Aydon Income Properties Inc.

Consolidated Financial Statements

December 31, 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aydon Income Properties Inc.,

We have audited the accompanying consolidated financial statements of Aydon Income Properties Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and April 30, 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the period ended December 31, 2015 and the year ended April 30, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Aydon Income Properties Inc. as at December 31, 2015 and April 30, 2015, and its financial performance and its cash flows for the period ended December 31, 2015 and the year ended April 30, 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 matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Aydon Income Properties Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 28, 2016

Aydon Income Properties Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes	December 31, 2015	April 30, 2015
ASSETS			
Current assets			
Cash		$ 9,459	$ 167,042
Receivables	4	46,923	3,346
Prepaid expenses		-	1,550
		56,382	171,938
Non-current assets			
Investment	5	114,337	-
TOTAL ASSETS		**$ 170,719**	**$ 171,938**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	$ 49,798	$ 11,034
Non-current liabilities			
Convertible debenture	7	97,985	-
TOTAL LIABILITIES		**147,783**	**11,034**
SHAREHOLDERS' EQUITY			
Share capital	9	601,217	601,217
Share-based payment reserve	9	262,971	250,000
Subscriptions received		-	(18,500)
Currency translation reserve	9	(194)	(1,069)
Deficit		(841,058)	(670,744)
TOTAL SHAREHOLDERS' EQUITY		**22,936**	**160,904**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 170,719**	**$ 171,938**

Going concern (Note 1)

Approved on behalf of the Board of Directors:

"D.B. Jackson"
Chief Executive Officer

"V. Wadhwani"
Chief Financial Officer

Aydon Income Properties Inc.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Notes	Period ending December 31, 2015	Year ended April 30, 2015
Management fee income		$ 36,993	$ -
Expenses			
Communications		3,087	751
Consulting fees		2,000	49,750
Filing fees		24,528	21,192
Foreign exchange gain		(7,095)	(3,145)
Listing fees	9	-	127,070
Management fees	10	175,265	177,209
Office and miscellaneous		9,928	12,758
Professional fees	10	23,094	15,699
Stock-based compensation	9, 10	-	250,000
Travel and accommodation		-	3,910
		(230,806)	(655,194)
Other items			
Gain on deconsolidation of limited partnerships	11	19,646	-
Interest income (expense)		(1,147)	560
Other income		5,000	-
		23,499	560
Net loss		**(170,314)**	**(654,634)**
Other comprehensive loss			
Foreign currency translation		875	(1,069)
Comprehensive loss		**$ (169,439)**	**$ (655,703)**
Loss per share – basic and diluted	9	**$ (0.01)**	**$ (0.04)**
Weighted average shares outstanding	9	**24,083,081**	**15,233,227**

Aydon Income Properties Inc.
Consolidated statements of changes in equity
(Expressed in Canadian dollars)

		Share capital			Reserves			
	Notes	Number of shares	Amount	Obligation to Issue Shares (Subscriptions receivable)	Share Based Payment Reserve	Currency translation reserve	Deficit	Total
Balance at April 30, 2014		300	$ -	$ 96,500	$ -	-	$ (16,110)	$ 80,393
Net loss							(654,634)	(654,634)
Other comprehensive loss		-			-	(1,069)	-	(1,069)
Shares issued for cash	9	17,367,467	533,223	(115,000)	-	-	-	418,223
Shares issued to directors	9	5,000,000	-	-	250,000	-	-	250,000
Shares issued on amalgamation	9	1,715,314	85,766	-	-	-	-	85,766
Share issue costs	9	-	(17,775)	-	-	-	-	(17,775)
Balance at April 30, 2015		**24,083,081**	**601,217**	**(18,500)**	**250,000**	**(1,069)**	**(670,744)**	**160,904**
Convertible debentures	7	-	-	-	12,971	-	-	12,971
Net loss		-	-	-	-	-	(170,314)	(170,314)
Other comprehensive loss		-	-	-	-	875	-	875
Subscriptions received		-	-	18,500	-	-	-	18,500
Balance at December 31, 2015		**24,083,081**	**$ 601,217**	**$ -**	**$ 262,971**	**(194)**	**$ (841,058)**	**$ 22,936**

Aydon Income Properties Inc.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Period ended December 31, 2015	Year ended April 30, 2015
Operating activities		
Net loss	$ (170,314)	$ (654,634)
Items not affecting cash:		
Stock-based compensation		250,000
Non-cash interest expense	422	-
Changes in non-cash working capital items:	(169,892)	(404,634)
Receivables	(43,577)	26,654
Prepaid expenses	1,550	(1,550)
Trade payables and accrued liabilities	38,764	(4,483)
Net cash flows used in operating activities	(173,155)	(384,013)
Investing activities		
Investment	(114,337)	-
Financing activities		
Proceeds on issuance of common shares	-	522,489
Share issue costs	-	(17,775)
Proceeds on issuance of convertible debentures	126,000	-
Convertible debenture issue costs	(15,466)	-
Subscriptions receivable	18,500	(18,500)
Net cash flows from financing activities	129,034	486,214
Effect of foreign currency translation	875	(1,069)
Increase(decrease) in cash	(157,583)	101,132
Cash, beginning	167,042	65,910
Cash, ending	**$ 9,459**	**$ 167,042**

1. Nature and continuance of operations

Genesis Income Properties Inc. ("Genesis) was incorporated on April 7, 2014 under the laws of the province of British Columbia. Aydon Income Properties Inc. (the "Company") was formed by amalgamation of Genesis and Forbairt Development Acquisition Corp. ("Forbairt") under a Plan of Arrangement approved by the Supreme Court of British Columbia on August 27, 2014. The Company completed all requirements for a listing on the Canadian Stock Exchange ("CSE") under the symbol "AYD" and started trading on March 12, 2015.

During the period ended December 31, 2015, the Company changed its fiscal year end from April 30 to December 31.

The principal address and records office of the Company is located at 202 - 5626 Larch Street, Vancouver, BC, V6M 4E1.

The Company was established for the purpose of investing in income-producing residential properties in the USA and Canada. The Company's business model calls for the financing of the acquisition of rental and development properties through the establishment of Limited Partnerships which will be under the management of General Partners owned and operated by the Company.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The success of the Company is dependent on certain factors that may be beyond management's control such as economic, currency and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in properties, its business, financial condition and results of operations could be materially affected. The Company has incurred operating losses since incorporation and has an accumulated deficit totaling $841,058. The Company's continuation as a going concern is dependent upon successful results from its activities, its ability to raise sufficient equity financings, issuing debt or securing related party advances to complete the identification and acquisition of suitable properties in accordance with its business plan and ultimately achieving profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue. Management intends to finance operating costs over the next twelve months with existing working capital, public and private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating, capital and operations requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on April 28, 2016 by the directors of the Company.

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") and including interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as applicable to the preparation of financial statements.

2. Significant accounting policies and basis of preparation (continued)

Basis of preparation

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

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned*	
	Country of incorporation	December 31, 2015	April 30, 2015
AIP General Partners Ltd.	Canada	100%	100%
AIP General Partner USA Inc.	USA	100%	0%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Jointly controlled entities

A jointly controlled entity is a corporation or other entity in which each venture holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement established joint control. A jointly controlled entity controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to fair value measurements of financial instruments, stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

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 include:

- 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 a significant uncertainty; and
- the determination of the functional currency of the parent company and its subsidiaries.

2. Significant accounting policies and basis of preparation (continued)

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the Company's and AIP General Partners Ltd's functional and presentation currency. The functional currency of AIP General Partner USA Inc. is the US dollars.

Transactions and balances:

Foreign currency transactions are translated into 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.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Share-based payments

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

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss 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 loss 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.

2. Significant accounting policies and basis of preparation (continued)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, 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.

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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and 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.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They 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.

Available-for-sale financial assets are 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. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary 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 Company commits to purchase the asset.

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. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

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

2. Significant accounting policies and basis of preparation (continued)

Financial instruments (continued)

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.

Financial instruments measured at Level 1 include cash.

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Equity accounted investment

The Company accounts for its investment using the equity method of accounting. Under the equity method, the investment is carried in the statements of financial position at cost and is adjusted for the Company's share of the investee's profit or loss subsequent to the investment. Losses are recorded until the carrying amount is reduced to $Nil; losses beyond this point are not recognized until the Company makes additional investment in the investee or positive earnings are achieved by the investee and the Company's share of profits equals its share of losses not previously recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred obligations to provide funding to the investee.

2. Significant accounting policies and basis of preparation (continued)

Revenue recognition

Revenue consists of service revenue generated from management and consulting services. Revenue is recognized when services have been provided, the amount can be measured reliably, collection is probable and cost incurred or to incur can be measured reliably.

Income taxes

Current income tax:

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

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

Deferred income tax:

Deferred income tax is provided annually, using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed annually, at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

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

(Expressed in Canadian dollars)

4. Receivables

	December 31, 2015	April 30, 2015
Trade receivables	$ 36,219	$ -
GST receivable	10,704	3,346
	$ 46,923	$ 3,346

5. Investment

	December 31, 2015	April 30, 2015
Investment in limited partnership at cost	$ 114,337	$ -

The investment is comprised of 84 units in a limited partnership which the Company purchased during the year ended December 31, 2015 for US$1,000 per unit. As at December 31, 2015, the Company did not have control of the limited partnership, but did have significant influence. As such, the Company has applied the equity method of accounting for its investment. During the period ended December 31, 2015 there were no equity transactions to record.

6. Trade payables and accrued liabilities

	December 31, 2015	April 30, 2015
Trade payables	$ 17,348	$ 1,610
Amounts due to related parties (Note 10)	24,975	-
Accrued liabilities	7,475	9,424
	$ 49,798	$ 11,034

7. Convertible debenture

On December 10, 2015, the Company issued a $126,000 convertible debenture. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest semi annually at 10% per annum and matures on December 10, 2018. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share in the first year and $0.50 per share on or after December 10, 2016 and up until December 3, 2018. The holder also has the option to convert the debenture into units of the limited partnership held by the Company at a price of US$1,100 per partnership unit (Note 5).

The Company used the residual value method to allocate the principal amount of the debenture, less issuance costs, between the liability and the equity component. The fair value of the liability component at issuance was calculated using a market interest rate for an equivalent non-convertible bond, which the Company determined to be 15%. The residual amount, representing the value of the equity conversion option, is included in shareholders equity in the share-based payment reserve.

(Expressed in Canadian dollars)

7. Convertible debenture (continued)

	Period ended December 31, 2015	Year ended April 30, 2015
Balance, beginning of period	$ -	$ -
Proceeds from issuance of convertible debenture	126,000	-
Issuance costs	(15,466)	-
Amount allocated to equity	(12,971)	-
Non-cash interest	422	-
Balance, end of period	$ 97,985	$ -

8. Income taxes

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

	Period ended December 31, 2015	Year ended April 30, 2015
Net loss	$ 170,314	$ 654,634
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	$ (44,282)	$ (170,205)
Non-deductible items and other	3,081	64,076
Effect of change in tax rates	-	(161)
Temporary differences not recognized	41,201	106,290
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2015	April 30, 2015
Non-capital loss carry-forwards	$ 572,098	$ 410,079
Share issue costs	10,665	14,220
	$ 582,763	$ 424,299

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Share issue costs
2034	$ 16,110	$ -
2035	555,988	-
No expiry	-	10,665
	$ 572,098	$ 10,665

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2015 there were 24,083,081 issued and fully paid common shares (April 30, 2015 – 24,083,081) outstanding.

On April 29, 2015, the Company completed a non-brokered private placement of 3,417,467 units at $0.07 per unit for gross proceeds of $239,223. Each unit consists of one common share and one share purchase warrant, which will be exercisable at $0.12 per share if exercised during the first year or $0.15 if exercised during the second year.

On January 22, 2015, the Company issued 1,715,314 shares with a fair value of $0.05 per share for a total fair value of $85,766 to the shareholders of Forbairt pursuant to its amalgamation with Forbairt (Note 1). The fair value of these shares were expensed as listing fees.

On September 30, 2014, the Company issued 5,000,000 shares, with a fair value of $0.05 per share for gross consideration of $250,000 pursuant to an agreement with certain directors and associates for their agreement to act as directors and consultants to the Company. This issuance has been expensed as stock-based compensation.

On September 30, 2014, the Company issued 2,900,000 shares at $0.05 per share for gross proceeds of $145,000.

On June 4, 2014, the Company issued 6,250,000 shares at $0.02 per share for gross proceeds of $125,000.

On May 21, 2014, the Company issued 4,800,000 shares at $0.005 per share for gross proceeds of $24,000.

Share issuance costs of $17,775 were incurred in connection with these transactions.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended December 31, 2015 was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding.

Diluted loss per share did not include the effect of 3,417,467 share purchase warrants as the effect would be anti-dilutive.

(Expressed in Canadian dollars)

9. Share capital (continued)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

Share purchase warrants

The following is a summary of the Company's share purchase warrant activity during the period ended December 31, 2015:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2015 and April 30, 2015	3,147,467	$ 0.143

At December 31, 2015, the weighted average remaining life of warrants is 1.33 years.

Details of warrants outstanding as at December 31, 2015 are as follows:

Exercise price	Contractual life remaining	Number of warrants outstanding	Expiry
$0.12 first year and $0.15 in second year	1.33 years	3,147,467	April 29, 2017
$0.143 (Weighted average)	1.33 years	3,147,467	

Share-based payment reserve

The share-based payment reserve represents the fair value of stock, stock options, compensation warrants and the convertible debenture charge to equity (Note 7).

Currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

10. Related party transactions

i) Related party balances

As at December 31, 2015 the Company was indebted to certain directors in the amount of $24,975 (April 30, 2015 - $Nil). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment (Note 6).

(Expressed in Canadian dollars)

10. Related party transactions (continued)

ii) Related party transactions

The Company incurred the following transactions with entities that are controlled by directors of the Company.

	Period ended December 31, 2015	Year ended April 30, 2015
Professional fees	$ 3,289	$ 9,200
Management fees	175,265	177,209
	$ 178,554	$ 186,409

Key management personnel compensation

	Period ended December 31, 2015	Year ended April 30, 2015
Short-term employee benefits	$ 175,265	$ 177,209
Stock-based compensation	-	250,000
	$ 175,265	$ 427,209

11. Gain on deconsolidation

For the period ended December 31, 2015, the Company did not consolidate a limited partnership which was consolidated in the prior year ended April 30, 2015. During the period ended December 31, 2015, the Company no longer controlled the limited partnership and was not exposed to variable returns and losses from the limited partnership. As such, the limited partnership was deconsolidated resulting in the Company recognizing a gain on deconsolidation of $19,646.

12. Financial risk and capital 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, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. 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 one bank 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 trade receivables. The Company assessed credit risk as low.

12. Financial risk and capital management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company assesses liquidity risk as high.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2015:

	Within one year	Between one and five years	More than five years
Trade payables	$ 17,348	$ -	$ -
Due to related parties	24,975	-	-
Convertible debenture	-	97,985	-

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company assesses foreign exchange risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's current exposure to interest rate risk relates to its ability to earn interest income on bank balances. The fair value of the Company's bank account is not significantly affected by changes in short term interest rates.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents.

The Company is currently dependent on equity financing to fund its business investigation activities. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and activities of the Company. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

12. Financial risk and capital management (continued)

Classification of financial instruments

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

		December 31, 2015		April 30, 2015
Loans and receivables:				
Cash	$	9,459	$	167,042
Trade receivables		36,219		-
	$	45,678	$	167,042

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

		December 31, 2015		April 30, 2015
Non-derivative financial liabilities:				
Trade payables	$	17,348	$	1,610
Due to related parties		24,975		-
Convertible debenture		97,985		-
	$	140,308	$	1,610