date of this management's discussion and analysis, Upco has incurred losses and its liabilities exceed the value of its financial assets. Upco's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Upco's ability to continue as a going concern.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit Upco to continue as a going concern.

Summary of Quarterly Results

Upco is not a reporting issuer and has not prepared quarterly financial statements.

Results of Operations

Upco's comprehensive loss for the six months ended June 30, 2017 was US$246,568 or US$1,233 per common share. No comparison is available for the six months ended June 30, 2016 as Upco is not a reporting issuer and has not prepared quarterly financial statements.

Liquidity

At June 30, 2017, Upco had working capital of US$255,414 compared to US$495,256 at December 31, 2016.

Off-Balance Sheet Arrangements

As of the date of this MD&A, Upco does not have any off-balance sheet arrangements.

Transactions with Related Parties

During the six months ended June 30, 2017, Upco entered into the following transactions with related parties:

(i) Recorded US$107,519 in IT and communication fees to a company controlled by an officer and director of Upco.
(ii) Recorded US$42,641 in management fees to an officer and director of Upco.
(iii) Recorded US$3,212 in interest expenses for loans made to Upco by a company controlled by an officer and director of Upco.

During the six months ended June 30, 2017, Upco recorded revenue of US$643,545 and cost of revenue of US$628,467 for transactions with companies controlled by an officer and director of Upco.

Proposed Transactions

On May 26, 2017, the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement") with Upco and Aduna Holding GmbH ("Aduna"). Pursuant to the Share Exchange Agreement, the Company will acquire all of the issued and outstanding common shares of Upco through the issuance of 33,000,000 common shares, at a deemed price of $0.06 per share. A finder's fee of 2,000,000 shares will be paid at closing.

At closing and at the sole discretion of the board of directors of the Company as constituted immediately after the time of closing, the Company will grant options to certain directors, officers, employees and consultants of the Company and Upco to purchase up to 3,722,500 common shares in the capital of the Company at an exercise price of $0.06 or as may be allowed by and regulatory authority.

Closing of the proposed transaction is subject to a number of conditions being satisfied or waived at or prior to closing, including the following:

- No material adverse change with respect to Upco or its business having occurred prior to closing of the Share Exchange Agreement;
- The receipt of all required regulatory and Canadian Securities Exchange approvals; and
- The transaction represents a fundamental change pursuant to the Policies of the Canadian Securities Exchange, and is subject to approval by the Company's shareholder.

As a result of the acquisition of Upco by the Company, Upco will become a wholly-owned subsidiary of the Company.

6.17 Additional Disclosure for Issuers without Significant Revenue:

i. unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administration expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

ii. if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and

iii. the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

The Issuer has not had significant revenue from operations in either of its last two financial years.

The required information, in as far as applicable, is disclosed in the Issuer's audited financial statements for the financial years ended June 30, 2017 and June 30, 2016 and in the Issuer's interim financial statements for the three months ended September 30, 2017.

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

(b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity

securities will be determined; and

(c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

As at the date hereof, the Issuer had 46,510,001 common shares without par value outstanding and 4,400,000 incentive stock options exercisable into 4,400,000 common shares of the Issuer.

6.19 Provide Breakdown:

(a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administrative expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

The Issuer has not had significant revenue from operations in either of its last two financial years.

The required information, in as far as applicable, is disclosed in the Issuer's audited financial statements for the financial years ended June 30, 2017 and June 30, 2016 and in the Issuer's interim financial statements for the three months ended September 30, 2017.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

(a) the period of time the proceeds raised are expected to fund operations;

(b) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

(c) the estimated amount of other material capital expenditures during that period of time.

The Issuer expects that the funds available following closing of the Transaction will fund operations for 12 months. See "Principal Uses of Funds" under item 4.1 above.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

(i) summarized information as to the assets, liabilities and results of operations of the equity investee, and

(ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

(i) the information required under that subsection has been disclosed in the financial statements included, or

(ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

The Issuer does not have significant equity investees.

7. Market for Securities

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

The Issuer’s securities are listed and posted for trading on the Canadian Securities Exchange.

8. Consolidated Capitalization

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

The following table details sets out the share and loan capital of the Issuer as of the Issuer’s most recently completed financial year-end and as of the date of this Listing Statement after the acquisition of Upco Systems Inc.

Designation of Security	Number Authorized	Outstanding as at June 30, 2017 (audited)		Outstanding as at the date of this Listing Statement after the acquisition of Upco Systems Inc.	
		Amount	Number	Amount	Number
Common Shares	unlimited	$394,926	11,367,501	$2,504,774	46,510,001
Long Term Debt	n/a	n/a	n/a	$0	
Short Term Debt	n/a	$2,914	n/a	$66,302	
Share-based Payment Reserve	n/a	$51,651	n/a	$0	
Deficit	n/a	$(434,806)	n/a	$(3,652,315)	
Total Capitalization	n/a	**$11,771**	n/a	**$(1,156,091)**	

On October 18, 2017, the Issuer issued a total of 33,000,000 common shares at a deemed price of $0.06 per share as consideration for the Transaction, of which 16,500,000 shares were issued to Aduna Holding GmbH and 16,500,000 shares were issued to Coserfi S.R.L. On the same date the Issuer also issued 2,000,000 common shares at a deemed price of $0.06 per share to Manfred Mayer-Heinzelmann as a finder’s fee in connection with the Transaction. Also effective October 18, 2017, the Issuer issued 142,500 common shares at a deemed price of $0.06 per share in settlement of debt.

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of

executive officers and the aggregate number of directors to whom the information applies, without naming them;

(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

(c) all other employees and past employees of the Issuer as a group, without naming them;

(d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;

(e) all consultants of the Issuer as a group, without naming them; and

(f) any other person or company, including the underwriter, naming each person or company.

Stock Option Plan

The Issuer has a stock option plan (the “Plan”) under which it may grant incentive stock options to its directors, officers, employees and consultants or any affiliate thereof. The Issuer’s Plan is a “rolling” stock option plan reserving a maximum of 10% of the issued shares of the Issuer at the time of the stock option grant.

The purpose of the Plan is to attract and motivate directors, senior officers, employees, consultants and others providing services to the Issuer and its subsidiaries, and thereby advance the Issuer’s interests, by affording such persons with an opportunity to acquire an equity interest in the Issuer through the issuance of stock options.

The material terms of the Plan are as follows, subject to the policies of the CSE:

1. The Plan is administered by the board of directors or by a committee appointed by the board in accordance with terms of the Plan.

2. The term of any options granted under the Plan will be five years from the date of the grant of the options.

3. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion.

4. All options will be non-assignable and non-transferable except (i) as permitted by applicable securities laws, or (ii) as otherwise specifically provided in the Plan.

5. If the option holder ceases to be a director, officer consultant or employee of the

Company or ceases to be employed by the Company (other than by reason of disability, death or termination for cause), as the case may be, then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be a director, officer, consultant, or employee or ceases to be employed by the Company, subject to terms and conditions set out in the Plan.

6. Options will be subject to anti-dilution provisions in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares.

Options to Purchase Securities

As at the date of this Listing Statement, a total of 4,400,000 incentive stock options were outstanding as follows:

Number of Options	Exercise Price	Expiry Date
500,000	$0.10	July 30, 2019
100,000	$0.10	January 2, 2020
100,000	$0.10	January 6, 2021
200,000	$0.20	January 16, 2022
3,500,000	$0.06	October 20, 2022

The 4,400,000 incentive stock options were held by optionees as follows:

Type of Optionee	Number of Optionees	Aggregate Number of Options
Executive officers and past executive officers of the Issuer	3	1,950,000
Directors and past directors of the Issuer	2	1,700,000
Executive officers and past executive officers of subsidiaries of the Issuer	0	0
Directors and past directors of subsidiaries of the Issuer	0	0
Employees and past employees of the Issuer	0	0
Employees and past employees of subsidiaries of the Issuer	0	0
Consultants of the Issuer	4	750,000
Any other person	0	0

10. Description of the Securities

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

a) dividend rights;

b) voting rights;

c) rights upon dissolution or winding-up;

d) pre-emptive rights;

e) conversion or exchange rights;

f) redemption, retraction, purchase for cancellation or surrender provisions,

g) sinking or purchase fund provisions;

h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

i) provisions requiring a securityholder to contribute additional capital.

Common Shares

The Issuer has one class of shares outstanding: common shares. The Issuer is authorized to issue an unlimited number of common shares without par value. As at the date of this Listing Statement, a total of 46,510,001 common shares were issued and outstanding.

All of the common shares of the Issuer rank equally as to voting rights, participation in a distribution of the assets of the Issuer on a liquidation, dissolution or winding-up of the Issuer and the entitlement to dividends. The holders of the common shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each common share carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of the Issuer or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Issuer has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the board of directors.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its

subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the Issuer and

(h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

No debt securities are being listed.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

No other securities are being listed.

10.5 Modification of terms:

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

Not applicable.

10.6 Other attributes:

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

Not applicable.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

During the 12 months preceding the date of this Listing Statement, the Issuer issued the following common shares and securities convertible into common shares:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Cash Consideration
January 16, 2017	Stock Options	200,000[(1)]	$0.20	N/A
June 26, 2017	Common shares	142,500	$0.06 (deemed)	N/A
October 18, 2017	Common shares	35,000,000	$0.06 (deemed)	N/A
October 18, 2017	Common shares	142,500	$0.06 (deemed)	N/A
October 20, 2017	Stock Options	3,500,000[(1)]	$0.06	N/A

(1) Each stock option entitles the holder to purchase one common share at an exercise price of $0.20 per share on or before January 16, 2022.
(2) Each stock option entitles the holder to purchase one common share at an exercise price of $0.06 per share on or before October 20, 2022.

10.8 Stock Exchange Price:

a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;

b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and

c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

The following table provides information with respect to the Issuer's trading history on the CSE from July 1, 2015 up until the date of this Listing Statement:

Period	Price Range ($)		Volume
	Low	High	
July 1 – October 25, 2017[(1)]	n/a	n/a	0
September 2017	n/a	n/a	0
August 2017	n/a	n/a	0
July 2017	n/a	n/a	0
April –June 2017	0.045	0.20	115,000
January – March 2017	0.05	0.07	140,000
October – December 2016	n/a	n/a	0
July - September 2016	n/a	n/a	0
April - June 2016	n/a	n/a	0

Period	Price Range ($)		Volume
	Low	High	
January – March 2016	n/a	n/a	0
October – December 2015	0.20	0.20	500
July - September 2015	n/a	n/a	0

(1) The Issuer's common shares were halted on July 4, 2017 pending the acquisition of Upco.

11. Escrowed Securities

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

ESCROWED SECURITIES

Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class
Common Shares	36,020,001[(1)]	77.45%

(1) 35,000,000 of these shares are being held in escrow pursuant to an escrow agreement dated October 18, 2017 among the Issuer, Computershare Investor Services Inc. and certain shareholders as follows:

Shareholder	No. of Shares
Aduna Holding GmbH	16,500,000
Coserfi S.R.L.	16,500,000
Manfred Mayer-Heinzelmann	2,000,000

The shares will be released according to the following schedule:

Date	Quantity
The date the Issuer's common shares resume trading on the CSE (the "Listing Date")	5,250,000
6 months after the Listing Date	5,250,000
12 months after the Listing Date	5,250,000
18 months after the Listing Date	5,250,000
24 months after the Listing Date	5,250,000
36 months after the Listing Date	5,250,000

1,020,001 of these shares are being held in escrow pursuant to an escrow agreement dated August 1, 2014 among the Issuer, Computershare Investor Services Inc. and certain shareholders as follows:

Shareholder	No. of Shares
Jag Sandhu	187,501
Klaus Eckhof	412,500
JNS Capital Corp.	300,000
Mia Investments Ltd.	120,000

The shares will be released according to the following schedule:

Date	Quantity
December 18, 2017	1,020,001

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

(a) Name;

(b) The number or amount of securities owned of the class to be listed;

(c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and

(d) The percentages of each class of securities known by the Issuer to be owned.

To the knowledge of the Issuer, as of the date hereof the following table sets out the names of its principal shareholders, the number and percentage of common shares owned and type of ownership:

Name of Principal Shareholder	Number of Common Shares Owned	Type of Ownership	Percentage of Common Shares Owned(1)
Aduna Holding GmbH	16,500,000	Of record and beneficially	35.48%(2)
Coserfi S.R.L.	16,500,000	Of record and beneficially	35.48%(2)

(1) Based on 46,510,001 common shares issued and outstanding.
(2) 32.41% on a fully-diluted basis.

(2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

Not applicable.

(3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement.

State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

Not applicable.

(4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

Not applicable.

(5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

13. Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Directors and Officers of the Issuer

To the knowledge of the Issuer, the following table sets out information regarding each of directors and executive officers of the Issuer, including the names, municipality of residence, the position and office held and their principal occupation for the preceding five years, as of the date hereof:

Name, Municipality, Province or State and Country of Residence and Position(s) held	Principal occupations within the five preceding years
Andrea Pagani Milan, Italy Director, President & CEO	CEO, Upco Systems Inc. since 2014; solution enterprise architect, Verizon Business from 2011 to 2014
Jag Sandhu Surrey, BC, Canada Director & Vice President, Corporate Development	President, JNS Capital Corp., a private consulting firm
Klaus Eckhof Monaco, Monaco Director	Geologist
Franco Zanichelli Parma, Italy Director	Financial Consultant

Name, Municipality, Province or State and Country of Residence and Position(s) held	Principal occupations within the five preceding years
Narinder Paul Grewal Surrey, BC, Canada CFO	Accountant

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

Director	Period served as a Director
Andrea Pagani	October 18, 2017 to present
Jag Sandhu	March 28, 2012 to present
Klaus Eckhof	April 2, 2014 to present
Franco Zanichelli	October 18, 2017 to present

Directors hold office until the next annual meeting of shareholders or until their successors are appointed.

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

22,225,501[(1)] common shares (47.79%)

(1) Based on information provided to the Issuer by the directors and based on 46,510,001 common shares issued and outstanding. A breakdown of the individual ownership of or control of direction over the 22,225,501 common shares is as follows:

- Andrea Pagani has control over the 16,500,000 common shares held by Aduna Holding GmbH by virtue of owning 66.6% of Aduna Holding GmbH
- Jag Sandhu beneficially owns, directly or indirectly, 3,250,501 common shares
- Klaus Eckhof beneficially owns, directly or indirectly, 2,475,000 common shares

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

The Issuer has one committee, namely an audit committee which is comprised of Andrea Pagani, Klaus Eckhof and Franco Zanichelli.

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

See section 13.1.

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is,

or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Except for as disclosed herein, to the knowledge of the Issuer, none of the Issuer's directors, officers or principal shareholders and none of the proposed directors or officers of the Issuer are, or have been within the last 10 years, directors or officers of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

Klaus Eckhof was a director of De Beira Goldfields Inc. (now Panex Resources Inc.) ("De Beira") when De Beira became subject to a cease trade order issued on June 23, 2006 by the British Columbia Securities Commission (the "BCSC") for failure to file an independent technical report in support of its disclosure of mineral resources contrary to S.4.2(1)(J)(I) and S.5.3(1)(E) of National Instrument 43-101 *Standards of Disclosures for Mineral Projects* ("NI 43-101"). De Beira subsequently completed a NI 43-101 report but it did not reapply to the BCSC to lift the cease trade order. The cease trade order remains in effect. Mr. Eckhof resigned as a director of De Beira on July 24, 2014.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that

gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

To the knowledge of the Issuer, none of the Issuer's directors, officers or principal shareholders are, or have been within the last 10 years, the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

To the knowledge of the Issuer, none of the Issuer's directors, officers or principal shareholders of the Issuer or any personal holding company of such persons, has, within the last 10 years, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

The directors of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests, which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a meeting of

the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Issuer's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest between the Issuer and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies.

13.11 Management — In addition to the above provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;

(b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;

(c) state whether the individual is an employee or independent contractor of the Issuer;

(d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business,

(ii) if applicable, that the organization was an affiliate of the Issuer,

(iii) positions held by the individual, and

(iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the Issuer's industry; and

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

The following are the members of management of the Issuer:

Andrea Pagani Director, President and Chief Executive Officer of the Issuer

Andrea Pagani, age 39, is the founder of Upco Systems Inc. and has been its CEO since 2014. Mr. Pagani has been managing director of Oktacom GmbH since February 2015 and CEO of Oktacom SRL since January 2015. From September 2011 until March 2014 Mr. Pagani was a solution enterprise architect for Verizon Business. Verizon is a global company which delivers

communications and technology solutions to its customers. Mr. Pagani holds a Bachelor of Computer Science in Nanotechnology from the Politecnico of Milano.

Mr. Pagani devotes approximately 80% of his time to the affairs of the Issuer. Mr. Pagani provides his services to the Issuer as an independent contractor. Mr. Pagani has not entered into a non-competition and a non-disclosure agreement with the Issuer.

Jag Sandhu Director and Vice President, Corporate Development of the Issuer

Jag Sandhu, age 48, is the President of JNS Capital Corp., a corporate development and advisory firm since January 7, 2007. Mr. Sandhu was the President of Nava Resources Inc., a junior mining exploration company trading on the OTCBB in the United States from July 2005 to December 2013. Mr. Sandhu has over 18 years' experience with public companies trading on the Exchange and has extensive knowledge of corporate development and investor relations to public companies. Mr. Sandhu received his Bachelor of Economics degree from Simon Fraser University in 1991.

Mr. Sandhu devotes approximately 75% of his time to the affairs of the Issuer. Mr. Sandhu provides his services to the Issuer as an independent contractor. Mr. Sandhu has not entered into a non-competition or non-disclosure agreement with the Issuer.

Klaus Eckhof Director of the Issuer

Klaus Eckhof, age 58, has a degree in geology from the Technical University in Munich, Germany and migrated 1988 to Australia, where he is involved in the mineral exploration industry in Australia, Africa (in particular in the Democratic Republic of Congo ("DRC")),West Africa and South America. Several companies Mr. Eckhof founded or was involved with discovered deposits and successfully went in production or were taken over. One of the most successful companies was Moto Goldmines where Mr. Eckhof was instrumental in the discovery of 20 million oz of gold within 4 years in northeastern DRC. As a partner of a consulting business in Perth, Corporate Resource Consultants (CRC) Mr. Eckhof was involved in capital raisings, public listings as well as management of public companies. Since February 2012 Mr. Eckhof has been a director of Burey Gold Ltd. which operates in French Guinee and DRC; since January 2008 he has been a director of Carnaval Resources Ltd.; from May 2006 to August 2014 he was a director of Panex Resources Corp.; and from November 2013 to February 2014 Mr. Eckhof was a director and President of Alphamin Resources Inc.

Mr. Eckhof devotes approximately 15% of his time to the affairs of the Issuer. Mr. Eckhof provides his services to the Issuer as an independent contractor. Mr. Eckhof has not entered into a non-competition or non-disclosure agreement with the Issuer.

Franco Zanichelli - Director of the Issuer

Mr. Zanichelli, age 63, is a financial consultant. Mr. Zanichelli worked as a financial manager for CFT S.p.A., a food technology and food processing equipment company, for over nine years from 2002 to 2011. Since 2011 Mr. Zanichelli has provided financial business consulting services as an independent consultant, assisting businesses to Tropical Food Machinery, another food technology and food processing equipment company.

Mr. Zanichelli devotes approximately 30% of his time to the affairs of the Issuer. Mr. Zanichelli provides his services to the Issuer as an independent contractor. Mr. Zanichelli has not entered into a non-competition or non-disclosure agreement with the Issuer.

Narinder Paul Grewal - Chief Financial Officer of the Issuer

Mr. Grewal, age 39, Mr. Grewal is currently a Partner with Heming, Wyborn & Grewal Chartered Accountants in Surrey, BC. Mr. Grewal received his Bachelor of Commerce from UNBC in 1998, received his CA designation in 1998 and has completed Parts I & II of the CICA In-Depth Tax Course. Mr. Grewal joined Heming, Wyborn & Grewal in 2005 and was promoted to Partner on January 1, 2009. At Heming, Wyborn & Grewal, Mr. Grewal focuses on private enterprises by providing taxation and business advisory services to ownermanaged businesses in a variety of industries. As the Chief Financial Officer of the Issuer, Mr. Grewal is responsible for coordination of the financial operations of the Issuer in conjunction with the President and with outside accounting, tax and auditing firms.

Mr. Grewal devotes approximately 30% of his time to the affairs of the Issuer. Mr. Grewal provides his services to the Issuer as an independent contractor. Mr. Grewal has not entered into a non-competition or non-disclosure agreement with the Issuer.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

Public Float	**Number of Securities (non-diluted)**	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Total outstanding (A)	46,510,001	50,910,001	100.0%	100.0%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	38,725,501	42,375,501	83.3%	83.2%
Total Public Float (A-B)	7,784,500	8,534,500	16.7%	16.8%

Freely-Tradeable Float

Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	36,305,001	36,305,001	78.1%	71.3%
Total Tradeable Float (A-C)	10,205,000	14,605,000	21.9%	28.7%

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	209	104,500
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	7	3,605,000
	216	3,709,500

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	217	108,500
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	8,000
5,000 or more securities	22	7,676,000
Unable to confirm	0	0
	239	7,784,000

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	4	34,800,001
	4	34,800,001

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Incentive stock options. Each option is exercisable to purchase one common share at a price of $0.10 per common share at any time on or before July 30, 2019.	500,000	500,000
Incentive stock options. Each option is exercisable to purchase one common share at a price of $0.10 per common share at any time on or before January 2, 2020.	100,000	100,000
Incentive stock options. Each option is exercisable to purchase one common share at a price of $0.10 per common share at any time on or before January 6, 2021.	100,000	100,000
Incentive stock options. Each option is exercisable to purchase one common share at a price of $0.20 per common share at any time on or before January 16, 2022.	200,000	200,000
Incentive stock options. Each option is exercisable to purchase one common share at a price of $0.06 per common share at any time on or before October 20, 2022.	3,500,000	3,500,000

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Not applicable.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Compensation Discussion and Analysis

"NEO" or "Named Executive Officer" means each of the following individuals:

(a) the Issuer's chief executive officer ("CEO");
(b) the Issuer's chief financial officer ("CFO");
(c) each of the three most highly compensated executive officers of the Issuer, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually,

more than $150,000 for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Issuer or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

During the fiscal year ended June 30, 2017 the Issuer had two NEOs, namely Jag Sandhu, the CEO and President of the Issuer, and Narinder Paul Grewal, the CFO of the Issuer. During its fiscal year ended December 31, 2016, Upco, which is currently a wholly-owned subsidiary of the Issuer but at that time was a separate entity, had one NEO, namely Andrea Pagani, the CEO and President of Upco.

Cash compensation amounts to executive officers are determined solely by board discussion without any formal objectives, criteria or analysis. Option based awards to executive officers are determined by the board which considers both the past and future expected contributions of the individual officers, previous grants of stock options, and the number of available stock options.

Summary Compensation Table

The following table sets out all compensation awarded to, earned by or paid to the Named Executive Officers for each of the last three fiscal years. No other executive officer's total salary and bonus during such periods exceeded $150,000.

Name and principal position (a)	Year[1] (b)	Salary ($)[2] (c)	Share-based awards ($) (d)	Option-based awards[3] ($) (e)	Non-equity incentive plan compensation ($) (f)		Pension value ($) (g)	All other compensation ($)[2] (h)	Total compensation ($)[2] (i)
					Annual incentive plans (f1)	Long-term incentive plans (f2)			
Jag Sandhu CEO, President and Director[4]	2017 2016 2015	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$60,000[5] $68,420[6] $39,618[7]	$60,000 $68,420 $39,618
Narinder Paul Grewal CFO and Director[8]	2017 2016 2015	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$2,000[9] $3,000[9] $2,100[9]	$2,000 $3,000 $2,100
Andrea Pagani CEO, President and Director of Upco	2016 2015 2014	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$12,248[10] Nil Nil	$12,248 Nil Nil

(1) Financial years ended June 30, 2017, June 30, 2016 and June 30, 2015 other than with respect to disclosure regarding compensation awarded to, earned by or paid to Andrea Pagani by Upco, which disclosure is for Upco's financial years ended December 31, 2016 and December 31, 2015 and from the period from incorporation on August 13, 2014 to December 31, 2014.

(2) All compensation is disclosed in Canadian dollars, other than compensation to Andrea Pagani by Upco which compensation is disclosed in US dollars.

(3) Value of option-based awards calculated using Black-Scholes model.
(4) Mr. Sandhu resigned as CEO and President effective October 18, 2017.
(5) $60,000 in consulting fees were paid or accrued to JNS Capital Corp (a private British Columbia company owned by Mr. Sandhu).
(6) 58,500 in consulting fees and $9,920 in geological fees were paid or accrued to JNS Capital Corp (a private British Columbia company owned by Mr. Sandhu).
(7) $30,000 in consulting fees and $9,618 in geological fees were paid or accrued to JNS Capital Corp (a private British Columbia company owned by Mr. Sandhu).
(8) Mr. Grewal resigned as a director of the Issuer effective October 18, 2017.
(9) Accounting fees paid to Heming, Wyborn & Grewal (a partnership of which Mr. Grewal is a partner).
(10) Management fees.

Narrative Discussion

Pursuant to a resolution passed on January 2, 2017 by the board of directors of Upco, and up to the completion of the Transaction, Andrea Pagani received a remuneration (flat fee) of 6,500 EUR per month from Upco for his management services, corporate strategy and organization.

Since completion of the Transaction, and as of the date of this Listing Statement Mr. Pagani, who became the CEO and President of the Issuer on October 18, 2017, receives a remuneration of $5,500 per month and Mr. Grewal, CFO of the Issuer, receives a remuneration of $2,500 per quarter.

Incentive Plan Awards

Management of the Issuer believes that awards of equity in the Issuer serve an important function in furnishing directors, officers, employees and consultants (collectively the "Eligible Parties") of the Issuer an opportunity to invest in the Issuer in a simple and effective manner and better aligning the interests of the Eligible Parties with those of the Issuer and its shareholders through ownership of shares in the Issuer.

The following table sets out all stock options and share based awards granted or awarded to, earned by or paid to the Named Executive Officers that are outstanding at the end of the most recently completed financial year.

	Option-based Awards				Share-based Awards		
Name (a)	Number of securities underlying unexercised options (#) (b)	Option exercise price ($) (c)	Option expiration date (d)	Value of unexercised in-the-money options[1] ($) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested ($) (g)	Market or payout value of vested share-based awards not paid out or distributed ($) (h)
Jag Sandhu CEO, President and Director[2]	200,000	$0.10	Jul. 30, 2019	Nil	Nil	Nil	Nil
Narinder Paul Grewal CFO and Director[3]	100,000	$0.10	Jul. 30, 2019	Nil	Nil	Nil	Nil
	100,000	$0.10	Jan. 6, 2021	Nil	Nil	Nil	Nil

(1) The closing market price of the Issuer's common shares on June 30, 2017 was $0.06.
(2) Mr. Sandhu resigned as CEO and President effective October 18, 2017.
(3) Mr. Grewal resigned as a director of the Issuer effective October 18, 2017.

Upco did not grant, award or pay stock options or share based awards to its Named Executive Officer during its most recently completed financial year and no stock options or share based awards were outstanding to Upco's Named Executive Officer at the end of Upco's most recently completed financial year.

Incentive plan awards – value vested or earned during the year

The following table sets out the value of option or stock based awards that vested during the most recently completed financial year and the value of non-equity incentive plan compensation earned during the most recently completed financial year for each NEO.

Name (a)	Option-based awards – Value vested during the year ($) (b)	Share-based awards – Value vested during the year ($) (c)	Non-equity incentive plan compensation – Value earned during the year ($) (d)
Jag Sandhu CEO, President and Director[1]	Nil	N/A	N/A
Narinder Paul Grewal CFO and Director[2]	Nil	N/A	N/A

(1) Mr. Sandhu resigned as CEO and President effective October 18, 2017.
(2) Mr. Grewal resigned as a director of the Issuer effective October 18, 2017.

Termination and Change of Control Benefits

The Issuer does not have any contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in an NEO's responsibilities.

Director Compensation Table

The following table sets out details of compensation provided to the directors who are not NEOs for the Issuer's most recently completed financial year.

Name (a)	Fees earned ($) (b)	Share-based awards ($) (c)	Option-based awards[1] ($) (d)	Non-equity incentive plan compensation ($) (e)	Pension value ($) (f)	All other compensation ($) (g)	Total ($) (h)
Klaus Eckhof	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Value of option-based awards calculated using Black-Scholes model.

During its most recently completed financial year, Upco did not have any directors who were not NEOs.

Narrative Discussion

During the most recently completed fiscal year, there were no arrangements, standard or otherwise, for cash or non-cash compensation pursuant to which directors were compensated by the Issuer for their attendance at board meetings or in their capacity as directors. The directors may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

Share-based awards, option-based awards and non-equity incentive plan compensation

Outstanding share-based awards and option-based awards

The following table sets out all stock options and share based awards granted or awarded to, earned by or paid to the Issuer's directors who are not NEOs that are outstanding at the end of the most recently completed financial year.

	Option-based Awards				Share-based Awards		
Name (a)	Number of securities underlying unexercised options (#) (b)	Option exercise price ($) (c)	Option expiration date (d)	Value of unexercised in-the-money options[1] ($) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested ($) (g)	Market or payout value of vested share-based awards not paid out or distributed ($) (h)
Klaus Eckhof	200,000	$0.10	Jul. 30, 2019	Nil	N/A	N/A	N/A

(1) The closing market price of the Issuer's common shares on June 30, 2017 was $0.06.

Incentive plan awards – value vested or earned during the year

The following table sets out the value of option or stock based awards that vested during the most recently completed financial year and the value of non-equity incentive plan compensation earned during the most recently completed financial year for each director who is not a NEO.

Name (a)	Option-based awards – Value vested during the year ($) (b)	Share-based awards – Value vested during the year ($) (c)	Non-equity incentive plan compensation – Value earned during the year ($) (d)
Klaus Eckhof	Nil	N/A	N/A

Intended Material Changes to Executive Compensation

As at the date of this Listing Statement there are no intended material changes to executive compensation.

Related Party Transactions - Upco

During the period from incorporation to December 31, 2014, Upco recorded the following

related party transaction between it and a company controlled by its NEO, Andrea Pagani:

1. US$6,056 in information technology ("IT") and communication fees to OKTACOM Srl (Italy), a company controlled by Mr. Pagani as officer and director.

During its financial year ended December 31, 2015, Upco recorded the following related party transactions between it and companies controlled by its NEO, Andrea Pagani:

1. US$85,941 in software development fees (as intangible asset) to OKTACOM GmbH (Germany), a company controlled by Mr. Pagani as officer and director. OKTACOM GmbH changed its name to APICONNECT GmbH in August 25, 2015.
2. US$81,845 in IT and communication fees to Oktacom Srl.

During its financial year ended December 31, 2016, Upco recorded the following related party transactions between it and Andrea Pagani and companies controlled by Mr. Pagani:

1. US$238,217 in software development fees (as intangible asset) to OKTACOM Srl.;
2. US$27,692 in software development fees, which have been recorded as intangible asset, to APICONNECT GmbH (formerly OKTACOM GmbH)
3. US$125,744 in research and development to OKTACOM Srl.
4. US$190,921 in IT and communication fees to OKTACOM Srl.
5. US$12,248 in management fees to Mr. Pagani.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

See section 16.2.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

At no time prior to the fiscal year ended June 30, 2017, at no time during the fiscal year ended June 30, 2017 and at no time from June 30, 2017 to the date of this Listing Statement, was a director, executive officer, employee, proposed management nominee for election as a director of the Issuer or any associate of any such director, executive officer, or proposed management nominee of the Issuer or any former director, executive officer or employee of the Issuer or any of its subsidiaries indebted to the Issuer or any of its subsidiaries or was indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries, other than routine indebtedness and other than as disclosed herein.

For services provided in fiscal year 2014, Upco granted a loan of $21,242 in lieu of a salary to an officer and director of Upco. The amount was non-interest bearing, unsecured and repayable upon demand. Subsequent to December 31, 2016, the amount was repaid to Upco.

17. Risk Factors

17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

An investment in the securities of the Issuer is subject to a number of risks, including those described below that could have a material adverse effect upon, among other things, the operating results, earnings, business prospects and condition (financial or otherwise) of the Issuer. A prospective purchaser of such securities should carefully consider the risk factors set out below before making a decision to purchase securities of the Issuer. An investment in these securities should only be made by persons who can afford the total loss of their investment. The risks described herein are not the only risk factors facing the Issuer and should not be considered exhaustive. Additional risks and uncertainties not currently known to the Issuer, or that the Issuer currently considers immaterial, may also materially and adversely affect the business, operations and condition (financial or otherwise) of the Issuer.

The Issuer's ability to continue as a going concern is uncertain.

As at October 26, 2017, the Issuer had not yet been profitable. The Issuer's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Issuer will be successful in this regard. These material uncertainties may cast significant doubt regarding the Issuer's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. As an entity with operations that have yet to show profitability, funding to meet its operating expenses as well as working capital is dependent on the Issuer's ability to issue common shares or borrow funds. There is no certainty that the Issuer's will be able to raise sufficient funds beyond this period.

The Issuer and Upco have a relatively limited operating history, which could make it difficult to accurately evaluate their business and prospects.

Upco began offering VoIP services in 2015. Accordingly, it has a relatively limited operating history and, as a result, it have limited historical financial data that an investor can use to evaluate our business and prospects. In addition, the Issuer derives nearly all of its revenue through Upco from VoIP services, which utilize a relatively new technology that has undergone rapid changes in its short history. The Issuer's business model is also

evolving and it may not be successful. As a result of these factors, the future revenue and income potential of the Issuer's business is uncertain. Any evaluation of the Issuer's business and its prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in the Issuer's stage of development. Some of these risks and uncertainties relate to the Issuer's ability to do the following:

- maintain and expand its current relationships, and develop new relationships, with carrier customers, retail distribution partners, network vendors and equipment providers;
- continue to grow its revenue and meet anticipated growth targets;
- manage its expanding operations and implement and improve its operational, financial and management controls;
- adapt to industry consolidation;
- continue to grow its sales force and marketing efforts;
- successfully introduce new, and upgrade its existing, VoIP technologies and services;
- respond to government regulations and legislation relating to VoIP, traditional telecommunications services, the Internet, IP-based services and other aspects of the Issuer's business;
- respond effectively to competition; and
- attract and retain qualified management and employees.

If the Issuer is unable to address these risks, our business, results of operations and prospects could suffer.

The Issuer's operating results may fluctuate in the future, which could make its results of operations difficult to predict or cause them to fall short of expectations.

The Issuer's future operating results may vary significantly from quarter to quarter due to a variety of factors, many of which are beyond its control and could cause its results to be below investors' expectations, causing the value of the Issuer's securities to fall. Because the Issuer's business is evolving, its historical operating results may not be useful in predicting its future operating results. Factors that may increase the volatility of the Issuer's operating results include the following:

- the addition of new carrier customers and retail distribution partners or the loss of existing customers and retail distribution partners;
- changes in demand and pricing for the Issuer's VoIP services;
- the timing of the Issuer's introduction of new VoIP products and services and the costs the Issuer incurs to develop these technologies;
- the timing and amount of sales and marketing expenses incurred to attract new carrier customers and retail distribution partners;
- changes in the economic prospects of carrier customers or the economy generally, which could alter current or prospective need for voice services, or could increase the time it takes the Issuer to close sales with customers;
- changes in the Issuer's pricing policies, the pricing policies of its competitors or the pricing of VoIP services or traditional voice services generally;

- costs related to acquisitions of businesses or technologies; and
- the use of VoIP as a replacement for traditional voice services is a relatively new occurrence and carrier customers have not settled into consistent spending patterns.

The termination of the Issuer's carrier agreements with foreign partners or its inability to enter into carrier agreements in the future could materially and adversely affect its ability to compete, which could reduce the Issuer's revenues.

The Issuer relies upon its carrier agreements with foreign partners in order to provide its telecommunications services to its customers. These carrier agreements are for finite terms and, therefore, there can be no guarantee that these agreements will be renewed at all or on favorable terms to the Issuer. The Issuer's ability to compete would be adversely affected if its carrier agreements were terminated or the Issuer's was unable to enter into carrier agreements in the future to provide its telecommunications services to its customers, which could result in a reduction of its revenues.

As more competitors offer international airtime top-up service, the Issuer's ability to secure competitive direct or indirect, exclusive or non-exclusive, agreements with international wireless operators could become more difficult or less attractive, thereby having an adverse effect on its revenues and operations.

The Issuer's industry is highly competitive and competitive pressures could prevent it from competing successfully in the voice transport services industry.

The carrier and retail markets for voice transport services are intensely competitive. The Issuer expects this competition to continue to increase because there are currently no significant barriers to entry into the Issuer's market. The Issuer competes both for wholesale carrier business and for retail consumption of voice transport services. The Issuer competes for wholesale carrier business on the basis of a number of factors, including price, quality, geographic reach and customer service. The Issuer's competitors often are large, well-established in the communications industry and enjoy several competitive advantages over it, including:

- greater financial and personnel resources;
- greater name recognition;
- established relationships with greater numbers of wholesale carriers;
- established distribution networks;
- greater experience in obtaining and maintaining FCC and other regulatory approvals for products and product enhancements and greater experience in developing compliance programs under U.S. federal, state and local laws and regulations;
- greater experience in lobbying the U.S. Congress and state legislatures for the enactment of legislation favorable to their interests;
- greater experience in product research and development;
- greater experience in launching, marketing, distributing and selling products; and
- broader-based and deeper product lines.

The Issuer's primary current competitor is Viber which, like the Issuer, is a Tier 2 telecommunication company.

The Issuer also competes with companies focused on the distribution of retail voice services and expects to compete with companies providing VoIP services and broadband IP phones and videophones.

The Issuer is dependent on a limited number of suppliers and on other capacity providers.

The Issuer currently depends on critical services and equipment from a small number of suppliers. There is no guarantee that these suppliers will continue to offer it the services and equipment it requires. If the Issuer cannot obtain adequate replacement equipment or services from its suppliers or acceptable alternate vendors, it could experience a material impact on its financial condition and operating results. In addition, the Issuer relies on other providers for network capacity beyond what it provides over its own network and there is a risk that current capacity providers may cease to provide capacity at economically justifiable rates.

The Issuer is dependent on providers of local telecommunications services to reach the end users for its services.

The Issuer currently depend on providers of local telecommunications services to provide end users with access to substantially all of its VoIP services. In the future, the Issuer may utilize other local telecommunications services suppliers to reach end users such as wireless carriers, cable companies, power companies and other providers of local broadband services. There is no guarantee that these suppliers will continue to offer the services the Issuer requires, that these services will be available on economic terms sufficient to execute on its business model or that these suppliers will continue to do business with it. If the Issuer cannot obtain adequate replacement services from its suppliers or acceptable alternate vendors, it could experience a material impact on its financial condition and operating results.

The Issuer is from time to time subject to disputes with customers, vendors and other third parties relating to amounts claimed due for services which it may not be able to resolve in our favor.

It is not unusual in the Issuer's industry to occasionally have disagreements with vendors and other third parties relating to amounts claimed due in connection with the services provided by it or companies like it. To the extent the Issuer is unable to favorably resolve these disputes, its revenues, profitability or cash may be adversely affected. The majority of these disputes relate to the difference in pricing that the Issuer expects to pay when calls originate and terminate in different U.S. states or international jurisdictions versus the characterizations of these calls as being originated and terminated within the same U.S. state.

The Issuer could be harmed by network disruptions, security breaches, or other significant disruptions or failures of its IT infrastructure and related systems or of those it operates for certain of its customers.

To be successful, the Issuer needs to continue to have available, for it and its customers' use, a high capacity, reliable and secure network. The Issuer faces the risk, as does any company, of a security breach, whether through cyber-attacks, malware, computer viruses, sabotage, or other significant disruption of its IT infrastructure and related systems. As such, there is a risk of a security breach or disruption of the systems it operates, including possible unauthorized access to its and its customers' proprietary or classified information. The Issuer is also subject to breaches of its network resulting in unauthorized utilization of its services or products, which subject it to the costs of providing those products or services, which are likely not recoverable. The secure maintenance and transmission of its and its customer's information is a critical element of its operations. The Issuer's information technology and other systems that maintain and transmit customer information, or those of service providers or business partners, may be compromised by a malicious third party penetration of its network security, or that of a third party service provider or business partner, or impacted by advertent or inadvertent actions or inactions by its employees, or those of a third party service provider or business partner. As a result, the Issuer's or its customers' information may be lost, disclosed, accessed or taken without the customers' consent, or its products and services may be used without payment.

Although the Issuer makes significant efforts to maintain the security and integrity of these types of information and systems, there can be no assurance that its security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging, especially in light of the growing sophistication of cyber-attacks and intrusions. The Issuer may be unable to anticipate all potential types of attacks or intrusions or to implement adequate security barriers or other preventative measures.

Network disruptions, security breaches and other significant failures of the above-described systems could (i) disrupt the proper functioning of the Issuer's networks and systems and therefore its operations or those of certain of its customers; (ii) result in the unauthorized use of its services or products without payment, (iii) result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of its or its customers, including trade secrets, which others could use to compete against it or for disruptive, destructive or otherwise harmful purposes and outcomes; (iv) require significant management attention or financial resources to remedy the damages that result or to change its systems and processes; (v) subject it to claims for contract breach, damages, credits, fines, penalties, termination or other remedies; or (vi) result in a loss of business, damage our reputation among its customers and the public generally, subject it to additional regulatory scrutiny or expose it to litigation. Any or all of which could have a negative impact on the Issuer's results of operations, financial condition and cash flows.

The costs incurred by the Issuer to develop, implement, and enhance its VoIP services may be higher than anticipated, which could hurt its ability to earn a profit.

The Issuer may incur substantial cost overruns in the development and establishment of its VoIP services. Unanticipated costs may force it to obtain additional capital or financing from other sources, or may cause the loss of an investor's entire investment in the Issuer's common stock if the Issuer is unable to obtain the additional funds necessary to implement its business plan.

The Issuer's operating results may be adversely affected by unfavourable economic and market conditions and the uncertain geopolitical environment.

Challenging economic conditions worldwide have from time to time contributed, and may continue to contribute, to slowdowns in the construction industry at large, as well as in specific segments and markets in which the Issuer operates, resulting in:

- Reduced demand for the Issuer's products as a result of continued constraints on spending by its customers, particularly trades related service providers, and other customer markets as well.
- Increased price competition for the Issuer's products as a result of increased competitive offerings from new entrants into the same market space.
- Inability to hire or retain the necessary technical talent.
- Higher than expected operating costs due to competition for key technical resources from other IT industries operating in the same region.
- Higher overhead costs as a percentage of revenue and higher interest expense.
- The economic downturn has been challenging and inconsistent and does not appear to be over.
- Instability in the global credit markets, the impact of uncertainty regarding the U.S. federal budget, raises in mortgage rates, tapering of bond purchases by the U.S. Federal Reserve, the instability in the geopolitical environment in many parts of the world and other disruptions may continue to put pressure on global economic conditions and may adversely affect demand from construction related industries.
- If global economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate further, the Issuer may experience material impacts on our business, operating results, and financial condition.
- Disruption of or changes in the Issuer's sales model could harm its sales and margins. If the Issuer fails to manage its channels, or if its preferred sales partners financial condition or operations weaken, its revenue and gross margins could be adversely affected.

The Issuer expects it will make acquisitions that could disrupt its operations and harm its operating results.

Acquisitions involve numerous risks, including the following:

- Difficulties in integrating the operations, systems, technologies, products, and personnel of the acquired companies, particularly companies with large and widespread operations and/or complex products;
- Diversion of management's attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from acquisitions;
- Difficulties in entering markets in which the Issuer has no or limited direct prior experience and where competitors in such markets have stronger market positions;
- Initial dependence on unfamiliar supply chains or relatively small supply partners;
- Insufficient revenue to offset increased expenses associated with acquisitions;
- The potential loss of key employees, customers, distributors, vendors and other business partners of the companies the Issuer acquires following and continuing after announcement of acquisition plans.

Acquisitions may also cause the Issuer to:

- Issue common stock that would dilute its current shareholders' percentage ownership;
- Use a substantial portion of its cash resources, or incur debt
- Significantly increase its interest expense, leverage and debt service requirements if the Issuer incurs additional debt to pay for an acquisition;
- Assume liabilities;
- Record goodwill and non-amortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges;
- Incur amortization expenses related to certain intangible assets;
- Incur large and immediate write-offs and restructuring and other related expenses.

Mergers and acquisitions of high-technology companies are inherently risky and subject to many factors outside of the Issuer's control, and no assurance can be given that its previous or future acquisitions will be successful and will not materially adversely affect its business, operating results, or financial condition.

Failure to manage and successfully integrate acquisitions could materially harm the Issuer's business and operating results. Even when an acquired company has already developed and marketed products, there can be no assurance that product enhancements will be made in a timely fashion or that pre-acquisition due diligence will have identified all possible issues that might arise with respect to such products.

If the Issuer raises additional financing, the terms of such transactions may cause dilution to existing shareholders or contain terms that are not favourable to the company.

In the future, the Issuer may seek to raise additional financing through private placements or public offerings of its equity or debt securities. The Issuer cannot be certain that additional funding will be available on acceptable terms, or at all.

To the extent that the Issuer raises additional funds by issuing equity securities, shareholders may experience significant dilution.

Given that the Issuer does not expect to have any significant revenues in the immediate future, it is unlikely that it will be able to raise a significant amount of debt financing or such financing may have an equity component.

Also, any debt financing, if available, may require the Issuer to pledge its assets as collateral or involve restrictive covenants, such as limitations on its ability to incur additional indebtedness, limitations on its ability to acquire or license intellectual property rights and other operating restrictions that could negatively impact its ability to conduct its business.

In addition, the Issuer cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to it, if at all. If the Issuer is unable to raise additional capital in sufficient amounts or on terms acceptable to it, it will be prevented from pursuing its research and development efforts. This could harm the business, prospects and financial condition and cause the price of the securities to fall, or to cause the Issuer to cease operations.

If the Issuer fails to attract and retain key management and sales personnel, it may be unable to successfully develop or commercialize its product candidates.

The Issuer will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to grow organically.

The Issuer's success depends on its continued ability to attract, retain and motivate highly qualified management, sales personnel, including its key management personnel.

The loss of the services of any of its senior management could impact its sales. At this time, the Issuer does not have "key man" insurance policies on the lives of any of its employees or consultants.

In addition, the Issuer's advisors may have arrangements with other companies to assist those companies in developing products or technologies that may potentially may compete with the Issuer's products or technologies.

All of its advisors and consultants sign agreements with the Issuer, which includes provisions for: confidentiality; non-disclosure; intellectual property rights; and non-competes covering its intellectual property and other proprietary information. However these are only enforceable to the extent allowed by local laws.

The Issuer will need to hire additional personnel as it continues to expand its development activities. The Issuer may not be able to attract or retain qualified management and sales or technical personnel in the future due to the intense competition for qualified personnel among software and hardware businesses. If it is not able to attract and retain the necessary personnel to accomplish its business objectives, it may experience constraints that will impede significantly the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy.

In particular, if the Issuer loses any members of its senior management team, it may not be able to find suitable replacements in a timely fashion or at all and its business may be harmed as a result.

If the Issuer is unable to develop its sales and marketing and distribution capability on its own or through collaborations with marketing partners, it will not be successful in commercializing its product candidates.

The Issuer currently does not have a marketing staff or a sales or distribution organization.

The Issuer currently has limited internal telemarketing, sales or distribution capabilities and plans to rely on third party telemarketing as well as web based direct sales. Ineffectual implementation of either the website or telemarketing campaigns either by the issuer or its third party partners can have an adverse effect on the Issuers ability to sell.

In the future the Issuer may establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize its product and services, which will be expensive and time consuming. Any failure or delay in the development of internal sales, marketing and distribution capabilities would adversely impact the commercialization of these product candidates.

If the Issuer is unable to enter into such arrangements on acceptable terms or at all, it may not be able to successfully commercialize its existing and future product candidates.

The Issuer may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment its own sales force and distribution systems or in lieu of its own sales force and distribution systems. To the extent that the Issuer enters into co-promotion or other licensing arrangements, its product revenue is likely to be lower than if it directly marketed or sold its products, when and if it has any.

In addition, any revenue it receives will depend in whole or in part upon the efforts of such third parties, which may not be successful and will generally not be within its control. If the Issuer is unable to enter into such arrangements on acceptable terms or at all, it may not be able to successfully commercialize its existing and future product candidates.

If it is not successful in commercializing its existing and future product candidates, either on its own or through collaborations with one or more third parties, its future product revenue will suffer and it may incur significant additional losses.

18. Promoters

18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and

(d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

Jag Sandhu, a director and former CEO and President of the Issuer, took the initiative in substantially reorganizing the business of the Issuer and accordingly may be considered to be a promoter of the Issuer. Andrea Pagani, a director, CEO and President of the Issuer, took the initiative in founding and organizing Upco which is now owned by the Issuer. Accordingly Mr. Pagani may be considered to be a promoter of the Issuer. See *"Directors and Officers"* and *"Executive Compensation"* for further information regarding Messrs. Sandhu and Pagani. The Issuer does not have any written or verbal contracts or any other arrangement in effect with any person to provide promotional or investor relations services.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the promoter ceased to

be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

See *"Directors and Officers"* above.

(2) For the purposes of section 18.2 (1), "order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

See *"Directors and Officers"* above.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory

authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

See *"Directors and Officers"* above.

(5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

19. Legal Proceedings

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Prior to its acquisition by the Issuer, during Upco's financial year ended December 31, 2016, a Demand for Arbitration dated May 10, 2016 was filed with JAMS in New York, NY, USA which Demand included a Statement of Claim whereby Upco sought recovery from Hypertel Ltd. of the balance of US$66,699.91 owing to Upco for services provided to Hypertel Ltd. to December 31, 2015 pursuant to a Voice Service Agreement executed by the parties on September 15, 2014, plus an unused deposit of US$5,000. On February 3, 2017 the amount of US$71,699.91 for the overdue amount and the deposit, interest of $7,549.12 as of January 3, 2017, and arbitral fees of $6,333.73 and legal interest thereon from February 3, 2017 were awarded by JAMS in favour of Upco. As at the date of this Listing Statement, the balance has not been received.

Other than set out above and herein, the Issuer is not aware of any legal proceedings or pending legal proceedings to which the Issuer or its subsidiary is or is likely to be a party to or of which its business is likely to be the subject of.

19.2 Regulatory actions - Describe any:

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

Not applicable.

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) any director or executive officer of the Issuer;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

To the best of the Issuer's knowledge, and other than disclosed herein, none of the Issuer’s directors, executive officers, principal shareholders or an associate or affiliate of any of those persons or companies, had or has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

The Issuer’s auditor is Crowe MacKay LLP, Chartered Professional Accountants, located at 1100 1177 West Hastings Street, Vancouver, British Columbia, V6E 4T5.

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

The transfer agent and registrar of the Issuer's common shares is Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

The following are the material contracts entered into by the Issuer or a subsidiary of the Issuer within the two years before the date of this Listing Statement:

1. Letter of Intent dated April 20, 2017 among NSS Resources Inc., Api Holding GmbH) (now known as Aduna Holding GmbH) and Oktacom Inc. (now known as Upco Systems Inc.);
2. The Share Exchange Agreement dated effective May 26, 2017 among Aduna Holding GmbH, Upco Systems Inc., NSS Resources Inc. and Andrea Pagani;
3. Escrow Agreement dated for reference June 30, 2017 among Coserfi S.R.L., Upco Systems Inc., NSS Resources Inc. and Genesis Law Corporation;
4. Joint Venture Termination Agreement dated for reference June 30, 2017 between Coserfi S.R.L. and Upco Systems Inc.;
5. Escrow Agreement dated October 18, 2017 among the Issuer, Computershare Investor Services Inc. and certain shareholders (Aduna Holding GmbH, Coserfi S.R.L. and Manfred Mayer-Heinzelmann); and
6. Joint Venture Agreement dated July 27, 2015 as amended by letter of authorization between the parties dated November 18, 2016 between Coserfi S.R.L. and Upco Systems Inc. (then known Oktacom Inc.).

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

Not applicable.

23. Interest of Experts

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

The audited financial statements of the Issuer for the financial years ended June 30, 2017, June 30, 2016 and June 30, 2015 included with this Listing Statement have been subject to an audit by Crowe MacKay LLP, Chartered Professional Accountants and their audit reports are included herein. Crowe MacKay LLP advised that they are independent with respect to the Issuer within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

The audited financial statements of Upco for the financial years ended December 31, 2016 and December 31, 2015 included with this Listing Statement have been subject to an audit by Dale Matheson Carr-Hilton LaBonte LLP ("DMCL"), Chartered Professional Accountants and their audit reports are included herein. DMCL advised that they are independent with respect to the Upco and the Issuer within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

24. Other Material Facts

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

Not applicable.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

(a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and

(b) a copy of financial statements for any completed interim period of the current fiscal year.

The following financial statements are attached to this Listing Statement:

1) Upco International Inc. audited financial statements for the financial year ended June 30, 2017;
2) Upco International Inc. audited financial statements for the financial year ended June 30, 2016;

3) Upco International Inc. audited financial statements for the financial year ended June 30, 2015;
4) Upco International Inc. unaudited financial statements for the three-month period ended September 30, 2017;
5) Upco audited financial statements for the financial year ended December 31, 2016;
6) Upco audited financial statements for the financial year ended December 31, 2015; and
7) Upco unaudited financial statements for the six-month period ended June 30, 2017.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

(a) the information required in sections 5.1 to 5.3 for the target;

(b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;

(c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:

(i) the last full fiscal year of the Issuer, and

(ii) any completed interim period of the current fiscal year.

The following financial statements are attached to this Listing Statement:

1) Pro forma unaudited financial statements for the period ended June 30, 2017.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to Upco International Inc. as of October 26, 2017. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

Effective as of the 26th day of October, 2017

"Andrea Pagani"
Andrea Pagani
Chief Executive Officer

"Narinder Paul Grewal"
Narinder Paul Grewal
Chief Financial Officer

"Jag Sandhu"
Jag Sandhu
Director

"Franco Zanichelli"
Franco Zanichelli
Director

Schedule 1 – Financial Statements

NSS RESOURCES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the year ended June 30, 2017

NSS Resources Inc.

(an exploration stage company)

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June 30, 2017

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Independent Auditor's Report

To the Shareholders of
NSS Resources Inc

We have audited the accompanying financial statements of NSS Resources Inc, which comprise the statements of financial position as at June 30, 2017 and June 30, 2016, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and 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, 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of NSS Resources Inc as at June 30, 2017 and June 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of NSS Resources Inc to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
September 1, 2017

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	June 30, **2017**	June 30 **2016**
ASSETS		
CURRENT		
Cash and cash equivalents	$ 9,115	$ 96,258
Interest receivable	59	272
Goods and services tax recoverable	4,701	8,470
	13,875	105,000
PROPERTY, PLANT AND EQUIPMENT	810	646
EXPLORATION AND EVALUATION ASSETS (Note 5)	-	57,078
	$ 14,685	$ 162,724
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 2,914	$ 7,439
	2,914	7,439
EQUITY		
SHARE CAPITAL (Note 6)	394,926	386,376
SHARE-BASED PAYMENTS RESERVE	51,651	21,901
ACCUMULATED DEFICIT	(434,806)	(252,992)
	11,771	155,285
	$ 14,685	$ 162,724

Going concern of operations (Note 2c)

Approved on behalf of the Board of Directors:

"Jag Sandhu" "Paul Grewal"

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Director *Director*

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Year ended June 30 **2017**		Year ended June 30 **2016**
Expenses				
Consulting fees (Note 8)	$	**60,000**	$	**58,500**
Depreciation		**552**		**216**
Fees and filings		**7,910**		**6,771**
Field expenses		**-**		**4,408**
Meals and entertainment		**1,778**		**1,784**
Office and miscellaneous		**432**		**428**
Professional fees (Note 8)		**24,757**		**16,741**
Share-based payments (Notes 6 and 8)		**29,750**		**7,450**
		(125,179)		**(96,298)**
Other items:				
Interest		**443**		**973**
Write-off of exploration and evaluation assets		**(57,078)**		**-**
		(56,635)		**973**
NET LOSS AND COMPREHENSIVE LOSS	$	**(181,814)**	$	**(95,325)**
LOSS PER SHARE – basic and diluted	$	**0.02**	$	**0.01**
WEIGHTED AVERAGE NUMBER OF SHARE OUTSTANDING -basic and diluted		**11,226,563**		**11,225,001**

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

	Share Capital		Share-Based Payments	Accumulated	
	Shares	Amount	Reserve	Deficit	Total
Balance – June 30, 2016	**11,225,001**	**$ 386,376**	**$ 21,901**	**$ (252,992)**	**$ 155,285**
Shares issued for debt settlement	**142,500**	**8,550**	**-**	**-**	**8,550**
Grant of options	**-**	**-**	**29,750**	**-**	**29,750**
Net loss for the year	**-**	**-**	**-**	**(181,814)**	**(181,814)**
Balance – June 30, 2017	**11,367,501**	**$ 394,926**	**$ 51,651**	**$ (434,806)**	**$ 11,771**

	Share Capital		Share-Based Payments	Accumulated	
	Shares	Amount	Reserve	Deficit	Total
Balance – June 30, 2015	**11,225,001**	**$ 386,376**	**$ 14,451**	**$ (157,667)**	**$ 243,160**
Grant of options	**-**	**-**	**7,450**	**-**	**7,450**
Net loss for the year	**-**	**-**	**-**	**(95,325)**	**(95,325)**
Balance – June 30, 2016	**11,225,001**	**$ 386,376**	**$ 21,901**	**$ (252,992)**	**$ 155,285**

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

		Year ended June 30 **2017**		Year ended June 30 **2016**
OPERATING ACTIVITIES				
Net loss	$	(181,814)	$	(95,325)
Item not affecting cash:				
Share-based payments		29,750		7,450
Deprecation		552		216
Write off exploration and evaluation assets		57,078		-
Change in non-cash working capital:				
Interest receivable		213		318
Goods and services tax recoverable		3,769		(8,470)
Accounts payable and accrued liabilities		4,025		3,639
Cash flow used by operating activities		(86,427)		(92,172)
INVESTING ACTIVITIES				
Purchase of equipment		(716)		(862)
Exploration and evaluation expenditures		-		(18,629)
		(716)		(19,491)
FINANCING ACTIVITY				
Due to (from) related parties		-		(1,198)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(87,413)		(112,861)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR		96,258		209,119
CASH AND CASH EQUIVALENTS – END OF YEAR	$	9,115	$	96,258
CASH AND CASH EQUIVALENTS COMPRISE OF:				
Cash (cheques in excess of deposits)	$	(855)	$	6,258
Term deposits		10,000		90,000
	$	9,115	$	96,258
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	$	534	$	1,291
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-
Shares issued for debt settlement	$	8,550	$	-

The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION

NSS Resources Inc.'s business activity is the exploration and evaluation of mineral properties in British Columbia, Canada. NSS Resources Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on March 28, 2012.

The address of the Company's registered and records office is located at 400 – 570 Granville Street, Vancouver, BC V6C 2T5 and the principal place of business is Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 Canada.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements have been prepared in accordance and compliance 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"). The financial statements were authorized for issue by the Board of Directors on September 1, 2017.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial instruments classified as financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets which are presented at their fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a comprehensive loss of $181,814 during the year ended June 30, 2017 (2016: $95,325) and as of that date, the Company's accumulated deficit was $434,806. The Company intends to raise further financing through private placements.

2. BASIS OF PREPARATION (CONTINUED)

c) **Going Concern of Operations (continued)**

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so, there is no assurance it will be able to do so in the future. These material uncertainties raise significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At June 30, 2017, the Company held cash and cash equivalents.

b) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Property, plant and equipment are depreciated over their estimated useful lives at the following rates and methods:

Computer equipment	55%	diminishing method

The company regularly reviews its property, plant and equipment to eliminate obsolete items.

c) **Mineral Exploration and Evaluation Expenditures**

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Mineral Exploration and Evaluation Expenditures (continued)

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is classified as ‘mines under construction’. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

d) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken at least annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent the impairment loss reverses gains previously recognized in other comprehensive loss/income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Financial Instruments**

Financial Assets

Financial assets are classified and subsequently measured, based on the purpose for which the asset was acquired, as presented below. All transactions related to financial instruments are recorded on a trade date basis.

Financial assets at fair value through profit or loss (“FVTPL”)

FVTPL assets are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held-to-Maturity Investments

Held-to-maturity investments are measured at amortized cost.

Available-For-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

3. Summary of Significant Accounting Policies (continued)

e) **Financial Instruments (continued)**

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities or financial liabilities at FVTPL, based on the purpose for which the liability was incurred.

Other Financial Liabilities

These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial Liabilities at FVTPL

FVTPL liabilities are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Classification

Financial Instruments	Classification	Subsequent Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Interest receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by its exploration and evaluation activities. The Company records the present value of the estimated costs of legal or constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

g) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income/loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Income Taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

i) Earnings / Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Share-based Payments (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in reserve for share-based payments, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve for share-based payments is credited to share capital, adjusted for any consideration paid. Amounts for unexercised options remain in reserve for share-based payments upon their expiry.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

k) Standards, Amendments and Interpretations Not Yet Effective

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

3. Summary of Significant Accounting Policies (continued)

k) Standards, Amendments and Interpretations Not Yet Effective (continued)

IFRS 9 Financial Instruments is effective for annual periods beginning on or after January 1, 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

IFRS 15 Revenue from Contracts with Customers provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets begin leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates have been applied in the following areas:

a) Rehabilitation Provisions

No rehabilitation provisions have been created based on the Company's activity to date. Based upon the prevailing economic environment, assumptions will be made which management believes are reasonable upon which to estimate the future liability. These estimates will take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

The areas in which the Company has exercised critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Going concern

The assessment of the company's ability to continue as a going concern is a significant judgement. See note 2c.

b) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. EXPLORATION AND EVALUATION ASSETS

Balance at June 30, 2015	$	38,449
Field expenses		18,629
Balance at June 30, 2016		57,078
Claim lapsed		(57,078)
Balance at June 30, 2017	$	-

In April 2014, the Company acquired a 100% interest by staking the Seneca mineral claims located near Harrison Hot Springs, British Columbia, Canada.

Pursuant to a finder's fee agreement, the Company granted a 2% net smelter return royalty to Asante Gold Corporation, a company related by common director, on production from the current Seneca claims, and from any additional interests in minerals or land acquired by the Company located within 5 km of these claims.

During the year, the land claims lapsed. Accordingly, the company wrote off $57,078 of capitalized costs.

6. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares will be entitled to receive dividends which will be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of common share capital issuances for the years ended June 30, 2017 and 2016:

	Number of Shares	Issue Price	Amount
Balance at June 30, 2015 and 2016	11,225,001		$ 386,376
Shares issued for debt settlement	142,500	$ 0.06	8,550
Balance at June 30, 2017	11,367,501		$ 394,926

During the year, the Company issued 142,500 common shares with a fair value of $0.06 per share for the settlement of debt in the amount of $8,550.

As at June 30, 2017, 1,020,001 shares were held in escrow and 1/3 will be released in 6 months intervals ending December 2017.

6. SHARE CAPITAL (CONTINUED)

b) Share Purchase Warrants

The following is a summary of warrants issued during the years ended June 30, 2017 and 2016 together with exercise conditions. No fair value was attributed to any of the warrants granted during the years:

	Number of warrants	Exercise price	Expiry
Balance at June 30, 2015	736,250	$ 0.15	
Expiry of finder's warrants	(11,250)	0.15	
Balance at June 30, 2016	725,000	0.15	November 24, 2016
Expiry of finder's warrants	(725,000)	0.15	
Balance at June 30, 2017	-	$ -	

c) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant less any discount allowable under TSX rules, at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. In accordance with the Plan, options vest immediately upon grant; with the exception of personnel working in Investor Relations whose options vest at 25% upon grant and 25% every three months thereafter until all options are fully vested.

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance
July 30, 2014	July 30, 2019	$ 0.10	700,000		-	-	700,000
March 11, 2015	March 11, 2020	$ 0.10	100,000		-	-	100,000
January 6, 2016	January 6, 2021	$ 0.10	100,000		-	-	100,000
January 16, 2017	January 16, 2022	$ 0.20	-	200,000	-	-	200,000
			900,000	200,000	-	-	1,100,000
		Weighted Average Exercise Price	$0.10	$ 0.20	$ -	$ -	$ 0.12

6. SHARE CAPITAL (CONTINUED)

c) Option Plan Details (continued)

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance
July 30, 2014	July 30, 2019	$ 0.10	700,000	-	-	-	700,000
March 11, 2015	March 11, 2020	$ 0.10	100,000	-	-	-	100,000
January 6, 2016	January 6, 2021	$ 0.10	-	100,000	-	-	100,000
Balance at June 30, 2016			800,000	100,000	-	-	900,000
Weighted Average Exercise Price			$ -	$ 0.10	$ -	$ -	$ 0.10
Weighted Average Remaining Life							3.31

During the year ended June 30, 2017, 200,000 options (2016 – 100,000) were granted with a fair value of $0.15 per option (2016 - $0.07). The fair value of each option granted is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2017	2016
Number of options	200,000	100,000
Estimated life	5 years	5 years
Share price at date of grant	$0.20	$0.10
Option exercise price	$0.20	$0.10
Risk free interest rate	1%	1%
Estimated annual volatility	100%	100%
Option fair value	$0.15	$0.07

Fair Value Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

7. FINANCIAL INSTRUMENTS

a) Disclosures

The Company's financial instruments consist of cash and cash equivalents, interest receivable, and accounts payable and accrued liabilities.

The carrying values of the above approximate their respective fair values due to the short-term nature of these instruments. There were no financial instruments carried at fair value at June 30, 2017 and 2016.

b) Financial instrument risk exposure and risk management

(i) Credit risk:
Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. With cash on deposit and cash equivalents with sound financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

(ii) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2017, the Company had current liabilities totaling $2,914 (2016: $7,439) and cash and cash equivalents of $9,115 (2016: $96,258) and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

(iii) Market risk:
Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

c) Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares and accumulated deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

7. FINANCIAL INSTRUMENTS (CONTINUED)

c) Capital management (continued)

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the years ended June 30, 2017 and 2016. The Company is not subject to any external covenants.

8. RELATED PARTY TRANSACTIONS

During the year, $60,000 (2016 - $58,500) in consulting fees and $Nil (2016: $9,920) in geological services were paid or accrued to JNS Capital Corp (a corporation owned by a director and officer of the company).

During the year $2,000 (2016: $3,000) was charged by HWG, Chartered Professional Accountants (a firm in which the CFO is a partner). Included in accounts payable and accrued liabilities at year-end is $Nil (2016 :$4,200) owing to the firm.

During the year Nil (2016: 100,000) options were granted to related parties, and $Nil (2016 - $7,450) was charged to share-based payments.

9. INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the year.

	2017	2016
Statutory tax rates	26%	26%
Expected income tax expense (recovery) at statutory rates	$ (47,271)	$ (24,785)
Items not deductible for tax purposes	7,966	2,169
Change in unrecognized tax benefits	39,305	22,616
	$ -	$ -

Nature of temporary differences	2017	2016
Unused tax losses carried forward	$ 84,000	$ 60,000
Exploration and evaluation assets	15,000	-
Unrecognized tax benefits	$ 99,000	$ 60,000

At June 30, 2017, subject to confirmation by Canadian income tax authorities, the Company has approximately $325,000 (2016 - $231,000) in Canadian non-capital tax losses of available for carry-forward to reduce future years' taxable income, which expires beginning in 2034.

The potential benefits of these carry-forward non-capital losses has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

10. SUBSEQUENT EVENT

On May 26, 2017, the Company entered into a Share Exchange Agreement (the “Share Exchange Agreement”) with Upco Systems Inc. (“Upco”) and Aduna Holdings GmbH (“Aduna”). Pursuant to the Share Exchange Agreement, the Company will acquire all of the issued and outstanding common shares of Upco through the issuance of 33,000,000 common shares, at a deemed price of $0.06 per share. A finder’s fee of 2,000,00 shares will be paid at closing.

At closing and at the sole discretion of the board of directors of the Company as constituted immediately after the time of closing, the Company will grant options to certain directors, officers, employees and consultants of the Company and Upco to purchase up to 3,722,500 common shares in the capital of the Company at an exercise price of $0.06 or as may be allowed by and regulatory authority.

Closing of the proposed transaction is subject to a number of conditions being satisfied or waived at or prior to closing, including the following:

- No material adverse change with respect to Upco or its business having occurred prior to closing of the Share Exchange Agreement;
- The receipt of all required regulatory and Canadian Securities Exchange approvals; and
- The transaction represents a fundamental change pursuant to the Policies of the Canadian Securities Exchange, and is subject to shareholder approval. Following the transaction, the business of the issuer will be the business of Upco, which includes the wholesale of international long distance traffic termination.

NSS RESOURCES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the year ended June 30, 2016

NSS Resources Inc.

(an exploration stage company)

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June 30, 2016

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Independent Auditor's Report

To the Shareholders of
NSS Resources Inc

We have audited the accompanying financial statements of NSS Resources Inc, which comprise the statements of financial position as at June 30, 2016 and June 30, 2015, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and 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, 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of NSS Resources Inc as at June 30, 2016 and June 30, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of NSS Resources Inc to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
October 11, 2016

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	June 30 2016	June 30 2015
ASSETS		
CURRENT		
Cash and cash equivalents	$ 96,258	$ 209,119
Interest receivable	272	590
Goods and services tax recoverable	8,470	-
	105,000	209,709
PROPERTY, PLANT AND EQUIPMENT	646	-
EXPLORATION AND EVALUATION ASSETS (Note 5)	57,078	38,449
	$ 162,724	$ 248,158
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 7,439	$ 3,800
Due to a related party (Note 9)	-	1,198
	7,439	4,998
EQUITY		
SHARE CAPITAL (Note 6)	386,376	386,376
SHARE-BASED PAYMENTS RESERVE	21,901	14,451
ACCUMULATED DEFICIT	(252,992)	(157,667)
	155,285	243,160
	$ 162,724	$ 248,158

Going concern of operations (Note 2c)

Approved on behalf of the Board of Directors:

"Jag Sandhu" ________________________ *Director*

"Paul Grewal" ________________________ *Director*

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Year ended June 30 **2016**	Year ended June 30 **2015**
Expenses		
Advertising and promotion	$ -	$ 474
Amortization	216	-
Consulting fees (Note 8)	58,500	31,500
Filing fees	6,771	34,432
Field expenses	4,408	50,762
Meals and entertainment	1,784	1,439
Office and miscellaneous	428	500
Share-based payments (Notes 6 and 9)	7,450	14,451
Professional fees	16,741	18,328
Rent	-	400
	(96,298)	(152,286)
Other income: Interest	973	737
NET LOSS AND COMPREHENSIVE LOSS	$ (95,325)	$ (151,549)
LOSS PER SHARE – basic and diluted	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	11,225,001	9,765,960

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Share Capital			Share-Based Payments		Accumulated		
	Shares		Amount		Reserve		Deficit		Total
Balance – June 30, 2015	**11,225,001**	**$**	**386,376**	**$**	**14,451**	**$**	**(157,667)**	**$**	**243,160**
Grant of options	**-**		**-**		**7,450**		**-**		**7,450**
Net loss for the year	**-**		**-**		**-**		**95,325**		**(95,325)**
Balance – June 30, 2016	**11,225,001**	**$**	**386,376**	**$**	**21,901**	**$**	**(252,992)**	**$**	**155,285**

	Share Capital			Share-Based Payments		Accumulated		
	Shares		Amount		Reserve		Deficit		Total
Balance – June 30, 2014	**9,000,001**	**$**	**155,001**	**$**	**-**	**$**	**(6,118)**	**$**	**148,883**
Shares issued for cash	**2,225,000**		**232,500**		**-**		**-**		**232,500**
Grant of options	**-**		**-**		**14,451**		**-**		**14,451**
Share issue costs	**-**		**(1,125)**		**-**		**-**		**(1,125)**
Net loss for the year	**-**		**-**		**-**		**(151,549)**		**(151,549)**
Balance –June 30, 2015	**11,225,001**	**$**	**386,376**	**$**	**14,451**	**$**	**(157,677)**	**$**	**243,160**

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

		Year ended Jun 30 **2016**		Year ended June 30 **2015**
OPERATING ACTIVITIES				
Net loss	$	(95,325)	$	(151,549)
Item not affecting cash:				
Share-based payments		7,450		14,451
Amortization		216		-
Change in non-cash working capital:				
Interest receivable		318		(590)
Goods and services tax recoverable		(8,470)		-
Accounts payable and accrued liabilities		3,639		-
Cash flow used in operating activities		(92,172)		(137,688)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(862)		-
Exploration and evaluation expenditures		(18,629)		(28,971)
Cash flow used in investing activities		(19,491)		(28,971)
FINANCING ACTIVITIES				
Due to (from) related parties		(1,198)		1,125
Issuance of share capital, net of share issue costs		-		231,375
Cash flow provided by (used in) financing activities		(1,198)		232,500
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(112,861)		65,841
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		209,119		143,278
CASH AND CASH EQUIVALENTS – END OF YEAR	$	96,258	$	209,119
CASH AND CASH EQUIVALENTS COMPRISE OF:				
Cash	$	6,258	$	24,119
Term deposits		90,000		185,000
	$	96,258	$	209,119
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	$	1,291	$	-
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-

The accompanying notes are an integral part of these financial statements

1. Corporate Information

NSS Resources Inc.'s business activity is the exploration and evaluation of mineral properties in British Columbia, Canada. NSS Resources Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on March 28, 2012.

The address of the Company's registered and records office is located at 400 – 570 Granville Street, Vancouver, BC V6C 3O1 and the principal place of business is Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 Canada.

2. Basis of Preparation

a) Statement of Compliance

These financial statements have been prepared in accordance and compliance 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"). The financial statements were authorized for issue by the Board of Directors on October 11, 2016.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial instruments classified as financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets which are presented at their fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a comprehensive loss of $95,325 during the year ended June 30, 2016 (2015: $151,549) and as of that date, the Company's accumulated deficit was $252,992. The Company intends to raise further financing through private placements.

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so, there is no assurance it will be able to do so in the future. These material uncertainties raise significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

3. Summary of Significant Accounting Policies

a) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At June 30, 2016, the Company held cash and cash equivalents.

b) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	diminishing method

The company regularly reviews its property, plant and equipment to eliminate obsolete items.

c) **Mineral Exploration and Evaluation Expenditures**

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is classified as ‘mines under construction’. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

d) **Impairment of Non-Financial Assets**

Impairment tests on intangible assets with indefinite useful economic lives are undertaken at least annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

3. Summary of Significant Accounting Policies (continued)

d) Impairment of Non-Financial Assets (continued)

Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent the impairment loss reverses gains previously recognized in other comprehensive loss/income.

e) Financial Instruments

Financial Assets

Financial assets are classified and subsequently measured, based on the purpose for which the asset was acquired, as presented below. All transactions related to financial instruments are recorded on a trade date basis.

Financial assets at fair value through profit or loss (“FVTPL”)

FVTPL assets are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held-to-Maturity Investments

Held-to-maturity investments are measured at amortized cost.

Available-For-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

3. Summary of Significant Accounting Policies (continued)

e) **Financial Instruments (continued)**

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities or financial liabilities at FVTPL, based on the purpose for which the liability was incurred.

Other Financial Liabilities

These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial Liabilities at FVTPL

FVTPL liabilities are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Classification

Financial Instruments	Classification	Subsequent Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Interest receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to a related party	Other financial liabilities	Amortized cost

f) **Provisions**

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by its exploration and evaluation activities. The Company records the present value of the estimated costs of legal or constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

3. Summary of Significant Accounting Policies (continued)

f) **Provisions (continued)**

Rehabilitation Provision (continued)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

g) **Income Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

h) **Share Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Earnings / Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in reserve for share-based payments, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve for share-based payments is credited to share capital, adjusted for any consideration paid. Amounts for unexercised options remain in reserve for share-based payments upon their expiry.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) **Standards Amendments and Interpretations Not Yet Effective**

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

IFRS 9 – 'Financial Instruments'

The effective date of this standard is for annual periods beginning on or after January 1, 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

IFRS 15 Revenue from Contracts with Customers

Provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates have been applied in the following areas:

a) **Rehabilitation Provisions**

No rehabilitation provisions have been created based on the Company's activity to date. Based upon the prevailing economic environment, assumptions will be made which management believes are reasonable upon which to estimate the future liability. These estimates will take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

The areas in which the Company has exercised critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) **Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure has been capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to the profit or loss in the period the new information becomes available.

b) **Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

c) **Income Taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

d) **Going Concern**

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize it assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

5. EXPLORATION AND EVALUATION ASSETS

Balance at June 30, 2014	$	9,478
Engineering report		2,942
Field expenses		26,029
Balance at June 30, 2015		38,449
Field expenses		18,629
Balance at June 30, 2016	$	57,078

In April 2014, the Company acquired a 100% interest by staking the Seneca mineral claims located near Harrison Hot Springs, British Columbia, Canada.

Pursuant to a finder's fee agreement, the Company granted a 2% net smelter return royalty to Asante Gold Corporation, a company related by common director, on production from the current Seneca claims, and from any additional interests in minerals or land acquired by the Company located within 5 km of these claims.

To date, assessment of exploration and evaluation assets has not resulted in any impairment of the Company's properties.

6. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares will be entitled to receive dividends which will be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of common share capital issuances for the years ended June 30, 2016 and 2015:

	Number of Shares		Issue Price		Amount
Balance at June 30, 2014	9,000,001			$	155,001
Shares issued via issuance and exercise of special warrants (1)	500,000	$	0.02		10,000
Shares issued via private placement	725,000	$	0.10		72,500
Shares issued via private placement	1,000,000	$	0.15		150,000
Share issue costs	-		-		(1,125)
Balance at June 30, 2015 and 2016	11,225,001			$	386,376

As at June 30, 2016, 3,060,000 shares were held in escrow and 1/3 will be released in 6 month intervals ending December 2017.

(1) On October 17, 2014, the Company closed a Special Warrant financing of 500,000 special warrants at $0.02 per special warrant for gross proceeds of $10,000. Each special warrant is exercisable into one common share of the company. On December 18, 2014 these special warrants were converted into common shares of the Company.

b) Share Purchase Warrants

The following is a summary of warrants issued to June 30, 2016 together with exercise conditions. No fair value was attributed to any of the warrants granted during the year:

	Number of warrants		**Exercise price**	**Expiry**
Balance at June 30, 2014	-	$	-	
Issue of warrants for private placement	725,000		0.15	November 24, 2016
Issue of finder's warrants	11,250		0.15	November 24, 2015
Balance at June 30, 2015	736,250		0.15	
Expiry of finder's warrants	(11,250)		0.15	
Balance at June 30, 2016	725,000	$	0.15	November 24, 2016

6. SHARE CAPITAL (CONTINUED)

c) **Option Plan Details**

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant less any discount allowable under TSX rules, at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. In accordance with the Plan, options vest immediately upon grant; with the exception of personnel working in Investor Relations whose options vest at 25% upon grant and 25% every three months thereafter until all options are fully vested.

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance
July 30, 2014	July 30, 2019	$ 0.10	-	700,000	-	-	700,000
March 11, 2015	March 11, 2020	$ 0.10	-	100,000	-	-	100,000
Balance at June 30, 2015			-	100,000	-	-	800,000

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance
July 30, 2014	July 30, 2019	$ 0.10	700,000	-	-	-	700,000
March 11, 2015	March 11, 2020	$ 0.10	100,000	-	-	-	100,000
January 6, 2016	January 6, 2021	$ 0.10	-	100,000	-	-	100,000
Balance at June 30, 2016			800,000	100,000	-	-	900,000
Weighted Average Exercise Price			$ -	$ 0.10	$ -	$ -	$ 0.10
Weighted Average Remaining Life							3.31

During the year ended June 30, 2016, 100,000 (2015 – 800,000) options were granted and the fair value of each option granted is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2016	2015
Number of options	100,000	800,000
Estimated life	5 years	5 years
Share price at date of grant	$0.10	$0.03
Option exercise price	$0.10	$0.10
Risk free interest rate	1%	1%
Estimated annual volatility	100%	100%
Option fair value	$0.07	$0.02
Fair value of compensation granted during the year	$ 7,450	$14,451

6. SHARE CAPITAL (CONTINUED)

c) **Option Plan Details (continued)**

Fair Value Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

The expected price volatility is based on the volatility of similar entities in the same industry (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

7. FINANCIAL INSTRUMENTS

a) Disclosures

The Company's financial instruments consist of cash and cash equivalents, interest receivable, accounts payable and accrued liabilities, and due to a related party.

The carrying values of the above approximate their respective fair values due to the short-term nature of these instruments. There were no financial instruments carried at fair value at June 30, 2016 and 2015.

b) Financial instrument risk exposure and risk management

(i) Credit risk:
Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. With cash on deposit with sound financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

(ii) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2016, the Company had current liabilities totaling $7,439 (2015: $4,998) and cash and cash equivalents of $96,258 (2015: $209,119) and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

(iii) Market risk:
Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

7. FINANCIAL INSTRUMENTS (CONTINUED)

c) Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares and accumulated deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the years ended June 30, 2016 and 2015. The Company is not subject to any external covenants.

8. INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the year.

	2016	2015
Statutory tax rates	26%	26%
Expected income tax expense (recovery) at statutory rates	$ (24,785)	$ (39,403)
Items not deductible for tax purposes	2,169	3,757
Income tax benefits not realized	22,616	35,646
	$ -	$ -

Nature of temporary differences	2016	2015
Unused tax losses carried forward	$ 60,000	$ 37,000

At June 30, 2016, subject to confirmation by Canadian income tax authorities, the Company has approximately $231,000 in Canadian non-capital tax losses of available for carry-forward to reduce future years' taxable income, which expires beginning in 2034.

The potential benefits of these carry-forward non-capital losses has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

9. RELATED PARTY TRANSACTIONS

As at June 30, 2016, included in due to a related party was $Nil (2015: $1,198) in expense reimbursements owing to a director and officer of the Company.

During the year, $58,500 (2015: $31,500) in consulting fees were paid to JNS Capital Corp (a Corporation owned by a director and officer of the company).

During the year, $9,920 (2015: $9,618) was paid to JNS Capital Corp. (a Corporation owned by a director and officer of the Company) for geological services.

During the year $3,000 (2015: $2,100) was charged by Heming, Wyborn and Grewal Chartered Professional Accountants (a firm in which the CFO is a partner). Included in accounts payable and accrued liabilities at year-end is $4,200 (2015: $800) owing to the firm.

During the year 100,000 (2015: 700,000) options were granted to related parties.

NSS RESOURCES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the years ended June 30, 2015 and 2014

NSS Resources Inc.

(an exploration stage company)

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June 30, 2015

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Independent Auditor's Report

To the Shareholders of
NSS Resources Inc.

We have audited the accompanying financial statements of NSS Resources Inc., which comprise the statements of financial position as at June 30, 2015 and June 30, 2014, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and 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, 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of NSS Resources Inc. as at June 30, 2015 and June 30, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of NSS Resources Inc. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
October 2, 2015

NSS Resources Inc.
(an exploration stage company)

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	June 30 **2015**	June 30 **2014**
ASSETS		
CURRENT		
Cash and cash equivalents	$ 209,119	$ 143,278
Interest receivable	590	-
	209,709	143,278
EXPLORATION AND EVALUATION ASSETS (Note 5)	38,449	9,478
	$ 248,158	$ 152,756
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 3,800	$ 3,800
Due to a related party (Note 9)	1,198	73
	4,998	3,873
EQUITY		
SHARE CAPITAL (Note 6)	386,376	155,001
SHARE-BASED PAYMENTS RESERVE (Note 6)	14,451	-
ACCUMULATED DEFICIT	(157,667)	(6,118)
	243,160	148,883
	$ 248,158	$ 152,756

Going concern of operations (Note 2c)

Approved on behalf of the Board of Directors on October 2, 2015:

"Jag Sandhu" "Douglas MacQuarrie"

Director *Director*

NSS Resources Inc.
(an exploration stage company)

STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Year ended June 30 **2015**		Year ended June 30 **2014**
Expenses				
Advertising and promotion	$	474	$	-
Consulting fees (note 9)		31,500		184
Fees and filings		34,432		-
Interest and bank charges		94		95
Field expenses		50,762		144
Meals and entertainment		1,439		121
Office		87		-
Professional fees (note 9)		18,328		5,455
Share-based payment (notes 6 and 9)		14,451		-
Supplies		319		119
Rent		400		-
		(152,286)		(6,118)
Other income: interest		737		-
NET LOSS AND COMPREHENSIVE LOSS	$	(151,549)	$	(6,118)
LOSS PER SHARE basic and diluted	$	(0.02)	$	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING basic and diluted		9,765,960		478,083

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF CHANGES IN EQUITY

	Share Capital		Share-based Payments Reserve	Accumulated	
	Shares	Amount		Deficit	Total
Balance - June 30, 2013	1	$ 1	$ -	$ -	$ 1
Shares issued for cash	2,500,000	25,000	-	-	25,000
Shares issued for cash	6,500,000	130,000	-	-	130,000
Net loss for the year	-	-	-	(6,118)	(6,118)
Balance - June 30, 2014	9,000,001	155,001	-	(6,118)	148,883
Shares issued for cash	2,225,000	232,500	-	-	232,500
Grant of options	-	-	14,451	-	14,451
Share issue costs	-	(1,125)	-	-	(1,125)
Net loss for the year	-	-	-	(151,549)	(151,549)
Balance - June 30, 2015	11,225,001	$ 386,376	$ 14,451	$ (157,667)	$ 243,160

NSS Resources Inc.
(an exploration stage company)

STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

		Year ended June 30 **2015**		Year ended June 30 **2014**
OPERATING ACTIVITIES				
Net loss	$	(151,549)	$	(6,118)
Items not involving cash:				
Share-based payments		14,451		-
Change in non-cash working capital:				
Interest receivable		(590)		-
Accounts payable and accrued liabilities		-		3,800
Cash flow used by operating activities		(137,688)		(2,318)
INVESTING ACTIVITY				
Exploration and evaluation expenditures		(28,971)		(9,478)
FINANCING ACTIVITIES				
Due to (from) related parties		1,125		74
Issuance of share capital		231,375		155,000
Cash flow from financing activities		232,500		155,074
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		65,841		143,278
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		143,278		-
CASH AND CASH EQUIVALENTS – END OF YEAR	$	209,119	$	143,278
CASH AND CASH EQUIVALENTS COMPRISE OF:		-		-
Cash	$	24,119	$	143,278
Term deposits		185,000		-
	$	209,119	$	- 143,278
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	$	-	$	-
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-

The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION

NSS Resources Inc.'s business activity is the exploration and evaluation of mineral properties in British Columbia, Canada. NSS Resources Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on March 28, 2012.

The address of the Company's registered and records office is located at 400 – 570 Granville Street, Vancouver, BC V6C 3O1 and the principal place of business is Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 Canada.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements have been prepared in accordance and compliance 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"). The financial statements were authorized for issue by the Board of Directors on October 2, 2015.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial instruments classified as financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets which are presented at their fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a comprehensive loss of $151,549 during the year ended June 30, 2015 (2014: $6,118) and as of that date, the Company's accumulated deficit was $157,667. The Company intends to raise further financing through private placements.

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so, there is no assurance it will be able to do so in the future. These material uncertainties raise significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At June 30, 2015, the Company held cash and cash equivalents.

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

c) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken at least annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent the impairment loss reverses gains previously recognized in other comprehensive loss/income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments

Financial Assets

Financial assets are classified and subsequently measured, based on the purpose for which the asset was acquired, as presented below. All transactions related to financial instruments are recorded on a trade date basis.

Financial assets at fair value through profit or loss ("FVTPL")

FVTPL assets are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held-to-Maturity Investments

Held-to-maturity investments are measured at amortized cost.

Available-For-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial Instruments (continued)

Financial Liabilities

Financial liabilities are classified as other financial liabilities or financial liabilities at FVTPL, based on the purpose for which the liability was incurred.

Other Financial Liabilities

These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial Liabilities at FVTPL

FVTPL liabilities are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Classification

Financial Instruments	Classification	Subsequent Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Interest receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to a related party	Other financial liabilities	Amortized cost

e) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by its exploration and evaluation activities. The Company records the present value of the estimated costs of legal or constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Earnings / Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Share-based Payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in reserve for share-based payments, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve for share-based payments is credited to share capital, adjusted for any consideration paid. Amounts for unexercised options remain in reserve for share-based payments upon their expiry.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Standards Amendments and Interpretations adopted in the current year

Effective July 1, 2014, the Company adopted the following amendments, which had no significant impact to these financial statements.

IAS 32 - 'Financial Instruments: Presentation'

This amendment provides clarification on the application of offsetting rules.

IAS 36 - 'Impairment of Assets'

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Standards Amendments and Interpretations adopted in the current year (continued)

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

The amendments to IFRS 2 clarify vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendment is effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

k) Standards, Amendments and Interpretations Not Yet Effective

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

IFRS 9 – 'Financial Instruments'

The effective date of this standard is for annual periods beginning on or after January 1, 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

IFRS 15 Revenue from Contracts with Customers

Provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates have been applied in the following areas:

a) Rehabilitation Provisions

No rehabilitation provisions have been created based on the Company's activity to date. Based upon the prevailing economic environment, assumptions will be made which management believes are reasonable upon which to estimate the future liability. These estimates will take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

The areas in which the Company has exercised critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

b) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure has been capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to the profit or loss in the period the new information becomes available.

c) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

d) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. EXPLORATION AND EVALUATION ASSETS

Balance at June 30, 2013	$	-
Engineering report		2,000
Field expenses		258
Staking costs		7,220
Balance at June 30, 2014		9,478
Engineering report		2,942
Field expenses		26,029
Staking costs		-
Balance at June 30, 2015	$	38,449

In April 2014, the Company acquired a 100% interest by staking the Seneca mineral claims located near Harrison Hot Springs, British Columbia, Canada.

Pursuant to a finder's fee agreement, the Company granted a 2% net smelter return royalty to Asante Gold Corporation, a company related by common directors, on production from the current Seneca claims, and from any additional interests in minerals or land acquired by the Company located within 5 km of these claims.

To date, assessment of exploration and evaluation assets has not resulted in any impairment of the Company's properties.

6. SHARE CAPITAL

a) Common Shares

The Company is authorised to issue an unlimited number of common shares.

The holders of common shares will be entitled to receive dividends which will be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

6. SHARE CAPITAL (CONTINUED)

a) Common Shares (continued)

The following is a summary of common share capital issuances for the years ended June 30, 2015 and 2014:

	Number of Shares		Issue Price		Amount
Balance at June 30, 2013	1			$	1
Shares issued via private placement	2,500,000	$	0.01		25,000
Shares issued via private placement	6,500,000	$	0.02		130,000
Balance at June 30, 2014	9,000,001				155,001
Shares issued via issuance and exercise of special warrants (1)	500,000	$	0.02		10,000
Shares issued via private placement	725,000	$	0.10		72,500
Shares issued via private placement	1,000,000	$	0.15		150,000
Share issue costs	-				(1,125)
Balance at June 30, 2015	11,225,001			$	386,376

(1) On October 17, 2014, the Company closed a Special Warrant financing of 500,000 special warrants at $0.02 per special warrant for gross proceeds of $10,000. Each special warrant is exercisable into one common share of the company. On December 18, 2014 these special warrants were converted into common shares of the Company.

b) Share Purchase Warrants

The following is a summary of warrants issued to June 30, 2015 together with exercise conditions. No fair value was attributed to any of the warrants granted during the year:

	Number of warrants		Exercise price	Expiry
Balance at June 30, 2013 and 2014	-	$	-	
Issue of warrants for private placement	725,000		0.15	24/11/2016
Issue of finder's warrants	11,250		0.15	24/11/2015
Balance at June 30, 2015	736,250	$	0.15	

6. SHARE CAPITAL (CONTINUED)

c) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant less any discount allowable under TSX rules, at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. In accordance with the Plan, options vest immediately upon grant; with the exception of personnel working in Investor Relations whose options vest at 25% upon grant and 25% every three months thereafter until all options are fully vested.

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance
July 30, 2014	July 30, 2019	$ 0.10	-	700,000	-	-	700,000
January 1, 2015	January 2, 2020	$ 0.10	-	100,000	-	-	100,000
				800,000	-	-	800,000
Weighted Average Exercise Price			$ -	$ 0.10	$ -	$ -	$ 0.10

During the twelve months ended June 30, 2015, 800,000 options were granted with a fair value of $0.02 per option. The fair value of each option granted is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

Number of options	800,000
Estimated life	5 years
Share price at date of grant	$0.03
Option exercise price	$0.10
Risk free interest rate	1%
Estimated annual volatility	100%
Option fair value	$0.02
Fair value of compensation granted during the year	$14,451

Fair Value Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

7. FINANCIAL INSTRUMENTS

a) Disclosures

The Company's financial instruments consist of cash and cash equivalents, interest receivable, accounts payable and accrued liabilities, and due to a related party.

The carrying values of the above approximate their respective fair values due to the short-term nature of these instruments. There were no financial instruments carried at fair value at June 30, 2015 and 2014.

b) Financial instrument risk exposure and risk management

(i) Credit risk:
Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. With cash on deposit with sound financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

(ii) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2015, the Company had current liabilities totaling $4,998 (2014: $3,873) and cash and cash equivalents of $209,119 (2014: $143,278) and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

(iii) Market risk:
Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

c) Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares and accumulated deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the years ended June 30, 2015 and 2014. The Company is not subject to any external covenants.

8. INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the year.

	2015	2014
Statutory tax rates	26%	26%
Expected income tax expense at statutory rates	$ (39,403)	$ (1,600)
Items not deductible for tax purposes	3,757	-
Tax benefits not realized	35,646	1,600
	$ -	$ -

Nature of temporary differences	2015	2014
Unused tax losses carried forward	$ 37,000	$ 1,600

At June 30, 2015, subject to confirmation by Canadian income tax authorities, the Company has approximately $143,000 (2014: $6,000) in Canadian non-capital tax losses of available for carry-forward to reduce future years' taxable income, which expires in 2034 and 2035.

The potential benefits of these carry-forward non-capital losses has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

9. RELATED PARTY TRANSACTIONS

As at June 30, 2015, included in due to a related party was $1,198 (June 30, 2014: $73) in expense reimbursements owing to a director and officer of the Company.

During the year, $31,500 in consulting fees and $9,618 in geological fees were paid to JNS Capital Corp (A Corporation owned by a director and officer of the company).

During the year $2,675 in geological fees were paid to MIA Investment Ltd (A Corporation owned by a Director of the company)

During the year $2,100 in accounting fees were paid to Heming, Wyborn & Grewal (A partnership with a partner that is CFO of the company).

During the year 700,000 options were granted to related parties (no options were granted in 2014).

During the year ended June 30, 2014, there were no short-term, post-employment, other long-term, or termination benefits incurred with key management personnel.

NSS RESOURCES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the three months ended September 30, 2017 and 2016

NSS Resources Inc.

(an exploration stage company)

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September 30, 2017

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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 accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity’s auditor.

NSS Resources Inc.

(an exploration stage company)

STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian dollars)

		September 30 2017 Unaudited		June 30 2017 audited
ASSETS				
CURRENT				
Cash and cash equivalents	$	**3,247**	$	**9,115**
Interest receivable		**59**		**59**
Goods and services tax recoverable		**4,762**		**4,701**
		8,068		**13,875**
PROPERTY , PLANT AND EQUIPMENT		**810**		**810**
EXPLORATION AND EVALUATION ASSETS (Note 5)		**-**		**-**
	$	**8,878**	$	**14,685**
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	**2,914**	$	**2,914**
		2,914		**2,914**
EQUITY				
SHARE CAPITAL (Note 6)		**394,926**		**394,926**
SHARE-BASED PAYMENTS RESERVE		**51,651**		**51,651**
ACCUMULATED DEFICIT		**(440,613)**		**(434,806)**
		5,964		**11,771**
	$	**8,878**	$	**14,685**

Going concern of operations (Note 2c)

Approved on behalf of the Board of Directors:

"Jag Sandhu" "Paul Grewal"

Director *Director*

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENT OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Three months ended September 30, **2017**		Three months ended September 30, **2016**
		Unaudited		Unaudited
Expenses				
Advertising and promotion	$	-	$	-
Consulting fees (Note 8)		-		15,000
Fees and filings		5,807		-
Field expenses		-		-
Meals and entertainment		-		-
Office and miscellaneous		-		54
Professional fees				753
Rent		-		-
		5,807		16,888
Other income: interest		-		(53)
NET LOSS AND COMPREHENSIVE LOSS	$	(5,807)	$	(16,941)
LOSS PER SHARE – basic and diluted	$	0.0005	$	0.001
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted		11,226,563		11,225,001

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENTS OF CHANGES IN EQUITY

	Share Capital			Share-Based Payments		Accumulated		
	Shares		Amount		Reserve		Deficit		Total

	Share Capital Shares		Amount		Share-Based Payments Reserve		Accumulated Deficit		Total
Balance – June 30, 2017	**11,367,501**	**$**	**394,926**	**$**	**51,651**	**$**	**(434,806)**	**$**	**11,771**
Shares issued for cash	-		-		-		-		-
Grant of options	-		-		-		-		-
Share issue costs	-		-		-		-		-
Net loss for the period	-		-		-		(5,807)		(5,807)
Balance – September 30, 2017	**11,367,501**	**$**	**394,926**	**$**	**51,651**	**$**	**(440,613)**	**$**	**5,964**

	Share Capital Shares		Amount		Share-Based Payments Reserve		Accumulated Deficit		Total
Balance – June 30, 2016	**11,225,001**	**$**	**386,376**	**$**	**21,901**	**$**	**(252,992)**	**$**	**155,285**
Shares issued for cash	-		-		-		-		-
Grant options	-		-		-		-		-
Share issue costs	-		-		-		-		-
Net loss for the period	-		-		-		(16,941)		(16,941)
Balance – September 30, 2016	**11,225,001**	**$**	**386,376**	**$**	**21,901**	**$**	**(269,933)**	**$**	**138,344**

The accompanying notes are an integral part of these financial statements

NSS Resources Inc.

(an exploration stage company)

STATEMENT OF CASH FLOWS

(Expressed in Canadian dollars)

		Three month ended September 30 **2017**		Three month ended September 30 **2016**
OPERATING ACTIVITIES				
Net loss	$	(5,807)	$	(16,941)
Item not affecting cash:				
Share-based payments		-		-
Amortization		-		81
Change in non-cash working capital:				
Interest receivable		-		151
Goods and services tax recoverable		(61)		(1,037)
Accounts payable and accrued liabilities		-		(4,526)
Cash flow used by operating activities		(5,868)		(22,272)
INVESTING ACTIVITY				
Exploration and evaluation expenditures		-		-
FINANCING ACTIVITIES				
Due to (from) related parties		-		-
Issuance of share capital		-		-
Cash flow from financing activities		-		-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,868)		(22,272)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		9,115		96,258
CASH AND CASH EQUIVALENTS – END OF YEAR	$	3,247	$	73,986
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	$	-	$	98
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-

The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION

NSS Resources Inc.'s business activity is the exploration and evaluation of mineral properties in British Columbia, Canada. NSS Resources Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on March 28, 2012.

The address of the Company's registered and records office is located at 409 – 221 West Esplanade Street, North Vancouver, BC V7M 3J3 and the principal place of business is Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 Canada.

2. BASIS OF PREPARATION

a) Statement of Compliance

The Company's condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (”IAS 34") condensed interim financial statements do not include all of the information required for annual financial statements. These condensed interim financial statements should be read in conjunction with the Company's audited financial statement for the year ended June 30, 2017 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards board ("IASB").

These financial statements have been prepared in accordance and compliance 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"). The financial statements were authorized for issue by the Board of Directors on October 10, 2017.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial instruments classified as financial assets or liabilities at fair value through profit or loss and available-for-sale financial assets which are presented at their fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a comprehensive loss of $5,807 during the quarter ended September 30, 2017 (2016: $22,272) and as of that date, the Company's accumulated deficit was $440,613. The Company intends to raise further financing through private placements.

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so, there is no assurance it will be able to do so in the future. These material uncertainties raise significant doubt about the Company's ability to continue as

a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At September 30, 2017, the Company held cash and cash equivalents.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	55%	diminishing method

The company regularly reviews its property, plant and equipment to eliminate obsolete items.

c) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is classified as ‘mines under construction’. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

d) **Impairment of Non-Financial Assets**

Impairment tests on intangible assets with indefinite useful economic lives are undertaken at least annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent the impairment loss reverses gains previously recognized in other comprehensive loss/income.

e) **Financial Instruments**

Financial Assets

Financial assets are classified and subsequently measured, based on the purpose for which the asset was acquired, as presented below. All transactions related to financial instruments are recorded on a trade date basis.

Financial assets at fair value through profit or loss ("FVTPL")

FVTPL assets are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held-to-Maturity Investments

Held-to-maturity investments are measured at amortized cost.

4. Summary of Significant Accounting Policies (continued)

e) **Financial Instruments**

Available-For-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities or financial liabilities at FVTPL, based on the purpose for which the liability was incurred.

Other Financial Liabilities

These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial Liabilities at FVTPL

FVTPL liabilities are initially measured at fair value without transaction costs, and subsequent gains or losses are recognized in profit or loss.

Classification

Financial Instruments	Classification	Subsequent Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Interest receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to a related party	Other financial liabilities	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by its exploration and evaluation activities. The Company records the present value of the estimated costs of legal or constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

g) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4. Summary of Significant Accounting Policies (continued)

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

i) Earnings / Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in reserve for share-based payments, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve for share-based payments is credited to share capital, adjusted for any consideration paid. Amounts for unexercised options remain in reserve for share-based payments upon their expiry.

j) **Share-based Payments (continued)**

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Standards, Amendments and Interpretations Not Yet Effective

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

IFRS 9 – 'Financial Instruments'

The effective date of this standard is for annual periods beginning on or after January 1, 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

IFRS 15 Revenue from Contracts with Customers

Provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates have been applied in the following areas:

a) Rehabilitation Provisions

No rehabilitation provisions have been created based on the Company's activity to date. Based upon the prevailing economic environment, assumptions will be made which management believes are reasonable upon which to estimate the future liability. These estimates will take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

The areas in which the Company has exercised critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure has been capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to the profit or loss in the period the new information becomes available.

b) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. Exploration and Evaluation Assets

Balance at June 30, 2015	$	38,449
Field expenses		18,629
Balance at June 30, 2016		57,078
Claim lapsed		(57,078)
Balance at June 30, 2017	$	-

In April 2014, the Company acquired a 100% interest by staking the Seneca mineral claims located near Harrison Hot Springs, British Columbia, Canada.

Pursuant to a finder's fee agreement, the Company granted a 2% net smelter return royalty to Asante Gold Corporation, a company related by common director, on production from the current Seneca claims, and from any additional interests in minerals or land acquired by the Company located within 5 km of these claims.

During the year, the land claims lapsed. Accordingly, the company wrote off $57,078 of capitalized costs.

6. SHARE CAPITAL

a) Common Shares

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares will be entitled to receive dividends which will be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of common share capital issuances for the years ended June 30, 2017 and 2016:

	Number of Shares	Issue Price	Amount
Balance at June 30, 2015 and 2016	11,225,001		$ 386,376
Shares issued for debt settlement	142,500	$ 0.06	8,550
Balance at June 30, 2017	11,367,501		$ 394,926

During the year, the Company issued 142,500 common shares with a fair value of $0.06 per share for the settlement of debt in the amount of $8,550.

As at September 30, 2017, 1,020,001 shares were held in escrow and 1/3 will be released in 6 months intervals ending December 2017.

6. SHARE CAPITAL (CONTINUED)

b) Share Purchase Warrants

The following is a summary of warrants issued to June 30, 2015 together with exercise conditions. No fair value was attributed to any of the warrants granted during the year:

	Number of warrants	Exercise price	Expiry
Balance at June 30, 2015	736,250	$ 0.15	
Expiry of finder's warrants	(11,250)	0.15	
Balance at June 30, 2016	725,000	0.15	November 24, 2016
Expiry of finder's warrants	(725,000)	0.15	
Balance at June 30, 2017	-	$ -	

c) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant less any discount allowable under TSX rules, at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. In accordance with the Plan, options vest immediately upon grant; with the exception of personnel working in Investor Relations whose options vest at 25% upon grant and 25% every three months thereafter until all options are fully vested.

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance
July 30, 2014	July 30, 2019	$ 0.10	700,000		-	-	700,000
March 11, 2015	March 11, 2020	$ 0.10	100,000		-	-	100,000
January 6, 2016	January 6, 2021	$ 0.10	100,000		-	-	100,000
January 16, 2017	January 16, 2022	$ 0.20	-	200,000	-	-	200,000
			900,000	200,000	-	-	1,100,000
		Weighted Average Exercise Price	$0.10	$ 0.20	$ -	$ -	$ 0.12

6. SHARE CAPITAL (CONTINUED)

c) Option Plan Details (continued)

d)

e) Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance
July 30, 2014	July 30, 2019	$ 0.10	700,000	-	-	-	700,000
March 11, 2015	March 11, 2020	$ 0.10	100,000	-	-	-	100,000
January 6, 2016	January 6, 2021	$ 0.10	-	100,000	-	-	100,000
Balance at June 30, 2016			800,000	100,000	-	-	900,000
Weighted Average Exercise Price			$ -	$ 0.10	$ -	$ -	$ 0.10
Weighted Average Remaining Life							3.31

During the year ended June 30, 2017, 200,000 options (2016 – 100,000) were granted with a fair value of $0.15 per option (2016 - $0.07). The fair value of each option granted is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2017	2016
Number of options	200,000	100,000
Estimated life	5 years	5 years
Share price at date of grant	$0.20	$0.10
Option exercise price	$0.20	$0.10
Risk free interest rate	1%	1%
Estimated annual volatility	100%	100%
Option fair value	$0.15	$0.07

Fair Value Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model. The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

7. FINANCIAL INSTRUMENTS

a) Disclosures

The Company's financial instruments consist of cash and cash equivalents, interest receivable, and accounts payable and accrued liabilities.

The carrying values of the above approximate their respective fair values due to the short-term nature of these instruments. There were no financial instruments carried at fair value at September 30, 2017 and 2016.

b) Financial instrument risk exposure and risk management

(i) Credit risk:
Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. With cash on deposit with sound financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

(ii) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2017, the Company had current liabilities totaling $2,914 (2016: $2,914) and cash and cash equivalents of $3,247 (2016: $73,986) and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

(iii) Market risk:
Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

c) Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares and accumulated deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company's property is in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the years ended June 30, 2017 and 2016. The Company is not subject to any external covenants.

8. Related Party Transactions

There were no related party transaction for the quarter ended September 30 2017.

9. Subsequent Events

On May 26, 2017, the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement") with Upco Systems Inc. ("Upco") and Aduna Holdings GmbH ("Aduna"). Pursuant to the Share Exchange Agreement, the Company will acquire all of the issued and outstanding common shares of Upco through the issuance of 33,000,000 common shares, at a deemed price of $0.06 per share. A finder's fee of 2,000,00 shares will be paid at closing.

At closing and at the sole discretion of the board of directors of the Company as constituted immediately after the time of closing, the Company will grant options to certain directors, officers, employees and consultants of the Company and Upco to purchase up to 3,722,500 common shares in the capital of the Company at an exercise price of $0.06 or as may be allowed by and regulatory authority.

Closing of the proposed transaction is subject to a number of conditions being satisfied or waived at or prior to closing, including the following:

- No material adverse change with respect to Upco or its business having occurred prior to closing of the Share Exchange Agreement;
- The receipt of all required regulatory and Canadian Securities Exchange approvals; and
- The transaction represents a fundamental change pursuant to the Policies of the Canadian Securities Exchange, and is subject to shareholder approval. Following the transaction, the business of the issuer will be the business of Upco, which includes the wholesale of international long distance traffic termination.

Financial Statements of

UPCO SYSTEMS INC.

(Expressed in US Dollars)

Years ended December 31, 2016 and 2015

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Upco Systems Inc.

We have audited the accompanying financial statements of Upco Systems Inc., which comprise the statements of financial position as at December 31, 2016 and 2015 and the statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and 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 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.

Auditor's 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 audit 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Upco Systems Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Upco Systems Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 5, 2017

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

UPCO SYSTEMS INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	Note	As at December 31, 2016	As at December 31, 2015
ASSETS			
Current			
Cash		$ 45,116	$ 190,965
Accounts receivables	3, 7	742,874	829,098
Prepaids		-	14,097
		787,990	1,034,160
Non-current			
Due from related party	7	21,242	21,242
Other receivables	12	71,699	71,699
Intangible asset	4, 7	351,850	85,941
Deposits		15,460	18,767
		$ 1,248,241	$ 1,231,809
LIABILITIES			
Current			
Trade payables and other liabilities	5, 7	$ 95,650	$ 127,070
Deferred revenue		62,546	-
Loans payable	6, 7	134,538	206,985
		292,734	334,055
Non-current			
Advances payable	8	1,578,212	911,902
		1,870,946	1,245,957
SHAREHOLDERS' EQUITY			
Share capital	9	1,000	1,000
Deficit		(623,705)	(15,148)
		(622,705)	(14,148)
		$ 1,248,241	$ 1,231,809

Commitments (Notes 6, 8 and 10)
Subsequent events (Notes 1 and 16)

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in US Dollars)

	Note	For the year ended December 31, 2016	For the year ended December 31, 2015
Revenue	14	$ 12,068,708	$ 2,527,155
Cost of revenue		11,961,374	2,195,785
		107,334	331,370
Operating expenses			
Bad debts	3	-	9,515
Consulting fees	7	93,605	26,446
Finance costs	6	-	20,881
Insurance		23,719	15,300
Interest and bank charges	6, 7	28,699	75,216
Office expenses		29,328	11,377
Management fees	7	12,248	-
Profesional fees		88,453	9,119
Promotion, travel and show		24,168	20,734
Rent		3,674	1,376
Research and development	7	125,744	-
IT and communication	7	269,732	126,726
Salaries and wages		173	7,640
		699,543	324,330
Other			
Other income	3	-	12,358
Foreign exchange		(16,348)	(18,871)
Forgiveness of debt	6	-	14,966
		(16,348)	8,453
Net and comprehensive income (loss)		$ (608,557)	$ 15,493
Basic and diluted weighted average income (loss) per share		$ (3,042.79)	$ 77.47
Basic and diluted number of common shares outstanding		200	200

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US Dollars)

	Share capital			
	Number	Amount	Deficit	Total
Balance, as at December 31, 2014	200	$ 1,000	$ (30,641)	$ (29,641)
Net and comprehensive income	-	-	15,493	15,493
Balance, as at December 31, 2015	200	1,000	(15,148)	(14,148)
Net and comprehensive loss	-	-	(608,557)	(608,557)
Balance, as at December 31, 2016	200	$ 1,000	$ (623,705)	$ (622,705)

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flows from operating activities		
Net income (loss) for the year	$ (608,557)	$ 15,493
Adjustments for non-cash items:		
Accrued interest	18,455	68,185
Forgiveness of debt	-	(14,966)
Changes in non-cash working capital items		
Accounts receivables	73,866	(743,551)
Prepaids	14,097	23,267
Other receivable	-	(66,699)
Trade payables and other liabilities	(31,420)	96,802
Deferred revenue	62,546	-
	(471,013)	(621,469)
Cash flows from investing activities		
Deposits	3,307	(16,209)
Intangibles	(265,909)	(85,941)
	(262,602)	(102,150)
Cash flows from financing activities		
Loans payable (repayment)	(78,544)	116,689
Advances payable	666,310	210,839
	587,766	327,528
Change in cash	(145,849)	(396,091)
Cash - beginning of the year	190,965	587,056
Cash - end of the year	$ 45,116	$ 190,965
Interest paid during the year	$ 15,231	$ 57,387

See accompanying notes to the financial statements.

1. NATURE OF BUSINESS

Upco Systems Inc. (the "Company") was incorporated as Oktacom Inc. on August 13, 2014, under the laws of the State of New York, USA. On March 29, 2017, the Company effected a name change.

The Company operates primarily in the telecommunications industries as a global telecom carrier within the international VoIP (voice over IP) wholesale business with a focus on wholesale international long distance traffic termination. The Company is also in the process of developing a VoIP smartphone application, which will allow a customer to send and receive local and international long-distance calls through an internet connection with the advantages of the Company's existing VoIP network (Note 4). The Company's head and registered office is located at 747 Third Avenue, 2nd floor, New York, NY 10017, USA.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future and prior operating results. The Company has incurred losses and its liabilities exceed the value of its financial assets. The Company's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The financial statements were approved by the Board of Directors and authorized for issue on July 5, 2017.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain assets and financial instruments that are measured at their fair values, as explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional and presentation currency

The financial statements are prepared in US Dollars, which is the Company's functional currency.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares. Basic income (loss) per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted profit (loss) per share is determined by dividing the income or loss attributable to common shareholders by the weighted average number of common shares outstanding and for the effects of all dilutive potential common shares, of which there were none for the years ended December 31, 2016 and 2015.

Revenues

Currently, the Company is operating in one segment – telecommunications wholesale services. The Company's main service is to provide long-distance services through access to its network, which has the capability to track pertinent data for each individual call to a particular country destination. This allows the Company to rate each call by applying predetermined long-distance rates by country to the volume of minutes provided.

The Company enters into reciprocal transactions pursuant to which the Company may purchase minutes to specific destinations at predetermined rates and the counterparty may purchase minutes from the Company to specific destinations at predetermined rates. The Company earns its revenues from access to, and usage of, its telecommunications network by the counterparty, based on these reciprocal transactions. The number of minutes purchased and sold in a reciprocal transaction are not necessary equal. The Company recognizes revenue and related cost of revenue for these reciprocal transactions based on the prices charged for minutes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues (continued)

Revenue is recognized when the counterparties' customers make long-distance calls through the Company's network and when all of the following conditions are met:

(i) The amount of revenue can be measured reliably;
(ii) It is probable that the economic benefits associated with the transaction will flow to the Company;
(iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
(iv) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue received in advance of these criteria is deferred until future periods.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) The intention to complete the intangible asset;
(iii) The ability to use or sell the intangible asset;
(iv) How the intangible asset will generate probable future economic benefits;
(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At December 31, 2016 and 2015, the Company has recorded intangible assets relating to certain expenditures on development which met the criteria for recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The carrying amount of the Company's long-lived assets (which includes intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, as well as any adjustment to tax payable in respect of previous years.

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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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 reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when the Company has become party to the contractual provisions of the instruments.

The Company's financial instruments primarily consist of cash (classified as held-for-trading), accounts receivables and due from related party (classified as loans and receivables), accounts payable and accrued liabilities (classified as other financial liabilities) and loans payable (classified as other financial liabilities). The fair values of these financial instruments approximate their carrying values. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification.

Loans and receivables and other financial liabilities are initially measured at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period profit and loss.

Held-for-trading financial instruments are measured at fair value. All gains and losses are included in profit and loss for the periods in which they arise.

A fair value hierarchy is used to determine the significance of inputs used in fair value measurement.

The three levels of the fair value hierarchy are:

(i) Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
(iii) Level 3 - inputs that are not based on observable market data.

During the years ended December 31, 2016 and 2015, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. The preparation of financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgments (continued)

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

Key areas requiring judgment and estimation uncertainty include:

(i) Going concern – The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances.

(ii) Allowance for doubtful accounts – In developing the estimates for an allowance against existing receivables, the Company considers general and industry economic and market conditions as well as credit information available for the customer and the aging of the account. Changes in the carrying amount due to changes in economic and market conditions could significantly affect the earnings for the period;

(iii) Revenue recognition – The Company derives revenues from several sources. Significant management judgements must be made in connection with and determination of the revenue to be recognized.

(iv) Valuation of deferred income tax assets and liabilities – A deferred tax asset is recognized for unused losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Detailed estimates are required in evaluating the probability that deferred tax assets will be utilized. The Company's assessment is based on existing tax laws, estimates of future profitability, and tax planning strategies.

(v) Intangible asset – The Company incurs research and development costs. Judgment is required to determine whether or not there exists sufficient information to demonstrate it is probable that the internally developed asset will give rise to future economic benefits. Management's judgement involves consideration of trends and other factors in determining the expected useful lives of depreciable assets, to determine depreciation methods and the assets residual value.

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the IASB and become applicable at a future date. The standards impacted that may be applicable to the Company are as follows.

(i) IFRS 15, Revenue from Contracts with Customers
In May 2014, the IASB issued this standard which provides a single, principles- base five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2018 and allows early adoption. The Company does not intend to adopt this standard early and is currently evaluating the anticipated impact of adopting this standard on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements (continued)

(ii) IFRS 9, Financial Instruments
In July 2014, the IASB issued this standard which replaces IAS 39, Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, and allows earlier adoption. The standard introduces a new model for the classification and measurement of financial assets, a single expected credit loss model for the measurement of the impairment of financial assets, and a new model for hedge accounting that is aligned with a company's risk management activities. The Company does not intend to adopt this standard early and is currently evaluating the anticipated impact of adopting this standard on the financial statements.

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

3. ACCOUNTS RECEIVABLE

	December 31, 2016	December 31, 2015
Trade receivables (Note 7)	$ 742,874	$ 826,255
Allowance for doubtful accounts	-	(9,515)
Other receivables (Notes 6 and 7)	-	12,358
	$ 742,874	$ 829,098

Trade receivables

The Company has credit evaluation, approval and monitoring processes to assess new customers' credit quality that mitigate potential credit risks. Credit limits are imposed on each customer, which are reviewed annually.

Allowance for doubtful accounts

The Company has recognized an allowance for doubtful accounts of 100% against receivables over 90 days except for certain accounts that are deemed collectible or have been collected subsequent to period end. Allowance for doubtful accounts is also recognized against current and under 90 days receivables based on account status at the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base serviced by the Company.

3. ACCOUNTS RECEIVABLE (continued)

Other receivables

On September 1, 2014, the Company entered into a Service Agreement (the "Service Agreement") with APICONNECT GmbH ("APICONNECT"), a company owned by the CEO and director of the Company, incorporated under German law.

The Service Agreement outlines the following consideration:

(i) The Company will receive compensation in the form of a markup of 7% (the "Markup") on all value added operating costs. Value added operating costs includes certain office expenses, IT and maintenance and insurance.

(ii) The Company will pay to APICONNECT the residual earnings (the "Residual Earnings") of the Company. The Residual Earnings are calculated as earnings after interest and before tax less the Markup. If the Markup exceeds the earnings, a support payment (the "Support Payment") will be paid to the Company such that the Company has a 7% profit on the Markup.

During the year ended December 31, 2015, the Company and APICONNECT settled a cumulative amount receivable of $65,033 by offsetting such amount from the loan due to APICONNECT (Note 6).

During the year ended December 31, 2015, the Company recorded a Support Payment of $Nil and a Markup of $12,358 (EUR 11,375). The Company did not pay any Residual Earnings to APICONNECT. During the year ended December 31, 2016, the Company and APICONNECT settled this amount by offsetting such amount from the loan due to APICONNECT and the Service Agreement was terminated.

4. INTANGIBLE ASSET

The Company has incurred certain costs related to its development of a smartphone application, which will allow a customer to send and receive local and international long-distance calls through an internet connection with the advantages of the Company's existing VoIP network.

At December 31, 2016 and 2015, management has assessed the intangible asset for recoverability and no events or circumstances indicated that the carrying value may not be recoverable. Therefore, there was no impairment of this asset at December 31, 2016 and 2015.

The intangible asset was not ready for use until subsequent to December 31, 2016, and therefore no amortization has been recorded. Once ready for use, the asset will commence to be amortized on a straight line basis over its estimated useful life of three years.

5. TRADE PAYABLES AND OTHER LIABILITIES

		December 31, 2016		December 31, 2015
Trade payables	$	34,615	$	8,397
Accrued liabilities (Note 7)		61,035		118,673
	$	95,650	$	127,070

6. LOANS PAYABLE

		December 31, 2016		December 31, 2015
Individual, former CFO	$	33,072	$	-
APICONNECT (Note 3 and 7)		101,466		206,985
	$	134,538	$	206,985

On October 30, 2016, the Company entered into a loan agreement for $31,659 (EUR 30,000) with the former CFO of the Company. The loan is interest bearing at a rate of 7.2% per annum, unsecured and repayable on demand. To December 31, 2016, included in the amount is $1,413 (2015 - $Nil) in accrued interest.

6. LOANS PAYABLE (continued)

On September 1, 2014, the Company entered into a loan agreement for $250,000 with APICONNECT. The loan is interest bearing at a rate of 7% per annum, unsecured and repayable by September 1, 2015. During the year ended December 31, 2016, the Company received a further $2,135 and repaid $76,001. To December 31, 2016, included in the amount is $2,723 (2015 - $Nil) in accrued interest. During the year ended December 31, 2016, $12,358 (2015 - $65,033) was offset from amounts receivable from APICONNECT (Note 3), a further $12,229 (2015 - $16,935) in interest was accrued and the Company repaid $9,506 (2015 - $18,285) in interest.

On May 27, 2015, the Company entered into another loan agreement with APICONNECT for up to EUR 180,000. During the year ended December 31, 2016, the Company received $189,954 (EUR $180,000) (2015 - $173,744 (EUR 160,000)). The loan is interest bearing at 7.2% per annum, unsecured and payable upon demand. During the year ended December 31, 2016, the Company repaid $211,060 (2015 - $152,026), $4,813 (2015 - $4,274) in interest was accrued and the Company repaid $5,725 (2015 - $3,974) in interest. To December 31, 2016, the Company has no further amounts owing pursuant to this loan.

On November 15, 2014, the Company had previously entered into a loan agreement with Quota 5 s.s. (“Quota”), a company incorporated under Italian law, for up to $3,000,000. The loan is interest bearing at a rate of 10% per annum, unsecured and repayable by May 31, 2018. However, the agreement stipulates that loan is non-interest bearing for two months in such case that $250,000 is loaned by November 30, 2014. The Company received a total of $456,425 to December 31, 2014, of which $250,000 was not loaned prior to November 30, 2014. Consequently, the loan became interest bearing commencing January 1, 2015. From January 1, 2015 to August 31, 2015, the Company received a further $244,638, at which time the total outstanding of $701,063 was assigned to COSERFI Srl (“COSERFI”), a company incorporated under Italian law (Note 8). During the year ended December 31, 2015, $46,976 in interest was accrued, $14,966 in interest was forgiven and the Company repaid $35,128 in interest, of which $3,118 was overpaid and has been recorded in accounts receivable at December 31, 2015 and was received during the year ended December 31, 2016.

The Company concurrently entered into a commission agreement dated November 15, 2014, whereby the Company agreed to pay a finance fee for the loan from Quota. The Company committed to paying a finance fee equal to 10% per annum based on the average balance of the loan on a quarterly basis. In such case that certain amounts are not loaned within a given timeframe, the finance fee will be reduced to 5% per annum based on the average balance of the loan on a quarterly basis. During the year ended December 31, 2016, the Company paid $Nil (2015 - $43,963) in finance fees, of which $22,812 was incurred and accrued for at December 31, 2014.

7. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2016 and 2015, the Company entered into the following transactions with related parties:

(i) Recorded $265,909 (2015 - $85,941) in software development fees, which have been recorded as intangible asset, to a company controlled by an officer and director of the Company.
(ii) Recorded $125,744 (2015 - $Nil) in research and development to a company controlled by an officer and director of the Company.
(iii) Recorded $190,921 (2015 - $81,845) in IT and communication fees to a company controlled by an officer and director of the Company.
(iv) Recorded $12,248 (2015 - $Nil) in management fees to an officer and director of the Company.
(v) Recorded $37,317 (2015 - $Nil) in consulting fees to an officer and director of the Company.
(vi) Recorded $16,520 (2015 - $21,209) in interest expenses for loans made to the Company by a company controlled by an officer and director of the Company.

The Company recorded revenue of $198,654 (2015 - $39,846) and cost of revenue of $303 (2015 - $637), for transactions with a company controlled by an officer and director of the Company.

		December 31, 2016		December 31, 2015
Due from related parties				
Trade receivables	$	156,125	$	18,099
Other receivables (Note 3)		-		12,358
Due from related party		21,242		21,242
Total	$	177,367	$	51,699
Due to related parties				
Accrued liabilities	$	57,319	$	103,705
Short-term loans payable (Note 6)		134,538		206,985
Total	$	191,857	$	310,690

For services provided in fiscal year 2014, the Company granted a loan of $21,242 in lieu of a salary to an officer and director of the Company. The amount is non-interest bearing, unsecured and repayable upon demand. Subsequent to December 31, 2016, the amounts have been repaid to the Company.

8. ADVANCES PAYABLE

On July 27, 2015, the Company entered into a Joint Venture Agreement (the "Joint Venture") with COSERFI. Pursuant to the Joint Venture, the Company and COSERFI agreed to carry out jointly certain projects on the telecommunications market, developed by the Company. The parties remain independent, irrespective of the performance of joint projects. The Joint Venture has an initial term of 3 years, commencing August 1, 2015.

COSERFI is required to contribute an initial investment of EUR 5,000,000, of which EUR 3,200,000 was due by December 31, 2015. To December 31, 2015, COSERFI advanced a total of $911,902 (EUR 816,112), of which $210,839 was paid in installments and $701,063 represents amounts assigned by Quota to COSERFI (Note 6).

In return for the investments, COSERFI is to receive 30% (the "PL-Rate") of the net profits of the joint projects. The net profits are calculated by the Company as the earned gross margin minus certain costs. The PL-Rate will be reduced to 15% in such case that the investment installments are not made on time, which was the case during the years ended December 31, 2016 and 2015. Where COSERFI is unable to complete certain projects, the Company will outsource the projects to a third party and COSERFI will be liable to repay such costs.

COSERFI was required to pay a further EUR 1,800,000 by December 31, 2016. To December 31, 2016, COSERFI advanced a further of $823,134 (EUR 780,000). The Company paid EUR 158,842 in net profit payments to COSERFI and COSERFI paid the Company EUR 24,300 in reimbursements for outsourcing costs.

On November 18, 2016, the Joint Venture was authorized to terminate by mutual consent, pending completion of a successful acquisition of the Company by a public Canadian company or by a new Canadian public company that will get listed on a public stock exchange (the "Corporate Transaction"). The net advances payable to November 18, 2016 of EUR 1,412,970 will be converted into corporate equity effective September 30, 2016. All further incoming advances will also be converted to equity and COSERFI will no longer have any rights/claims in accordance with the initial Joint Venture agreement and the Company will not have to repay COSERFI any funds. If a Corporate Transaction is not completed, the conversion will be reconverted into the total previous amount of Joint Venture capital and the original terms of the Joint Venture will be reinstated. Subsequent to December 31, 2016, the Joint Venture Agreement was terminated (Note 16).

9. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

As at December 31, 2016, there were 200 (2015 – 200) common shares issued and outstanding.

10. COMMITMENTS

On August 1, 2015, the Company entered into a carrier cloud agreement (the "Agreement") with Digitalk Ltd. ("Service Provider"), a company incorporated under United Kingdom laws. The Service Provider provides cloud-based real-time communications platform-as-a-service solutions. Under the terms of the Agreement, which had a fixed lifetime of 13 months and was automatically renewed for a further 12 months, the Company is required to pay a hosting traffic fee to the Service Provider that is calculated based on the total monthly traffic minutes processed with the amount of $0.0004 per minute. Under the terms of the agreement, the Company has committed to remitting a minimum amount of $4,300 per month.

11. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions, so that it can provide above average returns for its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which consists of issued capital.

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, issue shares, repurchase shares through a normal course issuer bid and pay dividends. The Board of Directors reviews and approves any material transactions not in the ordinary course of business that may include various acquisition proposals, as well as capital and operating budgets.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

12. CONTINGENCIES

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

During the year ended December 31, 2016, a legal proceeding was filed and an amount of $71,699 was awarded in favor of the Company. The amount relates to services that were provided to December 31, 2015. To date, the balance has not been received.

The Company is not aware of any further legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on the Company's financial condition or results of operations.

13. FINANCIAL RISK MANAGEMENT

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. Trade receivables are the most significant financial instrument that is exposed to credit risk.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

A credit policy is established under which each new customer is analyzed individually or in groups for creditworthiness and given appropriate credit limits. The Company's review includes agent review, external ratings when available, and in some cases, bank references. Credit limits are established for each customer and these limits are reviewed on an ongoing basis. Customers that fail to meet the Company's creditworthiness benchmark may transact with the Company only on a prepayment basis.

Trade and other receivables relate mainly to the Company's customers.

The Company establishes an allowance for doubtful accounts that represents its estimate of uncollectible accounts in respect of trade and other receivables. The allowance for doubtful accounts is used to record potential impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at which point the amounts are written-off against the financial asset directly.

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk associated with cash and cash equivalents are minimized significantly by ensuring that these financial instruments are placed with major financial institutions. Credit risk associated with trade and other receivables is mitigated by the Company's large and unrelated customer base and the application of its credit evaluation, control and monitoring processes.

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Trade liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. The Company does not currently believe it will encounter difficulty in meeting its obligations associated with its financial liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. The following are the contractual maturities of financial liabilities, including estimated interest payments.

Currency risk

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. The Company's functional currency is the US dollar, but it regularly transacts in EUR for a portion of its business activities. The value of financial instruments or cash flows associated with the instruments denominated in US dollars will be affected by changes in the exchange rate fluctuations in the market between the EUR and US dollar.

An analysis of the US dollar against the EUR was performed as at December 31 of each year based on the Company's currency risk exposure. The results of the analysis resulting in an increase or decrease on the Company's profit or loss and equity was not considered significant. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

The Company's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's note and lease obligations. The Company does not currently use derivative instruments to limit interest rate risks.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured from the prior year.

14. SEGMENTED INFORMATION

The following table summarizes geographic financial information of the revenue by geographic location of its customers:

	Percentage		Total
For the year ended December 31, 2016:			
USA	5.11%	$	616,711
Europe	76.96%		9,288,078
Asia	15.87%		1,915,304
Canada	0.38%		45,861
Other	1.68%		202,754
	100.00%	$	12,068,708

	Percentage		Total
For the year ended December 31, 2015:			
USA	12.14%	$	306,797
Europe	85.05%		2,149,345
Asia	1.80%		45,489
Canada	0.55%		13,899
Other	0.46%		11,625
	100.00%	$	2,527,155

During the year ended December 31, 2016, a total of $9,802,122 (2015 - $1,823,524) of revenue was from 5 customers (2015 – 5 customers) based in the USA and Europe. Revenue from each of these customers constituted more than 10% of total revenues.

15. INCOME TAX

The following table reconciles the expected income taxes recovery at the US statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
Income (loss)	$ (608,557)	$ 15,493
Statutory tax rate	15.00%	15.00%
Expected income tax recovery	(91,286)	2,324
Unrecognized tax benefits	91,286	(2,324)
	$ -	$ -

As at December 31, 2016, the Company has non-capital loss carry-forwards of approximately $623,000 (2015 - $15,000), which may be carried forward to apply against future year income tax for income tax purposes, subject to the final determination by taxation authorities, expiring commencing in 2034.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2016:

a) The Service Agreement with APICONNECT (Note 3) was terminated.

b) Further to a letter of intent entered into on April 20, 2017, the Company entered into a Share Exchange Agreement (the “Share Exchange Agreement”), dated effective May 26, 2017, with NSS Resources Inc. (“NSS”), a public company listed on the Canadian Securities Exchange, and Aduna Holdings GmbH, the sole shareholder of the Company. Pursuant to the Share Exchange Agreement, NSS will acquire all of the issued and outstanding common shares of the Company through the issuance of 33,000,000 common shares in the capital of NSS (the “NSS Shares”), at a deemed price of $0.06 per share. The Company concurrently entered into a Joint Venture Termination Agreement, dated for reference June 30, 2017, with COSERFI. Upon closing of the Share Exchange Agreement, Aduna Holdings GmbH will receive 16,500,000 of the NSS shares and COSERFI will receive 16,500,000 of the NSS Shares. In consideration of COSERFI receiving 16,500,000 of the NSS shares, COSERFI will no longer have any rights/claims in accordance with the initial Joint Venture agreement, relinquishes its remaining capital invested in or lent to the Company and makes a general release of all claims it has or may have against the Company.

   Closing of these transactions is subject to a number of conditions, including completion of due diligence and obtaining regulatory approval.

Financial Statements of

UPCO SYSTEMS INC.

(Expressed in US Dollars)

Years ended December 31, 2015 and 2014

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Upco Systems Inc.

We have audited the accompanying financial statements of Upco Systems Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the year ended December 31, 2015 and for the period from August 13, 2014 (date of incorporation) to December 31, 2014, and 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.

Auditor's 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 audit 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Upco Systems Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the year ended December 31, 2015 and for the period from August 13, 2014 (date of incorporation) to December 31, 2014 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 describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Upco Systems Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 18, 2017

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

UPCO SYSTEMS INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	Note	As at December 31, 2015	As at December 31, 2014
ASSETS			
Current			
Cash		$ 190,965	$ 587,056
Accounts receivables	3, 6, 7	829,098	150,580
Prepaids		14,097	37,364
		1,034,160	775,000
Non-current			
Due from related party	7	21,242	21,242
Other receivables	12	71,699	5,000
Intangible asset	4, 7	85,941	-
Deposits		18,767	2,558
		$ 1,231,809	$ 803,800
LIABILITIES			
Current			
Trade payables and other liabilities	5, 6, 7	$ 127,070	$ 28,042
Loans payable	6, 7	206,985	348,974
		334,055	377,016
Non-current			
Loan payable	6	-	456,425
Advances payable	8	911,902	-
		911,902	456,425
SHAREHOLDERS' EQUITY			
Share capital	9	1,000	1,000
Deficit		(15,148)	(30,641)
		(14,148)	(29,641)
		$ 1,231,809	$ 803,800

Commitments (Notes 6, 8 and 10)
Subsequent events (Notes 1 and 16)

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in US Dollars)

	Note	For the year ended December 31, 2015	For the period from August 13, 2014 (date of incorporation) to December 31, 2014
Revenue	14	$ 2,527,155	$ 66,561
Cost of revenue		2,195,785	81,032
		331,370	(14,471)
Operating expenses			
Bad debts	3	9,515	-
Consulting fees		26,446	-
Finance costs	6	20,881	22,812
Insurance		15,300	3,836
Interest and bank charges	6	75,216	5,450
Office expenses		11,377	2,574
Profesional fees		9,119	4,985
Promotion, travel and show		20,734	35,982
Rent		1,376	692
IT and communication	7	126,726	4,872
Salaries and wages		7,640	-
		324,330	81,203
Other			
Other income	3	12,358	65,033
Foreign exchange		(18,871)	-
Forgiveness of debt	6	14,966	-
		8,453	65,033
Net and comprehensive income (loss)		$ 15,493	$ (30,641)
Basic and diluted weighted average income (loss) per share		$ 77.47	$ (153.21)
Basic and diluted number of common shares outstanding		200	200

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US Dollars)

	Share capital			
	Number	Amount	Deficit	Total
Balance, as at August 13, 2014 (date of incorporation)	200	$ 1,000	$ -	$ 1,000
Net and comprehensive loss	-	-	(30,641)	(30,641)
Balance, as at December 31, 2014	200	1,000	(30,641)	(29,641)
Net and comprehensive income	-	-	15,493	15,493
Balance, as at December 31, 2015	200	$ 1,000	$ (15,148)	$ (14,148)

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

	For the year ended December 31, 2015	For the period from August 13, 2014 (date of incorporation) to December 31, 2014
Cash flows from operating activities		
Net income (loss) for the year	$ 15,493	$ (30,641)
Adjustments for non-cash items:		
Accrued finance fees	-	22,812
Accrued interest	68,185	3,576
Forgiveness of debt	(14,966)	-
Changes in non-cash working capital items		
Accounts receivables	(743,551)	(150,580)
Prepaids	23,267	(37,364)
Other receivable	(66,699)	(5,000)
Trade payables and other liabilities	96,802	5,230
	(621,469)	(191,967)
Cash flows from investing activities		
Deposits	(16,209)	(2,558)
Intangibles	(85,941)	-
	(102,150)	(2,558)
Cash flows from financing activities		
Due from related party	-	(21,242)
Loans payable	116,689	801,823
Advances payable	210,839	-
Issuance of common shares	-	1,000
	327,528	781,581
Change in cash	(396,091)	587,056
Cash - beginning of the year	587,056	-
Cash - end of the year	$ 190,965	$ 587,056
Interest paid during the year	$ 57,387	$ -

See accompanying notes to the financial statements.

1. NATURE OF BUSINESS

Upco Systems Inc. (the "Company") was incorporated as Oktacom Inc. on August 13, 2014, under the laws of the State of New York, USA. On March 29, 2017, the Company effected a name change.

The Company operates primarily in the telecommunications industries as a global telecom carrier within the international VoIP (voice over IP) wholesale business with a focus on wholesale international long distance traffic termination. The Company is also in the process of developing a VoIP smartphone application, which will allow a customer to send and receive local and international long-distance calls through an internet connection with the advantages of the Company's existing VoIP network (Note 4). The Company's head and registered office is located at 747 Third Avenue, 2nd floor, New York, NY 10017, USA.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future and prior operating results. The Company's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs. These uncertainties cast significant doubt about the Company's ability to continue as a going concern.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The financial statements were approved by the Board of Directors and authorized for issue on May 18, 2017.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain assets and financial instruments that are measured at their fair values, as explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional and presentation currency

The financial statements are prepared in US Dollars, which is the Company's functional currency.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares. Basic income (loss) per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted profit (loss) per share is determined by dividing the income or loss attributable to common shareholders by the weighted average number of common shares outstanding and for the effects of all dilutive potential common shares, of which there were none for the year ended December 31, 2015 and for the period from August 13, 2014 (date of incorporation) to December 31, 2014.

Revenues

Currently, the Company is operating in one segment – telecommunications wholesale services. The Company's main service is to provide long-distance services through access to its network, which has the capability to track pertinent data for each individual call to a particular country destination. This allows the Company to rate each call by applying predetermined long-distance rates by country to the volume of minutes provided.

The Company enters into reciprocal transactions pursuant to which the Company may purchase minutes to specific destinations at predetermined rates and the counterparty may purchase minutes from the Company to specific destinations at predetermined rates. The Company earns its revenues from access to, and usage of, its telecommunications network by the counterparty, based on these reciprocal transactions. The number of minutes purchased and sold in a reciprocal transaction are not necessary equal. The Company recognizes revenue and related cost of revenue for these reciprocal transactions based on the prices charged for minutes.

Revenue is recognized when the counterparties' customers make long-distance calls through the Company's network and when all of the following conditions are met:

(i) The amount of revenue can be measured reliably;
(ii) It is probable that the economic benefits associated with the transaction will flow to the Company;
(iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
(iv) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - Research and development expenditures

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) The intention to complete the intangible asset;
(iii) The ability to use or sell the intangible asset;
(iv) How the intangible asset will generate probable future economic benefits;
(v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At December 31, 2015, the Company has recorded intangible assets relating to certain expenditures on development which met the criteria for recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The carrying amount of the Company's long-lived assets (which includes intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, as well as any adjustment to tax payable in respect of previous years.

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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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 reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when the Company has become party to the contractual provisions of the instruments.

The Company's financial instruments primarily consist of cash (classified as held-for-trading), accounts receivables and due from related party (classified as loans and receivables), accounts payable and accrued liabilities (classified as other financial liabilities) and loans payable (classified as other financial liabilities). The fair values of these financial instruments approximate their carrying values. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification.

Loans and receivables and other financial liabilities are initially measured at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period profit and loss.

Held-for-trading financial instruments are measured at fair value. All gains and losses are included in profit and loss for the periods in which they arise.

A fair value hierarchy is used to determine the significance of inputs used in fair value measurement.

The three levels of the fair value hierarchy are:

(i) Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
(iii) Level 3 - inputs that are not based on observable market data.

During the year ended December 31, 2015 and for the period from August 13, 2014 (date of incorporation) to December 31, 2014, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. The preparation of financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgments (continued)

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

Key areas requiring judgment and estimation uncertainty include:

(i) Going concern – The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances.
(ii) Allowance for doubtful accounts – In developing the estimates for an allowance against existing receivables, the Company considers general and industry economic and market conditions as well as credit information available for the customer and the aging of the account. Changes in the carrying amount due to changes in economic and market conditions could significantly affect the earnings for the period;
(iii) Revenue recognition – The Company derives revenues from several sources. Significant management judgements must be made in connection with and determination of the revenue to be recognized.
(iv) Valuation of deferred income tax assets and liabilities – A deferred tax asset is recognized for unused losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Detailed estimates are required in evaluating the probability that deferred tax assets will be utilized. The Company's assessment is based on existing tax laws, estimates of future profitability, and tax planning strategies.
(v) Intangible assets – The Company incurs research and development costs. Judgment is required to determine whether or not there exists sufficient information to demonstrate it is probable that the internally developed asset will give rise to future economic benefits. Management's judgement involves consideration of trends and other factors in determining the expected useful lives of depreciable assets, to determine depreciation methods and the assets residual value.

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the IASB and become applicable at a future date. The standards impacted that may be applicable to the Company are as follows.

(i) IFRS 15, Revenue from Contracts with Customers
In May 2014, the IASB issued this standard which provides a single, principles- base five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2018 and allows early adoption. The Company does not intend to adopt this standard early and is currently evaluating the anticipated impact of adopting this standard on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements (continued)

(ii) IFRS 9, Financial Instruments
In July 2014, the IASB issued this standard which replaces IAS 39, Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, and allows earlier adoption. The standard introduces a new model for the classification and measurement of financial assets, a single expected credit loss model for the measurement of the impairment of financial assets, and a new model for hedge accounting that is aligned with a company's risk management activities. The Company does not intend to adopt this standard early and is currently evaluating the anticipated impact of adopting this standard on the financial statements.

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

3. ACCOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014
Trade receivables (Note 7)	$ 826,255	$ 85,547
Allowance for doubtful accounts	(9,515)	-
Other receivables (Notes 6 and 7)	12,358	65,033
	$ 829,098	$ 150,580

Trade receivables

The Company has credit evaluation, approval and monitoring processes to assess new customers' credit quality that mitigate potential credit risks. Credit limits are imposed on each customer, which are reviewed annually.

Allowance for doubtful accounts

The Company has recognized an allowance for doubtful accounts of 100% against receivables over 90 days except for certain accounts that are deemed collectible or have been collected subsequent to period end. Allowance for doubtful accounts is also recognized against current and under 90 days receivables based on account status at the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base serviced by the Company.

3. ACCOUNTS RECEIVABLE (continued)

Other receivables

On September 1, 2014, the Company entered into a Service Agreement (the "Service Agreement") with APICONNECT GmbH ("APICONNECT"), a company owned by the CEO and director of the Company, incorporated under German law.

The Service Agreement outlines the following consideration:

(i) The Company will receive compensation in the form of a markup of 7% (the "Markup") on all value added operating costs. Value added operating costs includes certain office expenses, IT and maintenance and insurance.

(ii) The Company will pay to APICONNECT the residual earnings (the "Residual Earnings") of the Company. The Residual Earnings are calculated as earnings after interest and before tax less the Markup. If the Markup exceeds the earnings, a support payment (the "Support Payment") will be paid to the Company such that the Company has a 7% profit on the Markup.

During the period ended December 31, 2014, the Company recorded a Support Payment of $63,370 (Euro ("EUR") 52,128) and a Markup of $1,663 (EUR 1,368) for a total of $65,033. The Company did not pay any Residual Earnings to APICONNECT. During the year ended December 31, 2015, the Company and APICONNECT settled the amounts receivable of $65,033 by offsetting such amount from the loan due to APICONNECT (Note 6).

During the year ended December 31, 2015, the Company recorded a Support Payment of $Nil and a Markup of $12,358 (EUR 11,375). The Company did not pay any Residual Earnings to APICONNECT.

Subsequent to December 31, 2015, the Company and APICONNECT settled the other receivable of $12,358 by offsetting such amount from the loan due to APICONNECT and the Service Agreement was terminated.

4. INTANGIBLE ASSET

The Company has incurred certain costs related to its development of a smartphone application, which will allow a customer to send and receive local and international long-distance calls through an internet connection with the advantages of the Company's existing VoIP network.

At December 31, 2015, management has assessed the intangible asset for recoverability and no events or circumstances indicated that the carrying value may not be recoverable. Therefore, there was no impairment of this asset at December 31, 2015.

The intangible asset was not ready for use until subsequent to December 31, 2015, and therefore no amortization has been recorded. Once ready for use, the asset will commence to be amortized on a straight line basis over its estimated useful life of three years.

5. TRADE PAYABLES AND OTHER LIABILITIES

		December 31, 2015		December 31, 2014
Trade payables	$	8,397	$	5,230
Accrued liabilities (Note 6)		118,673		22,812
	$	127,070	$	28,042

6. LOANS PAYABLE

		December 31, 2015		December 31, 2014
Short-term				
Private individual	$	-	$	97,624
APICONNECT (Note 3 and 7)		206,985		251,350
	$	206,985	$	348,974
Long-term				
Quota 5 s.s.	$	-	$	456,425

Short-term loans payable

On August 27, 2014, the Company entered into a loan agreement for $95,398 with a private individual. The loan is interest bearing at a rate of 7% per annum, unsecured and repayable by August 27, 2015. To December 31, 2014, included in the amount is $2,226 (2015 - $2,226 recorded in trade payables and other liabilities) in accrued interest. The loan was repaid during the year ended December 31, 2015.

On September 1, 2014, the Company entered into a loan agreement for $250,000 with APICONNECT. The loan is interest bearing at a rate of 7% per annum, unsecured and repayable by September 1, 2015. To December 31, 2014, included in the amount is $1,350 in accrued interest. During the year ended December 31, 2015, $65,033 was offset from amounts receivable from APICONNECT (Note 3), a further $16,935 in interest was accrued and the Company repaid $18,285 in interest.

6. LOANS PAYABLE (continued)

Short-term loans payable

On May 27, 2015, the Company entered into another loan agreement with APICONNECT for up to EUR 180,000. During the year ended December 31, 2015, the Company received $173,744 (EUR 160,000). The loan is interest bearing at 7.2% per annum, unsecured and payable upon demand. During the year ended December 31, 2015, the Company repaid $152,026, $4,274 in interest was accrued and the Company repaid $3,974 in interest.

Long-term loan payable

On November 15, 2014, the Company entered into a loan agreement with Quota 5 s.s. (“Quota”), a company incorporated under Italian law, for up to $3,000,000. The loan is interest bearing at a rate of 10% per annum, unsecured and repayable by May 31, 2018. However, the agreement stipulates that loan is non-interest bearing for two months in such case that $250,000 is loaned by November 30, 2014. The Company received a total of $456,425 to December 31, 2014, of which $250,000 was not loaned prior to November 30, 2014. Consequently, the loan became interest bearing commencing January 1, 2015. From January 1, 2015 to August 31, 2015, the Company received a further $244,638, at which time the total outstanding of $701,063 was assigned to COSERFI Srl (“COSERFI”), a company incorporated under Italian law (Note 8). During the year ended December 31, 2015, $46,976 in interest was accrued, $14,966 in interest was forgiven and the Company repaid $35,128 in interest, of which $3,118 was overpaid and has been recorded in accounts receivable at December 31, 2015 (subsequently received).

The Company concurrently entered into a commission agreement dated November 15, 2014, whereby the Company agreed to pay a finance fee for the loan from Quota. The Company committed to paying a finance fee equal to 10% per annum based on the average balance of the loan on a quarterly basis. In such case that certain amounts are not loaned within a given timeframe, the finance fee will be reduced to 5% per annum based on the average balance of the loan on a quarterly basis. During the year ended December 31, 2015, the Company paid $43,963 in finance fees, of which $22,812 was incurred and accrued for at December 31, 2014.

7. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015 and for the period from August 13, 2014 (date of incorporation) to December 31, 2014, the Company entered into the following transactions with related parties:

(i) The Company recorded $85,941 (2014 - $Nil) in software development fees, which have been recorded as intangible asset, to a company controlled by an officer and director of the Company;
(ii) The Company recorded $81,845 (2014 - $6,056) in IT and communication fees to a company controlled by an officer and director of the Company.
(iii) The Company recorded $21,209 (2014 - $1,350) in interest expenses for loans made to the Company by a company controlled by an officer and director of the Company.

7. RELATED PARTY TRANSACTIONS (continued)

The Company recorded revenue of $39,846 (2014 – $Nil) and cost of revenue of $637 (2014 - $Nil), for transactions with a company controlled by an officer and director of the Company.

	December 31, 2015	December 31, 2014
Due from related parties		
Trade receivables	$ 18,099	$ -
Other receivables (Note 3)	12,358	65,033
Due from related party	21,242	21,242
Total	$ 51,699	$ 86,275
Due to related parties		
Accrued liabilities	$ 103,705	$ -
Short-term loans payable (Note 6)	206,985	251,350
Total	$ 310,690	$ 251,350

For services provided in fiscal year 2014, the Company granted a loan of $21,242 in lieu of a salary to an officer and director of the Company. The amount is non-interest bearing, unsecured and repayable upon demand. Subsequent to December 31, 2015, the amounts have been repaid to the Company.

8. ADVANCES PAYABLE

On July 27, 2015, the Company entered into a Joint Venture Agreement (the “Joint Venture”) with COSERFI. Pursuant to the Joint Venture, the Company and COSERFI agreed to carry out jointly certain projects on the telecommunications market, developed by the Company. The parties remain independent, irrespective of the performance of joint projects. The Joint Venture has an initial term of 3 years, commencing August 1, 2015.

COSERFI is required to contribute an initial investment of EUR 5,000,000, of which EUR 3,200,000 was due by December 31, 2015. To December 31, 2015, COSERFI advanced a total of $911,902 (EUR 816,112), of which $210,839 was paid in installments and $701,063 represents amounts assigned by Quota to COSERFI (Note 6).

8. ADVANCES PAYABLE (continued)

In return for the investments, COSERFI is to receive 30% (the "PL-Rate") of the net profits of the joint projects. The net profits are calculated by the Company as the earned gross margin minus certain costs. The PL-Rate will be reduced to 15% in such case that the investment installments are not made on time, which was the case during the year ended December 31, 2015. Where COSERFI is unable to complete certain projects, the Company will outsource the projects to a third party and COSERFI will be liable to repay such costs.

Subsequent to December 31, 2015, the Company received a further EUR 780,000 in advances and paid EUR $158,842 in net profit payments to COSERFI. COSERFI paid the Company EUR 24,300 in reimbursements for outsourcing costs. On November 18, 2016, the Joint Venture was amended (Note 16).

9. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

As at December 31, 2015, there were 200 (2014 – 200) common shares issued and outstanding.

10. COMMITMENTS

On August 1, 2015, the Company entered into a carrier cloud agreement (the "Agreement") with Digitalk Ltd. ("Service Provider"), a company incorporated under United Kingdom laws. The Service Provider provides cloud-based real-time communications platform-as-a-service solutions. Under the terms of the Agreement, which has fixed lifetime of 13 months, the Company is required to pay a hosting traffic fee to the Service Provider that is calculated based on the total monthly traffic minutes processed with the amount of $0.0004 per minute. Under the terms of the agreement, the Company has committed to remitting a minimum amount of $4,300 per month.

11. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions, so that it can provide above average returns for its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which consists of issued capital.

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, issue shares, repurchase shares through a normal course issuer bid and pay dividends. The Board of Directors reviews and approves any material transactions not in the ordinary course of business that may include various acquisition proposals, as well as capital and operating budgets.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

12. CONTINGENCIES

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Subsequent to December 31, 2015, a legal proceeding was filed and an amount of $71,699 was awarded in favor of the Company. The amount relates to services that were provided by the Company comprised of $5,000 during the period from August 13, 2014 (date of incorporation) to December 31, 2014 and $66,699 during the year ended December 31, 2015. To date, the balance has not been received.

The Company is not aware of any further legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on the Company's financial condition or results of operations.

13. FINANCIAL RISK MANAGEMENT

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. Trade receivables are the most significant financial instrument that is exposed to credit risk.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

A credit policy is established under which each new customer is analyzed individually or in groups for creditworthiness and given appropriate credit limits. The Company's review includes agent review, external ratings when available, and in some cases, bank references. Credit limits are established for each customer and these limits are reviewed on an ongoing basis. Customers that fail to meet the Company's creditworthiness benchmark may transact with the Company only on a prepayment basis.

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade and other receivables relate mainly to the Company's customers.

The Company establishes an allowance for doubtful accounts that represents its estimate of uncollectible accounts in respect of trade and other receivables. The allowance for doubtful accounts is used to record potential impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at which point the amounts are written-off against the financial asset directly.

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk associated with cash and cash equivalents are minimized significantly by ensuring that these financial instruments are placed with major financial institutions. Credit risk associated with trade and other receivables is mitigated by the Company's large and unrelated customer base and the application of its credit evaluation, control and monitoring processes.

Liquidity risk

Trade liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. The Company does not currently believe it will encounter difficulty in meeting its obligations associated with its financial liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. The following are the contractual maturities of financial liabilities, including estimated interest payments.

Currency risk

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. The Company's functional currency is the US dollar, but it regularly transacts in EUR for a portion of its business activities. The value of financial instruments or cash flows associated with the instruments denominated in US dollars will be affected by changes in the exchange rate fluctuations in the market between the EUR and US dollar.

An analysis of the U.S. dollar against the EUR was performed as at December 31 of each year based on the Company's currency risk exposure. The results of the analysis resulting in an increase or decrease on the Company's profit or loss and equity was not considered significant. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Company's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's note and lease obligations. The Company does not currently use derivative instruments to limit interest rate risks.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured from the prior year.

14. SEGMENTED INFORMATION

The following table summarizes geographic financial information of the revenue by geographic location of its customers:

	Percentage	Total
For the year ended December 31, 2015:		
USA	12.14%	$ 306,797
Europe	85.05%	2,149,345
Asia	1.80%	45,489
Canada	0.55%	13,899
Other	0.46%	11,625
	100.00%	$ 2,527,155

	Percentage	Total
For the period from August 13, 2014 (date of incorporation) to December 31, 2014:		
USA	30.99%	$ 20,627
Europe	11.46%	7,628
Asia	40.42%	26,904
Canada	5.19%	3,455
Africa	11.94%	7,947
	100.00%	$ 66,561

During the year ended December 31, 2015, a total of $1,823,524 (2014 - $49,663) of revenue was from 5 customers (2014 – 4 customers) based in the USA and Europe. Revenue from each of these customers constituted more than 10% of total revenues.

15. INCOME TAX

The following table reconciles the expected income taxes recovery at the US statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the year ended December 31, 2015 and for the period from August 13, 2014 (date of incorporation) to December 31, 2014.

	December 31, 2015	December 31, 2014
Income (loss)	$ 15,493	$ (30,641)
Statutory tax rate	15.00%	15.00%
Expected income tax recovery	2,324	(4,596)
Unrecognized tax benefits	(2,324)	4,596
	$ -	$ -

As at December 31, 2015, the Company has non-capital loss carry-forwards of approximately $15,000 (2014 - $30,000), which may be carried forward to apply against future year income tax for income tax purposes, subject to the final determination by taxation authorities, expiring commencing in 2034.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2015:

a) The Service Agreement with APICONNECT (Note 3) was terminated.

b) On November 18, 2016, the Joint Venture (Note 8) was authorized to terminate by mutual consent, pending completion of a successful acquisition of the Company by a public Canadian company or by a new Canadian public company that will get listed on a public stock exchange (the “Corporate Transaction”). The net advances payable to November 18, 2016 of EUR 1,412,970 will be converted into corporate equity effective September 30, 2016. All further incoming advances will also be converted to equity and COSERFI will no longer have any rights/claims in accordance with the initial Joint Venture agreement and the Company will not have to repay COSERFI any funds. If a Corporate Transaction is not completed, the conversion will be reconverted into the total previous amount of Joint Venture capital and the original terms of the Joint Venture will be reinstated.

c) On April 20, 2017, the Company entered into a Letter of Intent (the “LOI”) with NSS Resources Inc. (“NSS”), a public company listed on the Canadian Securities Exchange. Pursuant to the LOI, NSS will acquire all of the issued and outstanding common shares of the Company through the issuance of 33,000,000 common shares in the capital of NSS, at a deemed price of $0.06 per share. Closing of the transaction is subject to a number of conditions, including a definitive agreement, completion of due diligence and obtaining regulatory approval.

Financial Statements of

UPCO SYSTEMS INC.

(Expressed in US Dollars – Unaudited)

Six months ended June 30, 2017

UPCO SYSTEMS INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars - Unaudited)

	Note		As at June 30, 2017		As at December 31, 2016
ASSETS					
Current					
Cash		$	106,120	$	45,116
Accounts receivables	3, 7		257,883		742,874
Prepaids			7,580		-
			371,583		787,990
Non-current					
Due from related party	7		11,401		21,242
Other receivables	12		71,699		71,699
Intangible asset	4		351,850		351,850
Deposits			18,575		15,460
		$	825,108	$	1,248,241
LIABILITIES					
Current					
Trade payables and other liabilities	5, 7	$	65,097	$	95,650
Deferred revenue			-		62,546
Loans payable	6, 7		51,072		134,538
			116,169		292,734
Non-current					
Advances payable	8		1,578,212		1,578,212
			1,694,381		1,870,946
SHAREHOLDERS' EQUITY					
Share capital	9		1,000		1,000
Deficit			(870,273)		(623,705)
			(869,273)		(622,705)
		$	825,108	$	1,248,241

Commitments (Notes 6, 8 and 10)

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENT OF COMPREHENSIVE LOSS
(Expressed in US Dollars - Unaudited)

	Note	For the six months ended June 30, 2017
Revenue	14	$ 3,373,878
Cost of revenue		3,294,824
		79,054
Operating expenses		
Consulting fees	7	46,178
Insurance		9,658
Interest and bank charges	6, 7	9,532
Office expenses		5,615
Management fees	7	42,641
Profesional fees		52,491
Promotion, travel and show		13,681
Rent		1,933
IT and communication	7	143,893
		325,622
Net and comprehensive loss		$ (246,568)
Basic and diluted weighted average loss per share		$ (1,233)
Basic and diluted number of common shares outstanding		200

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US Dollars - Unaudited)

	Share capital			
	Number	Amount	Deficit	Total
Balance, as at December 31, 2015	200	$ 1,000	$ (15,148)	$ (14,148)
Net and comprehensive loss	-	-	(608,557)	(608,557)
Balance, as at December 31, 2016	200	1,000	(623,705)	(622,705)
Net and comprehensive loss	-	-	(246,568)	(246,568)
Balance, as at June 30, 2017	200	$ 1,000	$ (870,273)	$ (869,273)

See accompanying notes to the financial statements.

UPCO SYSTEMS INC.
STATEMENT OF CASH FLOWS
(Expressed in US Dollars - Unaudited)

		For the six months ended June 30, 2017
Cash flows from operating activities		
Net loss for the period	$	(246,568)
Adjustments for non-cash items:		
Accrued interest		4,233
Changes in non-cash working capital items		
Accounts receivables		484,991
Prepaids		(7,580)
Trade payables and other liabilities		(20,712)
Deferred revenue		(62,546)
		151,818
Cash flows from investing activities		
Deposits		(3,115)
		(3,115)
Cash flows from financing activities		
Loans repayment		(87,699)
		(87,699)
Increase in cash		61,004
Cash - beginning		45,116
Cash - ending	$	106,120
Interest paid during the six months ended June 30, 2017	$	5,744

See accompanying notes to the financial statements.

1. NATURE OF BUSINESS

Upco Systems Inc. (the "Company") was incorporated as Oktacom Inc. on August 13, 2014, under the laws of the State of New York, USA. On March 29, 2017, the Company effected a name change.

The Company operates primarily in the telecommunications industries as a global telecom carrier within the international VoIP (voice over IP) wholesale business with a focus on wholesale international long distance traffic termination. The Company is also in the process of developing a VoIP smartphone application, which will allow a customer to send and receive local and international long-distance calls through an internet connection with the advantages of the Company's existing VoIP network (Note 4). The Company's head and registered office is located at 747 Third Avenue, 2nd floor, New York, NY 10017, USA.

On April 20, 2017, the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement"), dated effective May 26, 2017, with NSS Resources Inc. ("NSS"), a public company listed on the Canadian Securities Exchange, and Aduna Holdings GmbH, the sole shareholder of the Company. Pursuant to the Share Exchange Agreement, NSS will acquire all of the issued and outstanding common shares of the Company through the issuance of 33,000,000 common shares in the capital of NSS (the "NSS Shares"), at a deemed price of $0.06 per share. The Company concurrently entered into a Joint Venture Termination Agreement, dated for reference June 30, 2017, with COSERFI Srl ("COSERFI"), a company incorporated under Italian law (Note 8). Upon closing of the Share Exchange Agreement, Aduna Holdings GmbH will receive 16,500,000 of the NSS shares and COSERFI will receive 16,500,000 of the NSS Shares. In consideration of COSERFI receiving 16,500,000 of the NSS shares, COSERFI will no longer have any rights/claims in accordance with the initial Joint Venture agreement, relinquishes its remaining capital invested in or lent to the Company and makes a general release of all claims it has or may have against the Company. Closing of these transactions is subject to a number of conditions, including completion of due diligence and obtaining regulatory approval.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future and prior operating results. The Company has incurred losses and its liabilities exceed the value of its financial assets. The Company's ability to continue its operations will depend upon, but not be limited to, obtaining additional financing and generating revenues sufficient to cover its operating costs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management is of the opinion that it will be in a position to raise ongoing financing as needed; however, there is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financials statements, including International Accounting Standard 34, Interim Financial Statements. Comparative financial information for the six month period ended June 30, 2016 has been omitted where management determined it was not reasonably practical to prepare such information.

The financial statements were approved by the Board of Directors and authorized for issue on September 13, 2017.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain assets and financial instruments that are measured at their fair values, as explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

The financial statements are prepared in US Dollars, which is the Company's functional currency.

In preparing the financial statements of the Company, transactions in currencies other than the Company’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by dividing the income or loss attributable to common shareholders by the weighted average number of common shares outstanding and for the effects of all dilutive potential common shares, of which there were none for the six months ended June 30, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

Currently, the Company is operating in one segment – telecommunications wholesale services. The Company's main service is to provide long-distance services through access to its network, which has the capability to track pertinent data for each individual call to a particular country destination. This allows the Company to rate each call by applying predetermined long-distance rates by country to the volume of minutes provided.

The Company enters into reciprocal transactions pursuant to which the Company may purchase minutes to specific destinations at predetermined rates and the counterparty may purchase minutes from the Company to specific destinations at predetermined rates. The Company earns its revenues from access to, and usage of, its telecommunications network by the counterparty, based on these reciprocal transactions. The number of minutes purchased and sold in a reciprocal transaction are not necessary equal. The Company recognizes revenue and related cost of revenue for these reciprocal transactions based on the prices charged for minutes.

Revenue is recognized when the counterparties' customers make long-distance calls through the Company's network and when all of the following conditions are met:

(i) The amount of revenue can be measured reliably;
(ii) It is probable that the economic benefits associated with the transaction will flow to the Company;
(iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
(iv) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue received in advance of these criteria is deferred until future periods.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) The intention to complete the intangible asset;
(iii) The ability to use or sell the intangible asset;
(iv) How the intangible asset will generate probable future economic benefits;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

(i) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(ii) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At June 30, 2017 and December 31, 2016, the Company has recorded intangible assets relating to certain expenditures on development which met the criteria for recognition.

Impairment of long-lived assets

The carrying amount of the Company's long-lived assets (which includes intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, as well as any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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 reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when the Company has become party to the contractual provisions of the instruments.

The Company's financial instruments primarily consist of cash (classified as held-for-trading), accounts receivables and due from related party (classified as loans and receivables), accounts payable and accrued liabilities (classified as other financial liabilities) and loans payable (classified as other financial liabilities). The fair values of these financial instruments approximate their carrying values. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification.

Loans and receivables and other financial liabilities are initially measured at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period profit and loss.

Held-for-trading financial instruments are measured at fair value. All gains and losses are included in profit and loss for the periods in which they arise.

A fair value hierarchy is used to determine the significance of inputs used in fair value measurement.

The three levels of the fair value hierarchy are:

(i) Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
(iii) Level 3 - inputs that are not based on observable market data.

During the six months ended June 30, 2017, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. The preparation of financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

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

Key areas requiring judgment and estimation uncertainty include:

(i) Going concern – The evaluation of the Company’s ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances.

(ii) Allowance for doubtful accounts – In developing the estimates for an allowance against existing receivables, the Company considers general and industry economic and market conditions as well as credit information available for the customer and the aging of the account. Changes in the carrying amount due to changes in economic and market conditions could significantly affect the earnings for the period;

(iii) Revenue recognition – The Company derives revenues from several sources. Significant management judgements must be made in connection with and determination of the revenue to be recognized.

(iv) Valuation of deferred income tax assets and liabilities – A deferred tax asset is recognized for unused losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Detailed estimates are required in evaluating the probability that deferred tax assets will be utilized. The Company's assessment is based on existing tax laws, estimates of future profitability, and tax planning strategies.

(v) Intangible asset – The Company incurs research and development costs. Judgment is required to determine whether or not there exists sufficient information to demonstrate it is probable that the internally developed asset will give rise to future economic benefits. Management’s judgement involves consideration of trends and other factors in determining the expected useful lives of depreciable assets, to determine depreciation methods and the assets residual value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards have been issued by the IASB and become applicable at a future date. The standards impacted that may be applicable to the Company are as follows.

(i) IFRS 15, Revenue from Contracts with Customers
In May 2014, the IASB issued this standard which provides a single, principles- base five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2018 and allows early adoption. The Company does not intend to adopt this standard early and is currently evaluating the anticipated impact of adopting this standard on the financial statements.

(ii) IFRS 9, Financial Instruments
In July 2014, the IASB issued this standard which replaces IAS 39, Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, and allows earlier adoption. The standard introduces a new model for the classification and measurement of financial assets, a single expected credit loss model for the measurement of the impairment of financial assets, and a new model for hedge accounting that is aligned with a company's risk management activities. The Company does not intend to adopt this standard early and is currently evaluating the anticipated impact of adopting this standard on the financial statements.

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

3. ACCOUNTS RECEIVABLES

	June 30, 2017	December 31, 2016
Trade receivables (Note 7)	$ 257,883	$ 742,874

Trade receivables

The Company has credit evaluation, approval and monitoring processes to assess new customers' credit quality that mitigate potential credit risks. Credit limits are imposed on each customer, which are reviewed annually.

3. ACCOUNTS RECEIVABLES (continued)

Allowance for doubtful accounts

The Company has recognized an allowance for doubtful accounts of 100% against receivables over 90 days except for certain accounts that are deemed collectible or have been collected subsequent to period end. Allowance for doubtful accounts is also recognized against current and under 90 days receivables based on account status at the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base serviced by the Company.

4. INTANGIBLE ASSET

The Company has incurred certain costs related to its development of a smartphone application, which will allow a customer to send and receive local and international long-distance calls through an internet connection with the advantages of the Company's existing VoIP network.

At June 30, 2017 and December 31, 2016, management has assessed the intangible asset for recoverability and no events or circumstances indicated that the carrying value may not be recoverable. Therefore, there was no impairment of this asset at June 30, 2017.

The intangible asset was not ready for use until subsequent to June 30, 2017, and therefore no amortization has been recorded. Once ready for use, the asset will commence to be amortized on a straight line basis over its estimated useful life of three years.

5. TRADE PAYABLES AND OTHER LIABILITIES

		June 30, 2017		December 31, 2016
Trade payables	$	26,391	$	34,615
Accrued liabilities (Note 7)		38,706		61,035
	$	65,097	$	95,650

6. LOANS PAYABLE

		June 30, 2017		December 31, 2016
Individual, former CFO	$	22,437	$	33,072
APICONNECT (Note 7)		28,635		101,466
	$	51,072	$	134,538

On October 30, 2016, the Company entered into a loan agreement for $31,659 (EUR 30,000) with the former CFO of the Company. The loan is interest bearing at a rate of 7.2% per annum, unsecured and repayable on demand. During the six months ended June 30, 2017, the Company received a further $11,159 (EUR 10,000) and repaid $21,857. During the six months ended June 30, 2017, the Company accrued $1,021 in interest, of which $958 was repaid.

On September 1, 2014, the Company entered into a loan agreement for $250,000 with APICONNECT GmbH ("APICONNECT"), a company owned by the CEO and director of the Company, incorporated under German law. The loan is interest bearing at a rate of 7.2% per annum, unsecured and repayable on demand. During the year ended December 31, 2016, the Company received a further $2,135 and repaid $76,001. To December 31, 2016, included in the amount was $2,723 in accrued interest. During the year ended December 31, 2016, $12,358 (2015 - $65,033) was offset from amounts receivable from APICONNECT, a further $12,229 in interest was accrued and the Company repaid $9,506 in interest. During the six months ended June 30, 2017, the Company repaid $76,043 and accrued $3,212 in interest.

7. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2017, the Company entered into the following transactions with related parties:

(i) Recorded $107,519 in IT and communication fees to a company controlled by an officer and director of the Company.
(ii) Recorded $42,641 in management fees to an officer and director of the Company.
(iii) Recorded $3,212 in interest expenses for loans made to the Company by a company controlled by an officer and director of the Company.

During the six months ended June 30, 2017, the Company recorded revenue of $643,545 and cost of revenue of $628,467 for transactions with companies controlled by an officer and director of the Company.

7. RELATED PARTY TRANSACTIONS (continued)

		June 30, 2017		December 31, 2016
Due from related parties				
Trade receivables	$	52,812	$	156,125
Due from related party		11,401		21,242
Total	$	64,213	$	177,367
Due to related parties				
Accrued liabilities	$	29,274	$	57,319
Short-term loans payable (Note 6)		28,635		134,538
Total	$	57,909	$	191,857

For services provided in fiscal year 2014, the Company granted a loan of $21,242 in lieu of a salary to an officer and director of the Company. The amount is non-interest bearing, unsecured and repayable upon demand. To June 30, 2017, $9,841 has been repaid to the Company.

8. ADVANCES PAYABLE

On July 27, 2015, the Company entered into a Joint Venture Agreement (the "Joint Venture") with COSERFI. Pursuant to the Joint Venture, the Company and COSERFI agreed to carry out jointly certain projects on the telecommunications market, developed by the Company. The parties remain independent, irrespective of the performance of joint projects. The Joint Venture has an initial term of 3 years, commencing August 1, 2015.

COSERFI is required to contribute an initial investment of EUR 5,000,000, of which EUR 3,200,000 was due by December 31, 2015. To December 31, 2015, COSERFI advanced a total of $911,902 (EUR 816,112), of which $210,839 was paid in installments and $701,063 represents amounts assigned by Quota 5 s.s., a company incorporated under Italian law, to COSERFI.

In return for the investments, COSERFI is to receive 30% (the "PL-Rate") of the net profits of the joint projects. The net profits are calculated by the Company as the earned gross margin minus certain costs. The PL-Rate will be reduced to 15% in such case that the investment installments are not made on time, which was the case during the years ended December 31, 2016 and 2015. Where COSERFI is unable to complete certain projects, the Company will outsource the projects to a third party and COSERFI will be liable to repay such costs.

COSERFI was required to pay a further EUR 1,800,000 by December 31, 2016. To December 31, 2016, COSERFI advanced a further of $823,134 (EUR 780,000). The Company paid EUR 158,842 in net profit payments to COSERFI and COSERFI paid the Company EUR 24,300 in reimbursements for outsourcing costs.

8. ADVANCES PAYABLE (continued)

On November 18, 2016, the Joint Venture was authorized to terminate by mutual consent, pending completion of a successful acquisition of the Company by a public Canadian company or by a new Canadian public company that will get listed on a public stock exchange (the “Corporate Transaction”). The net advances payable to November 18, 2016 of EUR 1,412,970 will be converted into corporate equity effective September 30, 2016. All further incoming advances will also be converted to equity and COSERFI will no longer have any rights/claims in accordance with the initial Joint Venture agreement and the Company will not have to repay COSERFI any funds. If a Corporate Transaction is not completed, the conversion will be reconverted into the total previous amount of Joint Venture capital and the original terms of the Joint Venture will be reinstated.

During the six month period ended June 30, 2017, the Company and COSERFI entered into a Joint Venture Termination Agreement (Note 1).

9. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

As at June 30, 2017, there were 200 (December 31, 2016 – 200) common shares issued and outstanding.

10. COMMITMENTS

On August 1, 2015, the Company entered into a carrier cloud agreement (the “Agreement”) with Digitalk Ltd. (“Service Provider”), a company incorporated under United Kingdom laws. The Service Provider provides cloud-based real-time communications platform-as-a-service solutions. Under the terms of the Agreement, which had a fixed lifetime of 13 months and was automatically renewed for a further 12 months, the Company is required to pay a hosting traffic fee to the Service Provider that is calculated based on the total monthly traffic minutes processed with the amount of $0.0004 per minute. Under the terms of the agreement, the Company has committed to remitting a minimum amount of $4,300 per month.

11. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions, so that it can provide above average returns for its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which consists of issued capital.

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, issue shares, repurchase shares through a normal course issuer bid and pay dividends. The Board of Directors reviews and approves any material transactions not in the ordinary course of business that may include various acquisition proposals, as well as capital and operating budgets.

11. CAPITAL MANAGEMENT (continued)

There were no changes in the Company's approach to capital management during the six month period ended June 30, 2017.

The Company is not subject to any externally imposed capital requirements.

12. CONTINGENCIES

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

During the year ended December 31, 2016, a legal proceeding was filed and an amount of $71,699 was awarded in favor of the Company. The amount relates to services that were provided to December 31, 2015. To date, the balance has not been received.

The Company is not aware of any further legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on the Company's financial condition or results of operations.

13. FINANCIAL RISK MANAGEMENT

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. Trade receivables are the most significant financial instrument that is exposed to credit risk.

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

A credit policy is established under which each new customer is analyzed individually or in groups for creditworthiness and given appropriate credit limits. The Company's review includes agent review, external ratings when available, and in some cases, bank references. Credit limits are established for each customer and these limits are reviewed on an ongoing basis. Customers that fail to meet the Company's creditworthiness benchmark may transact with the Company only on a prepayment basis.

Trade and other receivables relate mainly to the Company's customers.

The Company establishes an allowance for doubtful accounts that represents its estimate of uncollectible accounts in respect of trade and other receivables. The allowance for doubtful accounts is used to record potential impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at which point the amounts are written-off against the financial asset directly.

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk associated with cash and cash equivalents are minimized significantly by ensuring that these financial instruments are placed with major financial institutions. Credit risk associated with trade and other receivables is mitigated by the Company's large and unrelated customer base and the application of its credit evaluation, control and monitoring processes.

Liquidity risk

Trade liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. The Company does not currently believe it will encounter difficulty in meeting its obligations associated with its financial liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital levels. The following are the contractual maturities of financial liabilities, including estimated interest payments.

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

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. The Company's functional currency is the US dollar, but it regularly transacts in EUR for a portion of its business activities. The value of financial instruments or cash flows associated with the instruments denominated in US dollars will be affected by changes in the exchange rate fluctuations in the market between the EUR and US dollar.

An analysis of the US dollar against the EUR was performed as at December 31 of each year based on the Company's currency risk exposure. The results of the analysis resulting in an increase or decrease on the Company's profit or loss and equity was not considered significant. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

The Company's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's note and lease obligations. The Company does not currently use derivative instruments to limit interest rate risks.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured from the prior year.

14. SEGMENTED INFORMATION

The following table summarizes geographic financial information of the revenue by geographic location of its customers:

	Percentage	Total
For the six months ended June 30, 2017:		
USA	7.78%	$ 262,603
Europe	89.04%	3,004,109
Asia	1.68%	56,838
Canada	0.19%	6,379
Other	1.30%	43,949
	100.00%	$ 3,373,878

During the six months ended June 30, 2017, a total of $2,078,846 of revenue was from 4 customers based in Europe. Revenue from each of these customers constituted more than 10% of total revenues.

NSS Resources Inc. and Upco Systems Inc.

Pro Forma Financial Statements

(Expressed in Canadian Dollars)

For 6 months ended June 30th, 2017

The following unaudited pro forma combined financial statements are based on NSS Resources Inc. ("acquirer") and Upco Systems Inc. ("acquiree") historical financial statements adjusted to represent the acquisition of Upco Systems Inc. on June 30th, 2017. These statements represent 12 months of the acquirer's operations ended June 30th, 2017 and 6 months of the acquiree's operations ended June 30th, 2017.

The pro forma financial statements do not necessarily represent the combined financial position of the two companies. These statements may also not be useful for predicting the future financial position and results of operation of the combined company. There are a variety of factors which can cause the actual financial position and results of operations to be significantly different from the pro forma amounts.

NSS Resources Inc. and Upco Systems Inc
Pro Forma Balance Sheet
June 30, 2017

	NSS Resources Inc.	Upco Systems Inc. (Acquiree)	Adjustments	Pro Forma Combined
Assets				
Current				
Cash and cash equivalents	$ 9,115	$ 137,766	$ -	$ 146,881
Accounts Receivable	-	334,785	-	334,785
Interest Receivable	59	-	-	59
Prepaids	-	9,840	-	9,840
Goods and services tax recoverable	4,701	-	-	4,701
	13,875	482,391	-	496,266
Non-Current				
Property, Plant and Equipment	810	-	-	810
Due from related party	-	14,801	-	14,801
Other Receivables	-	93,080	-	93,080
Intangible Assets	-	456,774	-	456,774
Deposits	-	24,114	-	24,114
	810	588,769	-	589,579
	$ 14,685	$ 1,071,160	$ -	$ 1,085,845
Liabilities				
Current				
Accounts payable and accrued liabilities	$ 2,914	$ -	$ -	$ 2,914
Trade payables and other liabilities	-	84,509	-	84,509
Loans payable	-	66,302	-	66,302
	2,914	150,811	-	153,725
Non-Current				
Advances Payable (Note 3)	-	2,048,845	-	2,048,845
	2,914	2,199,656	-	2,202,570
Equity				
Share Capital (Note 4)	394,926	1,298	2,100,000	2,496,224
Share -Based Payments Reserve	51,651	-	-	51,651
Accumulated Deficit (Note 5)	(434,806)	(1,129,794)	(2,100,000)	(3,664,600)
	11,771	(1,128,496)	-	(1,116,725)
	$ 14,685	$ 1,071,160	$ -	$ 1,085,845

Notes:

1. The unaudited pro forma combined financial statements display the consolidated financial statements of NSS Resources Inc. ("acquirer") and Upco Systems Inc. ("acquiree"). These statements have been adjusted to represent the acquisition of UPCO Systems through the issuance of equity. The unaudited pro forma combined balance sheet as of June 30th, 2017 gives effect to NSS Resources Inc. acquisition as if it had occurred on June 30th, 2017.

2. All values for Upco Systems Inc. were converted from US dollars to Canadian dollars based on the exchange rate of 1.2982062729. This rate is based on the USD to CAD exchange rate for the day of the acquisition, June 30th, 2017.

3. The acquiree concurrently entered into a Joint Venture Termination Agreement, dated for reference June 30, 2017, with COSERFI. Upon closing of the Share Exchange Agreement, Aduna Holdings GmbH will receive 16,500,000 of the NSS shares and COSERFI will receive 16,500,000 of the NSS Shares. In consideration of COSERFI receiving 16,500,000 of the NSS shares, COSERFI will no longer have any rights/claims in accordance with the initial Joint Venture agreement, relinquishes its remaining capital invested in or lent to the acquiree and makes a general release of all claims it has or may have against the acquiree. Closing of these transactions is subject to a number of conditions, including completion of due diligence and obtaining regulatory approval.

4. A letter of intent entered into on April 20, 2017, the acquirer entered into a Share Exchange Agreement (the "Share Exchange Agreement"), dated effective May 26, 2017, with Aduna Holdings GmbH, the sole shareholder of the acquiree. Pursuant to the Share Exchange Agreement, the acquirer will acquire all of the issued and outstanding common shares of the acquiree through the issuance of 33,000,000 common shares in the capital of acquirer (the "NSS Shares"), at a deemed price of $0.06 per share. Through the issuance of 35,000,000 shares at $0.06 for a total value of $2,100,000, of which 2,000,000 shares being issued as a finder's fee, NSS Resources Inc. will acquire Upco Systems Inc..

5. Through the acquisition of Upco Systems Inc., expenses of $1,980,000 were incurred in listing fees and $120,000 is to be paid as a finder's fee which was paid through the issuance of common shares as prescribed in note 4.