THELON DIAMONDS LTD.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the period ended August 31, 2015

WOLRIGE MAHON

Independent Auditor's Report

To the Shareholders of Thelon Diamonds Ltd.

We have audited the accompanying consolidated financial statements of Thelon Diamonds Ltd. and its subsidiary, which comprise the consolidated statement of financial position as at August 31, 2015 and the consolidated statement of comprehensive loss, statement of changes in equity, and statement of cash flows for the period from incorporation on November 6, 2014 to August 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Thelon Diamonds Ltd. and its subsidiary as at August 31, 2015 and their performance and their cash flows for the period from incorporation on November 6, 2014 to August 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Thelon Diamonds Ltd. and its subsidiary to continue as a going concern.

"Wolrige Mahon LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS

December 29, 2015
Vancouver, British Columbia

THELON DIAMONDS LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	August 31, 2015
ASSETS	
Current	
Cash	$ 26,217
GST/ HST recoverable	4,695
Loans to related parties (note 4)	111,209
Prepaid expenses and deposits	-
	142,121
Non-Current	
Exploration and evaluation assets (Note 5)	83,347
Total Assets	$ 225,468
LIABILITIES	
Current	
Accounts payable and accrued liabilities (Note 7)	$ 47,763
Other liability (note 6)	19,500
	67,263
EQUITY	
Share capital (Note 6)	432,901
Deficit	(274,696)
	158,205
Total Liabilities and Equity	$ 225,468

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on December 29, 2015:

"Jason Walsh" ________________ Director   *"Geoff Watson"* ________________ Director

The accompanying notes are an integral part of these consolidated financial statements.

THELON DIAMONDS LTD.
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the	Period ended August 31, 2015
EXPENSES	
Administration fees (Note 7)	$ 27,000
Advertising and promotion	1,390
Consulting fees	53,012
General and administrative	12,349
Professional fees	65,513
	159,264
Cost of plan of arrangement (Note 3)	115,432
Net and comprehensive loss	$ 274,696
Loss per share – basic and diluted	$ 0.03
Weighted average number of shares outstanding – basic and diluted	8,912,705

The accompanying notes are an integral part of these consolidated financial statements.

THELON DIAMONDS LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Deficit	Total
Balance, November 6, 2014	-	$ -	$ -	$ -
Shares issued pursuant to plan of arrangement (note 3)	8,121,667	195,751	-	195,751
Share issued for acquisition (note 3)	2,260,000	60,000	-	60,000
Shares issued for cash				
Private placement	10,000	1	-	1
Common shares $0.075	2,041,999	153,150	-	153,150
Flow-through shares $0.10	320,000	32,000	-	32,000
Premium on flow-through Shares (note 6b))	-	(8,000)	-	(8,000)
Cancellation of shares	(10,000)	(1)	-	(1)
Net loss for the period	-	-	(274,696)	(274,696)
Balance August 31, 2015	12,743,666	$ 432,901	$ (274,696)	$ 158,205

The accompanying notes are an integral part of these consolidated financial statements.

THELON DIAMONDS LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

Period ended August 31,	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	$ (274,696)
Cost of plan of arrangement	115,432
Changes in operating assets and liabilities:	
Accounts payable and accrued liabilities	(24,469)
Amounts receivable	(579)
Prepaid expenses and deposits	-
Cash used in operating activities	(184,312)
CASH FLOWS FROM FINANCING ACTIVITIES	
Shares issued	140,150
Share subscriptions received in advance	-
Cash provided by financing activities	140,150
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash acquired with plan of arrangement	115,810
Exploration and evaluation assets	(23,347)
Advances to related parties	(22,084)
Cash provided by (used in) investing activities	70,379
Change in cash	26,217
Cash, beginning	-
Cash, ending	$ 26,217
Supplemental disclosures (note 3)	
Interest paid	$ -
Income tax paid	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Thelon Diamonds Ltd. (the "Company") was incorporated under the laws of the province of British Columbia on November 6, 2014. The Company's principal business is the exploration and evaluation of mineral resources. The Company's corporate office is located at 1100- 888 Dunsmuir Street, Vancouver B.C.

These financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the period ended August 31, 2015 the Company incurred a net loss of $274,696 and at August 31, 2015 had working capital of $94,358. The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and ultimately the achievement of profitable operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. As the outcome of these matters cannot be predicted at this time, 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 in business. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss, and available-for-sale which are stated at their fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The consolidated financial statements include Thelon Diamonds Ltd. and its wholly owned subsidiary Thelon Diamond Company Limited from the date of acquisition, December 18, 2014. All inter-company transactions have been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the composition of the deferred income tax asset and recognition of deferred income tax asset.

(d) Critical accounting judgments

The determination of categories of financial assets and financial liabilities, and assessment of going concern have been identified as areas which involve significant judgment made by management.

(e) Exploration and evaluation assets

Pre-exploration costs or property investigation costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

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 expenditures, in excess of estimated recoveries, are written off to income or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Exploration and evaluation assets are classified as intangible assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Instruments classified under this category, including embedded derivatives, are recorded at fair value through profit or loss and accordingly are recorded on the statement of financial position at fair value. Unrealized gains and losses are recorded as part of other gains (losses) in earnings. Realized gains or losses are recorded in profit or loss in the period in which the Company disposes the instrument. The Company has no assets classified in this category.

(ii) Available-for-sale assets: Available-for-sale assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company does not hold any available-for-sale assets.

(iii) Held-to-Maturity investments: Held-to-maturity investments are non-derivatives that are designated in this category where the Company has the intention and the ability to hold the investment to maturity. Held-to-maturity investments are initially measured at fair value including transaction costs, and subsequently carried at amortized cost using the effective interest method less a provision for impairment. The Company does not hold any held-to-maturity assets.

(iv) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Company has classified cash and loans to related parties as loans and receivables.

(v) Financial liabilities at amortized cost: Financial instruments held by the Company and classified in this category include accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method.

Impairment on 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 of group of financial assets is deemed to be impaired, if, there is objective evidence of impairment as a result of one or more events that has occurred subsequent to 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions (Note 6).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(h) Stock-based Compensation

The Company accounts for stock options granted to directors, officers, employees and non-employees at grant date fair value. The fair value of stock options granted to non-employees is measured based on the fair value of the goods and services received, unless that fair value cannot be estimated reliably, in which case the fair value is determined with reference to the fair value of the instruments granted, and is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. The fair value of the options awarded at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations using the graded method, with an offsetting credit to contributed surplus, over the vesting periods.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. Charges for options that are forfeited before vesting are reversed from Contributed Surplus.

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.

(i) Loss per Share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding. The Company uses the treasury stock method of calculating fully diluted loss per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact for the reported periods thus fully diluted loss per share is the same as basic loss per share.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income tax assets and liabilities are presented as non-current.

(k) Share issue costs

Share issue costs that are directly attributable to issuing new shares are deducted from equity.

Costs that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the statement of comprehensive loss.

Costs that relate to both share issuance and listing are allocated based on the proportion of new shares issued to the total number of shares listed.

When units are issued, which include shares and warrants, the warrants are valued using the residual value method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Recent Accounting Pronouncements*

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2015 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the financial statements.

IFRS 9 – Financial Instruments

This standard and its consequential amendments are applicable to annual reporting 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 amortised cost or fair value. To be classified and measured at amortised 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 recognised 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. The impact of the adoption of this standard is yet to be assessed.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. It is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Standard is not expected to have an impact on the Company in its present form.

3. TRANSACTION WITH THELON CAPITAL LTD.

On December 18, 2014 the Company's then parent company Thelon Capital Ltd. ("THC"), a public company, entered into a Plan of Arrangement with Thelon Diamond Company Limited ("THD"). Pursuant to the transaction THD acquired all of the outstanding shares of the Company for $1,000. The Company then acquired all outstanding shares of THD from the shareholders through a 1 for 1 securities exchange, 8,121,667 common shares and 5,000,000 warrants were issued with a value of $195,751. The Company then issued 2,260,000 common shares to THC for THC's interest in a joint venture with Peregrine Diamonds valued at $60,000.

The cost of the transaction was allocated to the identifiable assets and liabilities with the difference expensed as the cost of the plan of arrangement.

(Expressed in Canadian Dollars)

3. TRANSACTION WITH THELON CAPITAL LTD. (continued)

The cost of the transaction was allocated to the identifiable assets and liabilities with the difference expensed as the cost of the plan of arrangement.

	August 31, 2015
Assets acquired	
Cash	$ 115, 810
Receivables	4,116
Loans to related parties	89,125
Liabilities assumed	
Accounts payable and accrued liabilities	(119,732)
Other liabilities	(9,500)
Net assets acquired	80,319
Fair value of common shares issued	195,751
Cost of plan of arrangement	$ 115,432

4. LOANS TO RELATED PARTIES

	August 31, 2015
THC BioMed Int'l Ltd.	$ 97,209
Zadar Ventures Ltd.	14,000
Total	$ 111,209

THC BioMed Int'l Ltd. (formerly Thelon Capital Ltd.) and Zadar Ventures Ltd. are public companies with Directors in common with the Company. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

5. EXPLORATION AND EVALUATION ASSETS

During the year, pursuant to the transaction in note 3, the Company acquired an interest in the Lac De Gras property, NorthWest Territories. The Company holds a 29.46 % interest in 3 claims, pursuant to a NMT Head Agreement with Peregrine Diamonds Ltd. The property is subject to a GOR of 4% on diamonds and a net smelter royalty of 4% on all metals, of which 50% of either of these royalties can be purchased for $4,000,000.

	August 31, 2015
Acquisition costs	$ 60,000
Deferred exploration	23,347
	$ 83,347

6. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of Common shares, without par value

b) Issued

On December 18, 2014 pursuant to the transaction in note 3 the Company issued 8,121,667 common shares in a share for share exchange with the shareholders of Thelon Diamond Company Limited.

On December 18, 2014 pursuant to the transaction in note 3 the Company issued 2,260,000 common shares to Thelon Capital Ltd.

On March 18, 2015 the Company issued 1,629,999 common shares at $0.075 for cash proceeds of $122,250 and 320,000 flow-through common shares at $0.10 for cash proceeds of $32,000.

On August 29, 2015 the Company issued 412,000 common shares at $0.075 for cash proceeds of $30,900.

During the period 1,048,667 common shares, for proceeds of $78,650, issued in the private placements above, offset amounts otherwise payable to the participants.

c) Warrants

On December 18, 2014 pursuant to the transaction in note 3 the Company issued 5,000,000 warrants in a 1 for 1 securities exchange with the shareholders of Thelon Diamond Company Limited. Each warrant entitles the holder to acquire 1 common share at an exercise price of $0.10 until September 4, 2017. At August 31, 2015 5,000,000 warrants are outstanding.

7. RELATED PARTY BALANCES AND TRANSACTIONS

The Company:

- incurred administration fees of $27,000 and consulting fees of $25,000 from a company controlled by a director and President of the Company;
- incurred accounting fees of $12,000 from a company controlled by a director and Chief Financial Officer of the Company.

As at August 31, 2015, accounts payable and accrued liabilities included $15,263 owed to a companies controlled by directors of the Company.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

8. CAPITAL DISCLOSURES

The Company's principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case by case basis. The capital structure of the Company consists of equity attributable to common shareholders, consisting of issued share capital, and deficit. The Company is not subject to any externally imposed capital requirements.

9. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, loans to related parties and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company has credit risk in the amount of its cash and loans to related parties, with the carrying values of each representing the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company has a working capital of $109,858. Management is assessing various options to raise funds including the issuance of shares.

Market risk

Market risk is the risk of loss that may arises from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not believe it is exposed to significant market risk.

(Expressed in Canadian Dollars)

9. INCOME TAXES

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rates to loss before taxes as follows:

For the period ended August 31,		2015
Loss before taxes	$	(274,696)
Statutory Canadian corporate tax rate		25%
Anticipated tax recovery		(68,700)
Difference resulting from:		
Items not deductible for tax purposes and other		28,900
Share issue costs		-
Unrecognized deferred tax assets		39,800
Deferred income taxes (recovery)	$	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

		August 31, 2015
Non capital loss carry forward	$	64,000
Unrecognized deferred tax assets		(64,000)
Net deferred tax asset	$	-

The Company and its subsidiary have available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses will expire beginning December 31, 2032.

10. SUBSEQUENT EVENTS

On December 3, the Company received $95,242 from THC BioMed Int'l Ltd., formerly Thelon Capital, as settlement of debt to the Company.