



FUNDAMENTAL APPLICATIONS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended March 31, 2015

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for review of condensed interim financial statements by an entity's auditor.

FUNDAMENTAL APPLICATIONS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)
(Unaudited)

	March 31, 2015	June 30, 2014
<u>ASSETS</u>		
Current		
Cash	\$ 1,478	\$ 241,612
Accounts receivable	10,303	-
	11,781	241,612
Property, plant, equipment	22,631	-
Deferred development costs (Note 4)	296,451	50,000
	\$ 330,863	\$ 291,612
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 193,835	\$ 38,000
Interest payable (Note 10)	11,772	-
Due to related party (Note 11)	27,000	-
Short-term loan (Note 10)	402,000	-
	634,607	38,000
<u>SHAREHOLDERS' EQUITY</u>		
Share capital (Note 7)	600,668	150,000
Subscriptions received (Note 7)	(10,000)	160,681
Contributed surplus (Note 7)	335,652	-
Deficit	(1,230,064)	(57,069)
	(303,744)	253,612
	\$ 330,863	\$ 291,612

Approved and authorized by the Board on June 1, 2015:

On behalf of the Board:

“Richard Whitehead”

Richard Whitehead

“Julian Ing”

Julian Ing

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FUNDAMENTAL APPLICATIONS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(Unaudited)

	Notes	For the three months ended March 31, 2015	For the nine months ended March 31, 2015
Administrative expenses			
Accounting and audit fees		\$ 4,500	\$ 8,750
Advertisement and promotion		21,000	336,815
Consulting fees	11	18,000	77,129
Charge related to public company listing	4	-	17,920
Depreciation	5	1,488	2,688
Interest	10	11,772	11,772
Legal fees		25,362	95,297
Listing fees		1,500	17,262
Management fees	11	-	16,000
Marketing		21,000	245,039
Office expenses		11,400	12,878
Share-based payments	7,11	-	314,500
Transfer agent		3,118	12,431
Travel		4,514	4,514
Net loss and comprehensive loss for the period		<u>\$ (123,654)</u>	<u>\$ (1,172,995)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares outstanding		<u>14,454,918</u>	<u>13,445,190</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FUNDAMENTAL APPLICATIONS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

	For the nine months ended March 31, 2015
Operating Activities	
Net loss for the period	\$ (1,172,995)
Items not affecting cash:	
Depreciation	2,688
Share-based payments	314,500
	(855,807)
Changes in non-cash working capital items related to operations:	
Accounts receivable	(10,303)
Accounts payable and accrued liabilities	155,835
Interest payable	11,772
Due to related party	27,000
Short-term loan	402,000
	(269,503)
Cash used in operating activities	
Financing Activities	
Advances on private placement	(170,681)
Shares issued for cash	418,470
Share issue cost	(6,650)
	241,139
Cash provided by financing activities	
Investing Activity	
Equipment	(25,319)
Deferred development costs	(186,451)
	(211,770)
Cash used in investing activity	
Increase (decrease) in cash during the period	(240,134)
Cash, beginning of the period	241,612
Cash, end of the period	\$ 1,478
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the period:	
Interest	\$ -
Income taxes	\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FUNDAMENTAL APPLICATIONS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
for the period from Incorporation on April 4, 2014 to March 31, 2015
(Stated in Canadian Dollars)
(Unaudited)

	Note	Number of Shares	Share Capital	Share Subscriptions	Warrants	Share -based Compensation	Deficit	Total
Balance, at Incorporation April 4, 2014		-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued for cash	7	2,000,000	10,000	-	-	-	-	10,000
Shares issued for cash	7	7,000,000	140,000	-	-	-	-	140,000
Subscriptions received		-	-	160,681	-	-	-	160,681
Net loss for the period		-	-	-	-	-	(57,069)	(57,069)
Balance, June 30, 2014		9,000,000	150,000	160,681	-	-	(57,069)	253,612
Subscriptions refunded		-	-	(151,681)	-	-	-	(151,681)
Shares issued for cash	7	450,000	9,000	(9,000)	-	-	-	-
Shares issued for cash	7	1,250,000	250,000	(10,000)	-	-	-	240,000
Pursuant to asset purchase agreement	5	3,000,000	60,000	-	-	-	-	60,000
Shares issued per Arrangement agreement	4	396,000	7,920	-	-	-	-	7,920
Shares issued for cash	7	166,666	43,680	-	6,320	-	-	50,000
Shares issued for cash	7	188,500	50,274	-	6,276	-	-	56,550
Shares issued for cash	7	150,000	39,944	-	5,056	-	-	45,000
Share issue costs	7	-	(10,150)	-	3,500	-	-	(6,650)
Share based payments	7	-	-	-	-	314,500	-	314,500
Net loss for the period		-	-	-	-	-	(1,172,995)	(1,172,995)
Balance, March 31, 2015		14,601,166	\$ 600,668	\$ (10,000)	\$ 21,152	\$ 314,500	\$(1,230,064)	\$ (303,744)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

1. Nature and Continuance of Operations

Fundamental Applications Corp. (the “Company” or “Fundamental”) was incorporated on July 14, 2014 under the Business Corporation Act of British Columbia under the name of Kluster Technologies Inc. The Company is in the development of Serum, a social media application for smartphones. On August 1, 2014, the Company changed its name to Antisocial Networks Ltd. and later changed the name to Fundamental Applications Corp. on September 2, 2014.

On September 18, 2014, the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “FUN”.

The head office of the Company is 1820 – 925 West Georgia Street, Vancouver, BC V6C 3L2.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting and which were in effect as of March 31, 2015.

Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical costs. The financial statements are presented in Canadian dollars which is also the Company’s functional currency.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2015, the Company has not generated any revenues from operations, has an accumulated deficit of \$1,230,064. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

Significant Estimates and Assumptions

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

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and estimating the fair value for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

Significant Judgements

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

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at June 30, 2014. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2014.

Accounting standards issued but not yet applied

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

- IFRS 9 – *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

4. Plan of Arrangement

On July 21, 2014, the Company entered into an arrangement agreement and plan of arrangement (the “Arrangement”) with Antisocial Holdings Ltd. (“Antisocial”), and Salient Corporate Services Inc. (“Salient”).

Pursuant to the Arrangement, the following principal steps were completed on September 12, 2014:

- Antisocial purchased all the issued and outstanding common shares of Fundamental, a wholly-owned subsidiary of Salient incorporated on July 14, 2014 for the sole purpose of the Arrangement, from Salient for consideration of \$10,000 and paid \$7,920 for estimated expenses that Salient incurred during the transaction;
- Fundamental acquired 13,700,000 common shares of Antisocial, being all the issued and outstanding share capital, from all the shareholders of Antisocial through a 1-for-1 share exchange;
- Fundamental issued 396,000 common shares of Fundamental to Salient for 1,000 common shares and \$7,920 in cash, which were subsequently distributed to the shareholders of Salient as of the record date of August 20, 2014, on a pro-rated basis according to their shareholdings;

Upon the Arrangement becoming effective on September 12, 2014, Fundamental became a reporting issuer in the jurisdictions of Alberta and British Columbia, and issued a total of 14,096,000 common shares.

As a result of the arrangement, the former shareholders of Antisocial, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As Antisocial is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on April 4, 2014 are included in the consolidated financial statements at their historical carrying value. The consolidated financial statements are a continuation of Antisocial in accordance with IFRS 3, Business Combinations. The Company’s results of operations are included from September 12, 2014 onwards.

The public company listing cost does not meet the criteria for recognition of an intangible asset in accordance with IAS 38 “Intangible Assets”. Accordingly, the Company charged \$17,920 to the Statement of Comprehensive Loss on the date of the reverse acquisition.

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

5. Deferred Development Costs

In April 15, 2014, the Company commenced development of the Serum smartphone application and has incurred \$186,451 of development costs during the period ended March 31, 2015 (June 30, 2014 - \$50,000).

On July 31, 2014, the Company completed an Asset Purchase Agreement with Vibecast Corp. for the purchase of the intellectual property and intellectual property rights, the application software, and the Trade-Marks using the term "Serum". In consideration, the Company issued to Vibecast Corp 3,000,000 common shares at a deemed price of \$0.02 for a total value of \$60,000 (Note 7).

As of March 31, 2015, the application is still in its development stage, and development costs will be assessed for impairment in future periods.

6. Property, Plant, Equipment

	Office Improvement	Furniture and Equipment	Computer Equipment	Total
Cost				
Balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Additions	18,000	4,911	2,408	25,319
Accumulated depreciation				
Balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Depreciation for the period	2,400	122	166	2,688
Balance, March 31, 2015	\$ 15,600	\$ 4,789	\$ 2,242	\$ 22,631
Carrying amounts				
As at June 30, 2014	\$ -	\$ -	\$ -	\$ -
As at March 31, 2015	\$ 15,600	\$ 4,789	\$ 2,242	\$ 22,631

7. Share Capital

a) Authorized

Unlimited common shares, without par value.

b) Issued

During the period ended March 31, 2015:

On July 10, 2014, the Company issued 450,000 common shares at a price of \$0.02 per share for total proceeds of \$9,000.

On July 31, 2014, the Company issued 3,000,000 common shares at a price of \$0.02 per

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

share valued at \$60,000 pursuant to an asset purchase agreement (Note 5).

On September 12, 2014, the Company issued 1,250,000 common shares at a price of \$0.20 per share for total proceeds of \$250,000 of which \$10,000 remains outstanding as at December 31, 2014.

On December 31, 2014, the Company issued 396,000 common shares valued at \$7,920, pursuant to the terms of the arrangement agreement (Note 4).

The Company closed two tranches of private placement for the total of 355,166 units at a price of \$0.30 per unit for gross proceeds of \$106,550. Each unit consists of one common share and one share purchase warrant exercisable to purchase one common share at a price of \$0.75 for a period of one year.

On November 10, 2014, the Company completed the first tranche by issuing 166,666 units at a price of \$0.30 per unit for gross proceeds of \$50,000. The Company paid finder's fee of \$3,500 and issued 11,667 broker's warrants. Each broker's warrant is exercisable into one common share at a price of \$0.30 for a period of one year.

On December 17, 2014, the Company completed the second tranche by issuing 188,500 units at a price of \$0.30 per unit for gross proceeds of \$56,550. Included in this tranche was 48,500 units issued for debt conversion agreement.

The fair value of \$12,596 was allocated for the warrants issued in connection with this private placement.

On February 3, 2015, the Company completed the third tranche by issuing 150,000 units at a price of \$0.30 per unit for gross proceeds of \$45,000. Each unit consists of one common share and one share purchase warrant exercisable to purchase one common share at a price of \$0.75 for a period of one year.

During the period ended June 30, 2014

On April 4, 2014, the Company issued 2,000,000 common shares at a price of \$0.005 per share for total proceeds of \$10,000.

On June 12, 2014, the Company issued 7,000,000 common shares at a price of \$0.02 per share for total proceeds of \$140,000.

c) Warrants

The following is a summary of the changes in warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2014	-	\$ -
Issued	516,833	0.74
Balance, December 31, 2014	366,833	\$ 0.74

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

Issued February 2, 2016	160,500	\$0.72
Balance, March 31, 2016	527,333	\$0.74

The following table summarizes the warrants outstanding and exercisable at December 31, 2014:

Number of Warrants	Exercise Price	Expiry Date
11,667	\$0.30	November 10, 2015
166,666	\$0.75	November 10, 2015
188,500	\$0.75	December 17, 2015
150,000	\$0.75	February 3, 2016
10,500	\$0.30	February 3, 2016
<u>527,333</u>		

at March 31, 2015, the weighted average remaining contractual life of all warrants outstanding was 0.72 years.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants issued using the following assumptions:

	<u>2014</u>
Dividend yield	Nil
Annualized volatility	100%
Risk-free interest rate	1% - 1.01%
Expected life	1 year

d) Share-based compensation

The Company has a share-based compensation plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

On September 18, 2014, the Company granted 850,000 share purchase options to directors and officers of the Company and consultants entitling the holders thereof the right to acquire one common share for each option at a price of \$0.50 until on September 18, 2019. These options vest immediately.

A summary of the Company's share purchase options outstanding are presented below:

	Options	Weighted Average Exercise Price
Balance, June 30, 2014	-	\$ -
Granted	850,000	0.50
Cancelled	(75,000)	0.50
Expired	(250,000)	0.50

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

Outstanding and exercisable at March 31, 2015	525,000	\$ 0.50
---	---------	---------

As at March 31, 2015, the weighted average remaining contractual life of all options outstanding was 3.98 years.

During the period ended March 31, 2015, stock based compensation of \$314,500 was recognized on the issuance of stock options to directors, officers and consultants.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted using the following assumptions:

	<u>2014</u>
Dividend yield	Nil
Annualized volatility	100%
Risk-free interest rate	1.10%
Expected life	5 years

e) Share restriction

On August 28, 2014, 5,000,000 common shares were subject to resale restrictions pursuant to stock restriction agreement. During the period ended March 31, 2015, 500,000 shares were released leaving a balance of 4,500,000 common shares held restricted.

8. Financial Instruments

As at March 31, 2015, the Company's financial instruments consist of cash, accounts receivable, accounts payable and due to/from related parties.

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

Fair value

The carrying value of cash, accounts receivable, accounts payable and due to/from related parties approximate their fair value due to the relatively short-term nature of these instruments.

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and amounts receivable. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Liquidity risk

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The Company intends to meet its current obligations in the following year with funds to be raised through private placements.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as liabilities and cash are non interest bearing as at March 31, 2015

9. Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to externally imposed capital requirements.

10. Short-term Loan

During the period ended March 31, 2015, a director of the Company advanced \$367,000 to the Company for working capital. The advance bears 8% interest per annum is unsecured and is due on demand (Note 11).

During the period ended March 31, 2015, a shareholder of the Company advanced \$35,000 to the Company for working capital. The advance is non-interest bearing, unsecured and is due on demand.

11. Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

	The nine months ended March 31, 2015
Administrative expenses	
Consulting fees	\$ 59,000

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

Management fees	16,000
Share-based payments	166,500
	<hr/>
	\$ 241,500
	<hr/>

During the period ended March 31, 2015, a director of the Company advanced \$367,000 to the Company for working capital. The advance is non-interest bearing, unsecured and is due on demand (Note 10).

Key management compensation

The Company considers its Chief Executive Officer, Chief Financial Officer and directors of the Company to be key management. During the nine month period ended March 31, 2015, the recorded \$241,500 in key management compensation as noted in the above table (June 30, 2014 - \$Nil).

12. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow.

During the period ended March 31, 2015, the Company

- issued to Vibecast Corp 3,000,000 common shares of the Company valued at \$60,000 pursuant to the terms of the Asset Purchase Agreement.
- issued 48,500 units for the debt conversion agreement.
- issued 11,667 brokers warrants in connection to private placement.

13. Subsequent Events

Subsequent to March 31, 2015:

On April 9, 2015, the Company completed an acquisition of Foro Technologies Inc. whereby Fundamental exchanged 1.7 million shares for 100% of the issued and outstanding shares of Foro. 500,000 of the 1.7 million shares will be released immediately and the remaining 1.2 million shares will be subject to escrow restrictions and released upon the achievement of certain milestones. 600,000 of the escrowed shares will be released once Foro reaches a minimum of 25,000 regular users of Foro and the remaining 600,000 escrowed shares will be released once Foro reaches 50,000 regular users of Foro. If the milestones have not been achieved within 12 months of closing of the acquisition of Foro, all escrowed shares not yet released will be cancelled. Concurrent with the acquisition, Fundamental issued 464,927 shares and contributed a cash payment of \$50,000 to payout certain creditors of Foro.

On April 9, 2015 Fundamental completed a private placement of 1,393,778 units at a price of \$0.18 per unit for gross proceeds of \$250,884.04. Each unit is comprised of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of Fundamental at a price of \$0.30 at any time prior to April 9, 2017. Finder's fees totaling \$7,245 in cash were paid and 40,250 in common share broker warrants were

FUNDAMENTAL APPLICATIONS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2015

(Stated in Canadian Dollars)

(Unaudited)

issued in connection with this private placement. All securities issued under this private placement are subject to a statutory four month hold period and will not be tradeable until August 10, 2015.

On April 9, 2015, granted 100,000 stock options to an officer of the Company.

On April 22, 2015, the Company added Ali Saheli as the Company's Chief Technology Officer.

On May 8, 2015, the Company appointed Alexander Helmelt to the Board of Directors, filling the vacancy created by the resignation of Nickolas Miller. Nickolast Miller remains an advisor to the Company.