

# **JG Wealth Management Corporation**

## **Consolidated Financial Statements**

**September 30, 2016 and 2015**

**(Expressed in Canadian Dollars)**



**DALE MATHESON CARR-HILTON LABONTE LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JG Wealth Management Corporation,

We have audited the accompanying consolidated financial statements of JG Wealth Management Corporation, which comprise of the consolidated statements of financial position as at September 30, 2016 and 2015, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for years then ended, 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 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 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 in our audits 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 financial position of JG Wealth Management Corporation as at September 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**DALE MATTERSON CARR-HILTON LABONTE LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
January 30, 2017

#### PARTNERSHIP OF:

**VANCOUVER** Bradley G. Allen Inc. Robert J. Burkart, Inc. Kenneth P. Chong Inc. Alvin F. Dale Ltd. Donald L. Furney, Ltd. David J. Goertz, Inc. Matthew G. Gosden, Inc. Barry S. Hartley, Inc. Reginald J. LaBonte Ltd. Robert J. Matheson, Inc. Rakesh I. Patel Inc. Lorraine W. Rinfret, Inc. Brad A. Robin Inc.  
**SURREY** Michael K. Braun Inc. Peter J. Donaldson, Inc. Harjit S. Sandhu, Inc. **TRI-CITIES** Isomura Services Corp. Fraser G. Ross, Ltd. Brian A. Shaw Inc.

**JG Wealth Management Corporation**  
**Consolidated statements of financial position**

**As at**

(Expressed in Canadian Dollars)

	Note	September 30, 2016	September 30, 2015
		\$	\$
Assets			
Current assets			
Cash		25,287	554,569
Receivables	6	2,746	3,387
Investments	4, 14	2,724,846	1,660,126
Prepays and deposit	7	133,958	-
Note receivable	5, 14	853,563	-
		3,740,400	2,218,082
Property	8	-	1,077,660
<b>Total assets</b>		<b>3,740,400</b>	<b>3,295,742</b>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	9	15,550	44,416
Due to related parties	14	84,650	-
Notes payable	10, 14	125,205	506,082
		225,405	550,498
Deferred tax liability	15	125,000	29,000
<b>Total liabilities</b>		<b>350,405</b>	<b>579,498</b>
Shareholders' equity			
Share capital	3, 11, 14	2,317,064	2,002,064
Other capital reserve	3, 11	39,511	39,511
Subscriptions received in advance	11	-	225,000
Retained earnings		1,033,420	449,669
<b>Total equity</b>		<b>3,389,995</b>	<b>2,716,244</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,740,400</b>	<b>3,295,742</b>

*Nature of operations (Note 1)*

*Subsequent event (Note 16)*

Approved and authorized for issuance by the Board of Directors on January 30, 2017

"Sonny Janda"  
Director

"Jatinder Bains"  
Director

*See accompanying notes to the consolidated financial statements*

**JG Wealth Management Corporation**  
**Consolidated statements of comprehensive income**  
**For the Years ended September 30,**  
(Expressed in Canadian Dollars)

	Note	2016	2015
		\$	\$
Rental income	14	13,274	39,824
Rental expenses		3,224	19,516
<b>Net Rental income</b>		<b>10,050</b>	<b>20,308</b>
Operating expenses			
Amortization	8	-	34,325
Consulting	14	68,000	57,536
Interest		2,785	8,434
Office and administration	14	23,139	10,392
Professional fees		24,930	15,480
Trust and filing fees		15,274	5,359
<b>Total operating expenses</b>		<b>134,128</b>	<b>131,526</b>
Realized gain on sale of investments	4	86,756	43,693
Impairment of property		-	(39,511)
Interest income		3,563	-
Loss on sale of property	8	(1,490)	-
Service income	14	3,000	
Unrealized gain on fair value of investments	4	712,000	585,705
<b>Net income before tax</b>		<b>679,751</b>	<b>478,669</b>
Deferred tax expense	15	96,000	29,000
<b>Comprehensive income for the year</b>		<b>583,751</b>	<b>449,669</b>
<b>Income per share, basic and diluted</b>		<b>0.02</b>	<b>0.03</b>
Weighted average number of outstanding shares, basic and diluted		31,302,922	16,960,624

*See accompanying notes to the consolidated financial statements*

**JG Wealth Management Corporation**  
**Consolidated statements of cash flow**  
(Expressed in Canadian Dollars)

	<b>Year ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash used in:</b>	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Income for the year	583,751	449,669
Items not involving cash :		
Amortization	-	34,325
Accrued interest	205	8,107
Deferred tax expense	96,000	29,000
Impairment of property	-	39,511
Interest income	(3,563)	-
Loss from sale of property	1,490	-
Gain from sale of investments	(86,756)	(43,693)
Unrealized gain on fair value of investments	(712,000)	(585,705)
Changes in non-cash operating working capital		
Accounts receivable	641	(3,387)
Accounts payable and accrued liabilities	(28,866)	39,433
Due to related parties	84,650	-
Prepays	(625)	-
Cash used in operating activities	(65,073)	(32,740)
<b>Investing activities</b>		
Acquisition of cash - Arrangement	-	58,362
Proceeds from sale of property	1,076,170	-
Proceeds from sale of investments	183,690	109,041
Purchase of investments	(449,654)	(303,070)
Deposit paid for acquisition of investment	(133,333)	-
Issuance of note receivable	(850,000)	-
Cash used in investing activities	(173,127)	(135,667)
<b>Financing activities</b>		
Proceeds from issuance of promissory note	-	980,000
Subscriptions received in advance	-	225,000
Proceeds from issuance of note payable	125,000	-
Repayment of promissory note	(506,082)	(482,025)
Proceeds from issuance of common shares	90,000	-
Cash provided by (used in) financing activities	(291,082)	722,975
<b>Increase (decrease) of cash</b>	<b>(529,282)</b>	<b>554,568</b>
<b>Cash, beginning of year</b>	<b>554,569</b>	<b>1</b>
<b>Cash, end of year</b>	<b>25,287</b>	<b>554,569</b>
<b>Supplementary information:</b>		
Cash paid for interest	2,580	2,025
Cash paid for income taxes	-	-

*See accompanying notes to the consolidated financial statements*

**JG Wealth Management Corporation**  
**Consolidated statements changes in shareholders' equity**  
**For the Years ended September 30, 2016 and 2015**

(Expressed in Canadian Dollars except for number of shares)

	Note	Common shares		Other capital reserve	Subscription received in	Retained earnings	Total
		Number	Amount				
			\$	\$	\$	\$	\$
September 30, 2014		1	1	-	-	-	1
Completion of the Arrangement	3	30,646,671	2,002,063	-	-	-	2,002,063
Adjustment for shares issued in the Arrangement	3	-	-	39,511	-	-	39,511
Subscription received in advance		-	-	-	225,000	-	225,000
Net income for the year		-	-	-	-	449,669	449,669
<b>September 30, 2015</b>		<b>30,646,672</b>	<b>2,002,064</b>	<b>39,511</b>	<b>225,000</b>	<b>449,669</b>	<b>2,716,244</b>
Issuance of common shares	11, 14	787,500	315,000	-	(225,000)	-	90,000
Net income for the year		-	-	-	-	583,751	583,751
<b>September 30, 2016</b>		<b>31,434,172</b>	<b>2,317,064</b>	<b>39,511</b>	<b>-</b>	<b>1,033,420</b>	<b>3,389,995</b>

*See accompanying notes to the consolidated financial statements*

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**1. NATURE OF OPERATIONS**

JG Wealth Management Corporation (the “Company”) was incorporated on November 29, 2007 under the laws of the province of British Columbia, Canada. The Company is a venture capital and investment company. The Company’s head office is located at Suite 200 – 8338 120th Street, Surrey, BC, V3W 3N4. The Company ceased to be a subsidiary of Mag One Products Inc. (“Mag One”) on January 1, 2015 and the Company’s shares commenced trading on Canadian Securities Exchange (“CSE”) under the symbol JGW on March 12, 2015 (Note 3).

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The policies set out below are based on IFRS issued and effective as at January 30, 2017, the date the Board of Directors approved the financial statements.

**Basis of preparation**

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at their fair value as explained in the accounting policies below. All amounts are presented in Canadian dollars, unless otherwise noted.

**Consolidation**

These consolidated financial statements included the accounts of the Company and its wholly owned subsidiary, 1042484 B.C. Ltd. (formerly Acana Capital Corp.) that was incorporated on July 10, 2015 in British Columbia, Canada.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. 1042848 B.C. Ltd. does not have any activities since inception.

**Significant estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments 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, the carrying values of the investments, the fair value of the shares issued in connection with the closing of the Arrangement, and the measurement of deferred tax liabilities.

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant judgments**

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 assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification of financial instruments.

**Income per share**

Basic income per share is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted income per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

**Financial instruments**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss (FVTPL) - Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss. The Company designated its investments as fair value through profit or loss financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company has designated its cash, receivables, deposit and note receivable as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Company intends to hold to maturity. These assets are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.



**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company does not hold any available-for-sale financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset. The Company has classified its trade payables and note payable as financial liabilities.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably measured.

**Functional currency and foreign currency translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions will be translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. 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 profit or loss in the statement of comprehensive income 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 the statement of comprehensive income 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.

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property**

Property is stated at cost less accumulated depreciation. Depreciation is charged to income on a declining balance basis at 4% per year.

Properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated financial statements of comprehensive income in the period of retirement or disposal. Gains or losses on the disposal of the property is determined as the difference between net disposal proceeds and the carrying value of the asset in the previous reporting period financial statements.

**Impairment of assets**

The carrying amount of the Company's 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 income.

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**

Current income tax:

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

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

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income taxes (continued)**

Deferred tax:

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

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

**Revenue Recognition**

Rental and Service income is recognized when:

- the amount of revenue can be measured reliably;
- it is probably that the economic benefits associated with the revenue will flow to the Company;
- the stage of completion at the end of the reporting period can be measured reliably; and
- the costs incurred for and to complete the revenue can be measured reliably.

**Warrants**

Proceeds from issuances of security units by the Company consisting of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined to be the difference between gross proceeds over the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a fair value of \$Nil is assigned to the warrants.

**Accounting standard issued but not yet applied**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2016, and have not been applied in preparing these financial statements.

IFRS 9 Financial Instruments

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing *IAS 39 Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- a) Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- b) Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounting standard issued but not yet applied (continued)**

IFRS 9 Financial Instruments (continued)

- c) Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- d) Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning October 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- a) Identify the contract with the customer
- b) Identify the performance obligations in the contract
- c) Determine the transaction price
- d) Allocate the transaction price to the performance obligations in the contracts
- e) Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning October 1, 2018.

The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements, but does not anticipate that the impact will be significant.

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**3. CORPORATE RESTRUCTURING**

On January 1, 2015, the Company and its former parent company, Mag One, entered into a plan of arrangement in order to proceed with a corporate restructuring (the "Arrangement") by the way of a plan of arrangement, whereby Mag One transferred assets of Mag One to the Company in return for 30,646,671 common shares of the Company with a fair value of \$2,002,064. The Company's shares were distributed to the shareholders of Mag One on a pro-rata basis based on their relative shareholdings of Mag One at the completion of the Arrangement, when the Company's common shares started trading on the CSE after all the approvals were received.

The carrying value of the net assets received on January 1, 2015 pursuant to the Arrangement consists of the following:

	\$
Assets	
Cash	58,362
Investments	836,699
Property	1,151,496
Liabilities	
Deferred revenue	(4,982)
Net assets	2,041,575
Shares issued pursuant to plan to the Arrangement	(2,002,064)
Adjusted for shares issued in connection with the Arrangement	39,511

The fair value of the shares was determined to be the fair value of the net assets transferred.

The Arrangement completed on March 12, 2015 when the Company ceased to be a subsidiary of Mag One and commenced trading on CSE under the symbol JGW.

**3. INVESTMENTS**

As at September 30, 2016, the Company's investments comprise of common shares and share purchase warrants of Canadian public companies (Note 12) which are measured at fair value. The fair values of the shares and warrants at September 30, 2016 and 2015 are as follows:

	September 30, 2016	September 30, 2015
Common shares	2,327,846	1,510,626
Warrants	397,000	149,500
	2,724,846	1,660,126

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	September 30, 2016	September 30, 2015
Expected life of warrants (years)	0.49 – 4.88	0.88 – 4.72
Annualized volatility	132% - 220%	42% - 270%
Risk-free interest rate	0.6%	0.5%
Dividend rate	0%	0%

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**5. NOTE RECEIVABLE**

The Note receivable consists of \$850,000 advanced to a company with common directors on August 10, 2016. The note bears interest at 3% per annum, is unsecured and due on demand. As of September 30, 2016, the accrued interest receivable is \$3,563 (Note 14).

**6. RECEIVABLES**

	September 30, 2016	September 30, 2015
	\$	\$
Trade receivables	-	3,387
Sales tax receivable	2,746	-
	2,746	3,387

**7. PREPAIDS AND DEPOSIT**

Included in prepaid and deposits is a deposit of \$133,333 relating to an investment made by the Company, which serves as security for a notes payable (Note 10).

**8. PROPERTY**

On December 29, 2015, the Company sold the property, which is a unit of the residential condominium located in Toronto, Canada, for net proceeds of \$1,076,170 resulting in a loss of \$1,490.

<b>Cost:</b>	\$
At September 30, 2014	-
Additions	1,151,496
At September 30, 2015	1,151,496
Disposition	(1,151,496)
At September 30, 2016	-
<b>Accumulated amortization:</b>	
At September 30, 2014	-
Charge for the year	(34,325)
At September 30, 2015	(34,325)
Disposition	34,325
At September 30, 2016	-
<b>Impairment:</b>	
At September 30, 2014	-
Charge for the year	(39,511)
At September 30, 2015	(39,511)
Disposition	39,511
September 30, 2016	-
Net book value as at September 30, 2015	1,077,660
Net book value as at September 30, 2016	-

**JG Wealth Management Corporation**  
**Notes to the consolidated financial statements**  
**For the years ended September 30, 2016 and 2015**  
**(Expressed in Canadian dollars)**

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**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	\$	\$
GST payable	150	778
Trade payables	-	36,288
Accrued liabilities	15,400	7,350
	<b>15,550</b>	<b>44,416</b>

**10. NOTES PAYABLE**

In June 2015, the Company issued a promissory note of \$500,000 to an entity related to a director of the Company. This promissory note is unsecured, bearing simple interest at 4% per annum, and is due on June 11, 2016. During the year ended September 30, 2016, the promissory note including the principal balance and accrued interest was fully repaid.

In September 2016, the Company entered into a loan agreement with a company related to a former director of the Company for a principal of \$125,000. The loan bears interest at 4% per annum, is unsecured and due on September 15, 2017. The loan is secured by the 1,333,330 common shares in the capital of ZoomAway Travel Inc. which the Company subscribed for and the payment of \$133,333 is included in prepaid and deposits (Note 7). As of September 30, 2016, the balance outstanding including accrued interest is \$125,205.

**11. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value.

**Common shares - Issued and outstanding**

In October 2015, the Company issued 787,500 common shares at \$0.40 per shares for proceeds of \$315,000 in a non-brokered private placement. Of the 787,500 common shares issued, 562,500 common shares were issued to Grand Peak Capital Corp., a company with common directors and 225,000 common shares were issued to the spouse of a former director of the Company. Of \$315,000 raised, \$225,000 was received in advance during the year ended September 30, 2015.

**Other capital reserve**

The other capital reserve records the difference between the fair value and the carrying value of the net assets transferred pursuant to the Arrangement (Note 3).

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

Market risk

Market risk is the risk that the fair value of, or future cash flows from the Company's investment in marketable securities will significantly fluctuate because of changes in market prices. The Company is exposed to market risk or equity risk or equity price risk in trading its investment and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company marks its investments to market in accordance with the accounting policies at each reporting period. This process could result in significant write-downs of the Company's investment over one or more reporting periods, particularly during periods of declining markets.

Market risk includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment or its issuer or risk specific to a certain market. Market risk is managed principally through diversification of investments. Management monitors the overall market risk position on a quarterly basis.

Price risk

The Company is exposed to price risk in relation to listed marketable securities held as FVTPL investment, assessed as high.

Interest rate risk

Interest risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

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 is not exposed to currency risk as the Company does not hold financial instrument denominated in foreign currency.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its note receivable due from a company with common directors. The borrower does not currently have sources of revenue from operations; however, management considers that it holds sufficient liquid assets to repay the balance on demand.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.



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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**Classification of financial instruments**

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

	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	\$	\$
Loans and receivables		
Cash	25,287	554,549
Receivables	2,746	3,387
Deposit	133,333	-
Note receivable	853,563	-
FVTPL		
Investments	2,724,846	1,660,126
	<b>3,739,775</b>	<b>2,218,062</b>

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

	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	\$	\$
Non-derivative financial liabilities:		
Trade payables	-	36,288
Due to related parties	84,650	-
Note payable	125,205	506,082
	<b>209,855</b>	<b>542,370</b>

**Fair value**

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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.

Investments consist of common shares and share purchase warrants of Canadian public companies (Note 4). The fair value measurement of the common shares is classified as level 1. The fair value measure of the share purchase warrants is classified as level 3 as the fair value estimate incorporates expected future volatility which is not based on observable market data. A 10% increase in the volatility rate for the share purchase warrants would decrease the fair value estimate of the warrants by approximately \$10,000.

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### **13. CAPITAL MANAGEMENT**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to sustain future development of the business. The capital structure of the Company consists of cash, marketable securities, and common shares as capital.

There are no restrictions on the Company's capital and there were no changes in the Company's approach to capital management during the year.

### **14. RELATED PARTY TRANSACTIONS**

#### Transactions with key management and directors

During the years ended September 30, 2016 and 2015, the Company had the following transactions with related parties:

	Nature of fees	2016	2015
		\$	\$
Former director of the Company	Consulting	50,000	-
An entity with a common director	Management	3,000	-
An entity with a common director	Rent	3,000	-

As at September 30, 2016, the Company had a balance owing to the Company's director of \$50,000 (2015 - \$Nil).

In August 2016, the Company undertook the collection of rental income on behalf of a company with a common director. In return, the Company received \$3,000 (2015 - \$Nil) for service fee. For the year ended September 30, 2016, the Company collected \$34,650 (2015- \$Nil) of rent on behalf of the company with a common director and this full amount was to be turned to the entity subsequent to the year-end.

Amounts due to related parties are non-interest bearing, unsecured, with no terms of repayment.

#### **Investments**

During the year ended September 30, 2016, the Company made subscriptions \$ 175,251 (2015 – \$235,919) for common shares and share purchase warrants in private placements of Canadian public companies that have common directors.

#### **Note receivable**

The Note receivable consists of \$850,000 advanced to a company with common directors on August 10, 2016. The note bears interest at 3% per annum, is unsecured and due on demand. As of September 30, 2016, the accrued interest receivable is \$3,563 (Note 5).

#### **Notes payable**

In June 2015, the Company issued a promissory note of \$500,000 to an entity related to a director of the Company. This promissory note is unsecured, bearing simple interest at 4% per annum, and is due on June 11, 2016. During the year ended September 30, 2016, the promissory note including the principal balance and accrued interest was fully repaid (Note 10).

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**14. RELATED PARTY TRANSACTIONS (continued)**

**Notes payable**

In September 2016, the Company entered into a loan agreement with a company related to a former director of the Company for a principal of \$125,000. The loan bears interest at 4% per annum, is unsecured and due on September 15, 2017. The loan is secured by the 1,333,330 common shares in the capital of ZoomAway Travel Inc. which the Company subscribed for and the payment of \$133,333 is included in prepaid and deposits (Note 7). As of September 30, 2016, the balance outstanding including accrued interest is \$125,205 (Note 10).

**Revenue**

During the year ended September 30, 2016, the Company earned gross rental revenue of \$13,274 (2015 - \$39,824) from a company with common directors.

**Share Capital**

In October 2015, the Company issued 787,500 common shares at a fair value of \$0.40 per shares for proceeds of \$315,000 in a non-brokered private placement. Of the 787,500 common shares issued, 562,500 common shares were issued to Grand Peak Capital Corp., a company with common directors; 225,000 common shares were issued to the spouse of a former director of the Company. Of \$315,000 raised, \$225,000 was received in advance during the year ended September 30, 2015.

**15. INCOME TAX**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	\$	\$
Net income before taxes	679,751	478,669
Statutory tax rate	26%	26%
Expected income tax expense at the statutory tax rate	177,000	124,000
Non-taxable items and other	(104,000)	(95,000)
Adjustments to prior years provision versus stator tax returns	14,000	-
Temporary differences not recognized	9,000	-
Income tax expense	96,000	29,000

The Company has the following deferred tax assets and liabilities:

	<b>September 30, 2016</b>	<b>September 30, 2015</b>
	\$	\$
Non-capital loss carry-forwards	44,000	24,000
Property and equipment	-	23,000
Investments	(169,000)	(76,000)
Net deferred tax liability	(125,000)	(29,000)

As at September 30, 2016, the Company has non-capital losses totaling \$169,000 that may be carried forward to reduce taxable income derived in future years from 2017 to 2036.

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**16. SUBSEQUENT EVENT**

Subsequent to year ended September 30, 2016, the Company entered into a unsecured promissory note, whereby the Company agreed to pay the principal amount of \$45,000 by November 2, 2017 subject to an interest rate of 3% per annum.