

**CDN BVENTURES LTD.**

**ANNUAL FINANCIAL STATEMENTS**

**For the period year ended September 30, 2016, and 2015**

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charlton & company  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: the Shareholders of  
CDN BVentures Ltd.

We have audited the financial statements of CDN BVentures Ltd., which comprise the statements of financial position as at September 30, 2016 and 2015 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended September 30, 2016 and the period from the date of incorporation, October 30, 2014 to September 30, 2015, and a summary of significant accounting policies and other explanatory information for the period then ended.

### 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 auditor's 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 company'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 is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of CDN BVentures Ltd. as at September 30, 2016 and 2015 and its financial performance and cash flows for the year ended September 30, 2016 and the period from the date of incorporation, October 30, 2014 to September 30, 2015 in accordance with International Financial Reporting Standards.

### Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates Alternative Extracts Inc. has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*Charlton & Company*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia  
March 28, 2017

**CDN BVENTURES LTD.**

**Statements of Financial Position**

**As at**

*Expressed in Canadian dollars*

<b>As at</b>		<b>September 30, 2016</b>	<b>September 30, 2015</b>
<b>Assets</b>			
<b>Current</b>			
Share subscription receivable	\$	100	100
		<u>100</u>	<u>100</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current</b>			
Accounts Payables & Accrued liabilities	\$	8,764	3,501
Loan Payable (Note 9)		1,147	1,147
Due to a related company (Note 8)		48,318	1,068
<b>Total Liabilities</b>		<u>58,229</u>	<u>5,716</u>
<b>Shareholders' Equity</b>			
Share Capital (Note 5)		100	100
Deficit		(58,229)	(5,716)
		<u>(58,129)</u>	<u>(5,616)</u>
<b>Total shareholders' equity and liabilities</b>	\$	<u>100</u>	<u>100</u>

**Nature of operations and going concern (Note 1)**

***"Donald Gordon"***

CFO

***"Brian Peterson"***

CEO

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

**CDN BVENTURES LTD.**  
**Statements of Operations and Comprehensive Loss**  
*Expressed in Canadian dollars*

	For the year ended September 30, 2016	For the year ended September 30, 2015
	\$	\$
<b>Expenses</b>		
Management fees (Note 8)	28,350	-
Office and Administrative expenses (Note 8)	9,450	-
Professional fees	5,263	4,672
Regulatory filings	-	1,044
Rent(Note 8)	9,450	-
Operating loss for the period	(52,513)	(5,716)
<b>Loss for the Period</b>	<b>(52,513)</b>	<b>(5,716)</b>
<b>Basic and diluted income per common share</b>	<b>(525.13)</b>	<b>(57.16)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>100</b>	<b>100</b>

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

**CDN BVENTURES LTD.**  
**Statements of Changes in Equity**  
(Expressed in Canadian Dollars)

	Number of Shares		Capital Stock		Deficit		Total Equity
<b>Balance, October 30, 2014 (Note 1)</b>							
Share Issued	100	\$	100		-	\$	100
Net and comprehensive loss	-		-		(5,716)		(5,716)
<b>Balance, September 30, 2015</b>	<b>100</b>	<b>\$</b>	<b>100</b>		<b>(5,716)</b>		<b>\$ (5,616)</b>
Net and comprehensive loss	-		-		(52,513)		(52,513)
<b>Balance, September 30, 2016</b>	<b>100</b>		<b>100</b>		<b>(58,229)</b>		<b>(58,129)</b>

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

**CDN BVENTURES LTD.**  
**Statements of Cash Flows**  
*Expressed in Canadian dollars*

For the period ended	September 30, 2016	September 30, 2015
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net income (loss)	(52,513)	(5,716)
Item not involving cash		
Change in non-cash working capital components		
Accounts payable and accrued Liabilities	5,263	3,501
<b>Net cash used in operating activities</b>	<b>(47,250)</b>	<b>(2,215)</b>
<b>Investing activity</b>	-	-
<b>Net cash used in investing activity</b>	-	-
<b>Financing activities</b>		
Due to (from) to related parties	47,250	1,068
Loans	-	1,147
<b>Net cash provided by financing activities</b>	<b>47,250</b>	<b>2,215</b>
<b>Change in cash</b>	-	-
<b>Cash , beginning</b>	-	-
<b>Cash, end</b>	-	-
<b>Cash paid for interest expense</b>	-	-
<b>Cash paid for income taxes</b>	-	-

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

## **CDN BVENTURES LTD.**

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Cdn BVentures Ltd. (the "Company") was incorporated under the BCBCA on October 30, 2014 as a wholly-owned subsidiary of a reporting issuer, Web Watcher Systems Ltd. ("Web Watcher"). On November 18, 2014, Northern Vine Canada Inc. ("Northern") and Web Watcher entered into a letter of intent (the "LOI") providing for the amalgamation of the Company and Northern to form the Issuer.

On December 9, 2014, Web Watcher entered into an arrangement agreement (the "Arrangement Agreement") with its wholly-owned subsidiary: Cdn BVentures Ltd. Under the terms of the Arrangement Agreement, Web Watcher would complete a plan of arrangement (the "Plan of Arrangement") which would divest Web Watcher of the asset consisting of the LOI, which would be divested to the Company in consideration of 14,403,698 common shares of the Company.

Web Watcher received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on January 29, 2015, and received final approval to the Arrangement from the Supreme Court of British Columbia on February 5, 2015.

The Company's registered office is located at Suite 440-890 W. Pender Street, Vancouver, British Columbia, V6C 1J9

These Financial Statements were approved for issuance by the Board of Directors of the Company on March 28, 2017.

#### **Going Concern**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. On September 30, 2016 the Company had not yet achieved profitable operations, had recurring losses, a deficit of \$58,229 (2015 - \$5,716), a working capital deficiency of \$58,129 (2015 - \$5,616), and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These 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 in existence

**CDN BVENTURES LTD.**

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION****Statement of Compliance**

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standard (“IFRS”) as issued by International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”).

**Currency of Presentation**

The financial statements are presented in Canadian dollars, which is also the Company’s functional currency. All amounts are rounded to the nearest dollar.

**3. SIGNIFICANT ACCOUNTING POLICIES****Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the deferred income tax asset valuation allowances.

There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current fiscal year.

**Cash**

The Company considers cash to include amounts held in bank. The Company places its cash with major financial institutions in Canada.

**Share-based Compensation**

The Company accounts for all stock-based compensation awarded to directors and officers and non-employees using the fair value method. Under this method, cost is measured at the grant date at fair value using an option pricing model that takes into account the exercise price, the expected life of the option, the current price of the underlying stock, the expected volatility, the expected dividends and the risk-free interest rate for the expected term of the option. The compensation cost will be expensed in the statement of operations over the service period, which is the vesting period for directors and officers and over the performance period for awards provided to non-employees in exchange for goods and services.



## **CDN BVENTURES LTD.**

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### **Loss per Share**

Basis earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

#### **Comprehensive Income (Loss)**

Comprehensive income (loss) is defined as the change in net assets that results from transactions and other events from non-owner sources and includes items that are not included in net profit (loss), such as unrealized gains and losses related to available for sale securities, gains and losses on certain derivative instruments and foreign currency and gains and losses resulting from the translation of self-sustaining foreign operations.

#### **Income Taxes**

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for table temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

## CDN BVENTURES LTD.

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Income Taxes** *(continued)*

Current income taxes are recognized for estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for table temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### **Financial Instruments**

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Share subscriptions receivable	FVTPL
Accounts payable	Other liabilities
Due to related parties	Other liabilities
Loans	Other liabilities

**CDN BVENTURES LTD.**

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Financial Instruments** *(continued)*

The Company's financial instruments measured at fair value on the balance sheet consist of cash which is measured at level 1 of the fair hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

**Adoption of new IFRS pronouncements**

The following new standards were adopted during the year ended August 1, 2015:

- i. IFRS 7 – Financial Instruments: Disclosure applies to additional disclosures required on transition from IAS 39 to IFRS 9. IFRS 7 was adopted effective August 1, 2015 and had no significant impact on the Company's financial statements.
- ii. IAS 24 Related Party Disclosures – annual improvements to IFRSs 2010-2012 cycle
- iii. Amended to clarify that an entity providing key management services to the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This standard was adopted effective August 1, 2015. Adoption of this standard resulted in additional related party disclosure.

## CDN BVENTURES LTD.

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **New accounting standards not yet adopted**

The following new standards, and amendments to standards and interpretations, are not yet effective for the current period and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below

- iv. IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- v. IFRS 16, "Leases", was issued in January 2016, and replaces IAS 17, "Leases" ("IAS 17"). IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. IFRS 16 is effective for periods beginning on or after January 1, 2019.
- vi. Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard.

### 4. CAPITAL STOCK

#### a) Authorized

Unlimited number of common shares

Unlimited number of special shares

#### b) Issued and outstanding

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	Number of Shares	\$
Shares issued on incorporation on October 30 , 2014	100	100
<b>Balance, September 30, 2016 and 2015</b>	<b>100</b>	<b>100</b>

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## **CDN BVENTURES LTD.**

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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### **4. CAPITAL STOCK (continued)**

#### c) Stock options

The Company has adopted an incentive stock option plan (the "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 applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at September 30, 2016 and 2015, no options were granted or outstanding.

### **6. FINANCIAL INSTRUMENTS**

The Company's financial instrument consist of cash, taxes recoverable, accounts payable, and due to the related parties the fair values of which are considered to approximate their carrying values due to their short-term maturities.

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

Strategic and operational risks are risks that arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2016, the Company had no cash and current liabilities of \$58,229 (2015 – \$5,716)

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

## CDN BVENTURES LTD.

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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### 7. AGENCY AND LICENSE AGREEMENT

Pursuant to the Plan of Arrangement (the "Arrangement") dated December 9, 2014, and on the effective date of the Arrangement, Web Watcher will transfer to the Company the Letter of Intent entered into with Northern Vine Canada Inc. ("Northern"), dated November 18, 2014 to cultivate, develop, and sell medical marijuana under license. Under the terms of the Arrangement Agreement, Web Watcher would complete a plan of arrangement (the "Plan of Arrangement") which would divest Web Watcher of the asset consisting of the LOI, which would be divested to the Company in consideration of 14,403,698 common shares of the Company.

On May 29, 2015, Web Watcher has completed the plan of arrangement (the "arrangement") with the company, pursuant to which Web Watcher transferred all of its interest in and to a Letter of Intent with Northern Vine Canada Inc. dated November 18, 2014 to the Company.

### 8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate value of transactions relating to key management personnel were as follows:

	YEAR ENDED SEPTEMBER 30	
	2016	2015
Administration Fees accrued to a Company controlled by the CFO	\$ 9,450	-
Management Fees accrued to a Company controlled by the CFO	28,350	-
Rent accrued to a Company controlled by the CFO	9,450	-
Total Salaries and other short term benefits	\$ 47,250	-

As at September 30, 2016, \$47,250 (2015 - \$nil) was owing to a company controlled by a director and the amounts was included in due to related parties. The amount payable is non-interest bearing, is unsecured, and has no specific terms of repayment.

As at September 30, 2016, the Company had \$1,068 (2015 - \$1,068) owing to the related company, Web Watcher for paying expenses on behalf of the Company.

The amount is unsecured, non-interest-bearing, and has no fixed repayment terms.

### 9. LOAN PAYABLE

As at September 30, 2016, the Company owes \$1,147 (2015 - \$1,147) to a company for paying expense on behalf of the Company.

The amount is unsecured, non-interest-bearing, and has no fixed repayment terms.

**CDN BVENTURES LTD.**

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

**10. INCOME TAXES**

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the loss as a result of the following:

	<b>2016</b>	<b>2015</b>
	\$	\$
Loss for the year	<b>(52,513)</b>	<b>(5,716)</b>
Computed income taxes recovery at statutory rate at 26% (2015 – 26%)	<b>(13,653)</b>	<b>(1,486)</b>
Change in unrecognized deferred tax assets	<b>13,653</b>	<b>1,486</b>
	-	-

The tax effects of temporary timing differences that give rise to significant components of the deferred tax assets and liabilities are as follows:

	<b>2016</b>	<b>2015</b>
	\$	\$
Non-capital losses	<b>15,140</b>	<b>1,486</b>
Total unrecognized deferred income tax assets	<b>15,140</b>	<b>1,486</b>

The Company has Canadian non-capital losses for income tax purposes of approximately \$58,229 (2015 - \$5,716), which may be available to reduce taxable income in future years. The potential benefit of these losses has not been recognized as a deferred tax benefit, as currently it is not probable that such benefit will be utilized in the foreseeable future. These losses expire as follows:

<b>Years of Expiry</b>	<b>Losses</b>
	\$
2035	5,716
2036	52,513
<b>Total</b>	<b>58,229</b>

**CDN BVENTURES LTD.**

Notes to Financial Statements

For the years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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**11. SUBSEQUENT EVENT**

On December 6, 2016 the Company has entered into an agreement to merge with Appature Technologies Inc. a company specializing in launching, acquiring and vertically integrating social media mobile applications