

## **1014379 B.C. Ltd.**

**Financial Statements  
December 31, 2016 and 2015  
(Expressed in Canadian Dollars)**

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**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF 1014379 B.C. Ltd.**

We have audited the accompanying financial statements of 1014379 B.C. Ltd., which comprise the statements of financial position as at December 31, 2016 and 2015 the statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of 1014379 B.C. Ltd. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
April 19, 2017

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**1014379 B.C. Ltd.**

Statements of Financial Position

As at December 31,

(Expressed in Canadian dollars)

	Notes	2016	2015
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$	1,332	\$ 1,428
GST receivable		8,760	1,486
<b>Total Assets</b>	<b>\$</b>	<b>10,092</b>	<b>\$ 2,914</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7	\$ 165,898	\$ 9,150
<b>Total Liabilities</b>		<b>165,898</b>	<b>9,150</b>
<b>Shareholders' Deficit</b>			
Capital stock	5	103,768	103,768
Deficit		(259,574)	(110,004)
<b>Total Shareholders' Deficit</b>		<b>(155,806)</b>	<b>(6,236)</b>
<b>Total Liabilities and Shareholders' Deficit</b>	<b>\$</b>	<b>10,092</b>	<b>\$ 2,914</b>

Approved and authorized by the Board on April 19, 2017.

"Anthony Jackson" (signed)

Anthony Jackson, Director

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

**1014379 B.C. Ltd.**

Statements of Loss and Comprehensive Loss

For the years ended December 31,

(Expressed in Canadian dollars)

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	Notes	2016	2015
<b>Expenses</b>			
Bank charges and interest	\$	95	\$ 357
Consulting fees	7	-	77,861
Filing fees		825	4,534
Management fees	7	140,000	-
Professional fees	7	8,650	24,730
<b>Net loss and comprehensive loss for the year</b>	<b>\$</b>	<b>(149,570)</b>	<b>\$ (107,482)</b>
<b>Loss per share – basic and diluted</b>	<b>\$</b>	<b>(0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		<b>5,060,225</b>	<b>5,060,225</b>

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

**1014379 B.C. Ltd.**

Statements of Changes in Shareholders' Deficit

For the years ended December 31,

(Expressed in Canadian dollars)

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	Capital Stock		Deficit	Total
	Number of Shares	Amount		
<b>Balance at December 31, 2014</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ (2,522)</b>	<b>\$ (2,521)</b>
Shares issued for cash (Note 5)	2,938,349	58,767	-	58,767
Shares issued for cash pursuant to arrangement agreement (Note 5)	2,121,875	45,000	-	45,000
Net loss for the year	-	-	(107,482)	(107,482)
<b>Balance at December 31, 2015</b>	<b>5,060,225</b>	<b>103,768</b>	<b>(110,004)</b>	<b>(6,236)</b>
Net loss for the year	-	-	(149,570)	(149,570)
<b>Balance at December 31, 2016</b>	<b>5,060,225</b>	<b>\$ 103,768</b>	<b>\$ (259,574)</b>	<b>\$ (155,806)</b>

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

**1014379 B.C. Ltd.**

## Statements of Cash Flows

For the years ended December 31,

(Expressed in Canadian dollars)

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	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net loss for the year	\$ (149,570)	\$ (107,482)
Changes in non-cash working capital items:		
GST receivable	(7,274)	(1,361)
Accounts payable and accrued liabilities	156,748	6,525
<b>Net cash flows used in operating activities</b>	<b>(96)</b>	<b>(102,318)</b>
<b>Investing activities</b>		
Redemption of investment in Bravura Ventures Corp.	-	45,000
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>45,000</b>
<b>Financing activities</b>		
Proceeds from share issuance	-	58,767
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>58,767</b>
Change in cash	(96)	1,449
Cash (bank indebtedness), beginning of the year	1,428	(21)
<b>Cash, end of the year</b>	<b>\$ 1,332</b>	<b>\$ 1,428</b>

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

## **1014379 B.C. Ltd.**

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

1014379 B.C. Ltd. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 23, 2014. The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. The address of its head office is 800 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

On October 14, 2014, the Company entered into an arrangement agreement with Bravura Ventures Corp. ("Bravura") and Nuran Wireless Inc. ("Nuran", previously 1014372 B.C. Ltd.) whereby the Company will form part of a statutory plan of arrangement (the "Arrangement") to become a reporting issuer in the provinces of British Columbia and Alberta. The arrangement was approved November 14, 2014 and completed March 11, 2015 (note 5(b)).

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

These financial statements do not include any adjustments to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### **2. BASIS OF PRESENTATION**

#### **(a) Statement of compliance**

These financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency. All values are rounded to the nearest dollar unless otherwise indicated.

The significant accounting policies set out in note 3 have been applied consistently to all periods presented.

#### **(b) Approval of the financial statements**

The financial statements of the Company were approved by the director and authorized for issue on April 19, 2017.

## 1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION (CONTINUED)

- (c) Significant accounting judgments, estimates and assumptions

#### Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position, and the 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 appear throughout the financial statements and may require 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 relevant factors that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and judgments*

There were no significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities.

Critical judgment exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

#### Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

- (d) New accounting pronouncements

The following new standard has been issued by the IASB, but is not yet effective. The Company is currently assessing the impact of these future standards on the financial statements.

#### Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Effective for the Company's annual period beginning January 1, 2017.



## 1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION (CONTINUED)

#### (d) New accounting pronouncements (continued)

##### Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 *Income Taxes*)

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Effective for the Company's annual period beginning January 1, 2017.

##### IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

Effective for the Company's annual period beginning January 1, 2018.

## 1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

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

*Fair value through profit or loss*

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment.

*Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of available-for-sale financial assets are recognized as other comprehensive income (loss) and classified as a component of equity.

Management assesses the carrying value of available-for-sale financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

## 1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(ii) Financial liabilities

The Company classifies its financial liabilities as other financial liabilities.

*Other financial liabilities*

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

(b) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(c) Capital stock

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## 1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Income tax

##### (i) 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 (loss) or equity is recognized in other comprehensive income (loss) 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.

##### (ii) Deferred income tax

Deferred income tax is provided 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 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.

### 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

- Cash is classified as a financial asset at FVTPL; and
- Accounts payable and accrued liabilities, as other financial liabilities.

The carrying value of these financial instruments approximates their fair value.

The Company's risk exposure and the impact on the Company's financial instruments is summarized below:

#### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk on receivables, as these amounts are due from government agencies. The carrying amount of financial assets represents the maximum credit exposure.

## **1014379 B.C. Ltd.**

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

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### **4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)**

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company will be required to raise additional financing to be able to satisfy its financial obligations of \$165,898, and to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. Financial obligations are due within three months of year-end.

### **5. CAPITAL STOCK**

#### (a) Authorized

Unlimited number of common shares without par value  
Unlimited number of preferred shares without par value

#### (b) Issued and outstanding

Pursuant to the Arrangement Agreement entered by the Company with Bravura and Nuran on October 14, 2014 and completed March 11, 2015:

(i) The Company issued 2,121,875 common shares in exchange of the Class 2 reorganization shares of Bravura, which were subsequently redeemed by Bravura from the Company for cash consideration of \$45,000; and

(ii) The Company issued 2,938,349 common shares for gross proceeds of \$58,767.

### **6. CAPITAL MANAGEMENT**

The Company is actively looking to acquire an interest in a business or assets and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes in the Company's capital risk management approach during the year ended December 31, 2016.

## 1014379 B.C. Ltd.

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

### 7. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company accrued \$2,100 (2015 - \$Nil) for accounting fees, \$140,000 (2015 - \$Nil) for management fees and \$Nil (2015 - \$62,961) for consulting fees to companies owned by directors of the Company. As of December 31, 2016, \$151,830 (2015 - \$Nil) was included in accounts payable and accrued liabilities.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	2016	2015
Management fees	\$ 140,000	\$ -
Consulting fees	-	62,961
Accounting fees	2,100	-
	\$ 142,100	\$ 62,961

Management fees of \$140,000 (2015 - \$Nil) were accrued to Bridgemark Financial Corp., a company owned and managed by Anthony Jackson, CEO and director.

Accounting fees of \$2,100 (2015 - \$Nil) were accrued to Jackson and Company, a company owned and managed by Anthony Jackson, CEO and director.

### 8. INCOME TAX

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2016	2015
Loss before income taxes	\$ (149,570)	\$ (107,482)
Canadian statutory tax rate	26.0%	26.0%
Income tax benefit computed at statutory rates	(38,888)	(27,945)
Unused tax losses and tax offsets not recognized	38,888	27,945
	\$ -	\$ -

As at December 31, 2016, the Company has operating losses available for carry-forward of approximately \$260,000 available to apply against future Canadian income for tax purposes. The operating losses expire between 2034 and 2036.