APPATURE TECHNOLOGIES INC.
(formerly Paraguay Minerals Corp.)

Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Appature Technologies Inc. (formerly Paraguay Minerals Corp.)

We have audited the accompanying consolidated financial statements of Appature Technologies Inc. (formerly Paraguay Minerals Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of operations and comprehensive income (loss), changes in equity, 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 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.

Auditors' 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 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 entity's internal control. An audit also involves evaluating the appropriateness of the 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company 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 of the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 10, 2017

Appature Technologies Inc.
(formerly Paraguay Minerals Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2016 $	December 31, 2015 $
ASSETS		
CURRENT ASSETS		
Cash	19,314	59,204
Amounts receivable	2,569	1,790
Prepaid expenses	13,750	–
TOTAL CURRENT ASSETS	35,633	60,994
NON-CURRENT ASSETS		
Intangible assets (Note 8)	507,409	532,000
TOTAL ASSETS	543,042	592,994
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 11)	184,464	105,994
Loan payable (Note 9)	15,000	15,000
TOTAL LIABILITIES	199,464	120,994
SHAREHOLDERS' EQUITY		
Share capital	712,455	500,364
Shares issuable (Note 10)	–	89,515
Deficit	(368,877)	(117,879)
TOTAL SHAREHOLDERS' EQUITY	343,578	472,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	543,042	592,994

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 17)

Approved and authorized for issuance on behalf of the Board of Directors on April 10, 2017:

/s/ "Rahim Mohamed"
Rahim Mohamed, Director

/s/ "Derrick Lewis"
Derrick Lewis, Director

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

Appature Technologies Inc.
(formerly Paraguay Minerals Corp.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
EXPENSES		
Administrative	17,297	13,858
Advertising	3,770	–
Amortization (Note 8)	72,690	–
Consulting and management fees (Note 11)	127,500	30,000
Professional fees	18,574	14,728
TOTAL EXPENSES	239,831	58,586
LOSS FROM OPERATIONS	(239,831)	(58,586)
OTHER INCOME (EXPENSE)		
Gain on settlement of accounts payable (Note 10)	–	5,000
Restructuring costs (Note 4)	–	(28,292)
Write-down of intangible assets (Note 8)	(11,167)	–
TOTAL OTHER INCOME (EXPENSE)	(11,167)	(23,292)
NET LOSS AND COMPREHENSIVE LOSS	(250,998)	(81,878)
Loss per share - basic and diluted	(0.02)	(0.01)
Weighted average number of common shares outstanding	14,735,119	6,728,337

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

Appature Technologies Inc.
(formerly Paraguay Minerals Corp.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Shares		Total shareholders'
	Number of shares	Amount $	issuable $	Deficit $	equity $
Balance, December 31, 2014	3,600,100	36,001	–	(36,001)	–
Shares issued pursuant to:					
Private placement	440,000	22,000	–	–	22,000
Intangible asset acquisitions	8,064,893	437,363	–	–	437,363
Settlement of accounts payable	100,000	5,000	–	–	5,000
Share exchange agreement	–	–	89,515	–	89,515
Net loss	–	–	–	(81,878)	(81,878)
Balance, December 31, 2015	12,204,993	500,364	89,515	(117,879)	472,000
Shares issued pursuant to:					
Private placement	1,520,000	76,000	–	–	76,000
Intangible asset acquisition	1,000,000	50,000	–	–	50,000
Share exchange agreement	2,564,800	89,515	(89,515)	–	–
Share issuance costs	–	(3,424)	–	–	(3,424)
Net loss	–	–	–	(250,998)	(250,998)
Balance, December 31, 2016	17,289,793	712,455	–	(368,877)	343,578

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

Appature Technologies Inc.
(formerly Paraguay Minerals Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
OPERATING ACTIVITIES		
Net loss for the year	(250,998)	(81,878)
Items not involving cash:		
Amortization of intangible assets	72,690	–
Gain on settlement of accounts payable	–	(5,000)
Restructuring costs	–	28,292
Write-down of intangible assets	11,167	–
Net changes in non-cash working capital items:		
Amounts receivable	(779)	–
Prepaid expenses	(13,750)	–
Accounts payable and accrued liabilities	78,470	31,452
Net cash used in operating activities:	(103,200)	(27,134)
INVESTING ACTIVITIES		
Cash acquired upon recapitalization	–	64,338
Intangible assets costs	(9,266)	–
Net cash provided by (used in) investing activities:	(9,266)	64,338
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	76,000	22,000
Share issuance costs	(3,424)	–
Net cash provided by financing activities:	72,576	22,000
Change in cash	(39,890)	59,204
Cash, beginning of the year	59,204	–
Cash, end of the year	19,314	59,204
Non-cash investing and financing activities:		
Common shares issued for acquisition of intangible assets	50,000	–
Common shares issued pursuant to business combinations	–	437,363
Common shares issued pursuant to share exchange agreement	–	89,515
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Appature Technologies Inc. (formerly Paraguay Minerals Corp.) ("Appature BC" or the “Company”) was incorporated under the British Columbia Corporations Act as a private company on December 31, 2007. The Company is a private start-up technology incubator, specializing in launching, acquiring and vertically integrating technology companies. The Company incubates multiple mobile technologies internally while providing engineering, capital, executive management and strategic development services. On January 12, 2016, the Company changed its name from Paraguay Minerals Corp. to Appature Technologies Inc. The Company’s head office is located at Suite 100, 2419 Centre Street NW, Calgary, Alberta, T2E 2T8.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Several conditions cast significant doubt on the validity of this assumption. At present, the Company has no operating income. During the year ended December 31, 2016, the Company has incurred net loss of $250,998 (2015 - $81,878), has limited resources, no sources of operating cash flow, and no assurances that sufficient funding will be available to continue operations for an extended amount of time. As at December 31, 2016, the Company has a net working capital deficiency of $163,831 (2015 - $60,000) and deficit of $368,877 (2015 - $117,879). Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast doubt on the Company’s ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Appature Technologies Inc. (“Appature AB”). All significant inter-company balances and transactions have been eliminated on consolidation.

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency.

2. BASIS OF PRESENTATION (CONTINUED)

(c) Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that effect the amounts reported in the consolidated financial statements and notes thereto. Actual amounts could differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes to estimates are recognized in the year estimates are revised and may impact future periods.

Critical Accounting Judgments:

Categories of Financial Instruments
The determination of categories of financial assets and financial liabilities has been identified as an accounting policy, which involves judgments or assessments made by management.

Going Concern Assumption
Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

Critical Accounting Estimates:

Unrecognized Deferred Income Tax Assets
Unrecognized deferred income tax assets are made using the best estimate of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Fair Values of Assets and Liabilities Acquired in Business Combinations
The Company is required to recognize separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination at their fair values, which involves estimates. Such estimates are based on valuation techniques, which require considerable judgment in forecasting future cash flows and developing other assumptions.

Fair Values of Share-based Compensation
The Company is required to recognize at the acquisition date the fair values of share-based compensation for assets acquired based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable and which involves estimates.

Useful Life of Intangible Assets
Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management's best estimate on the useful life of the intangible assets. The Company reviews its estimate of the useful life of depreciable assets at each reporting date.

Recoverability of Intangible Assets
The Company assesses the carrying values of its intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of the assets cannot be recovered, the unrecoverable amounts are charged against net loss. Recoverability is dependent upon assumptions and judgments regarding market conditions, costs of production, and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, future cash flows and profit margins. A material change in assumptions may significantly impact the potential impairment of these assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies:

(a) Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial Assets
The Company classifies its financial assets into one of the following categories, at initial recognition, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of operations. Cash is included in this category of financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Gains and losses are recognized in the consolidated statement of operations when the loans and receivables are derecognized or impaired, as well as through the amortization process. Amounts receivable is included in this category of financial assets.

Held-to-maturity - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statement of operations.

Financial Liabilities
The Company holds financial liabilities in the form of non-derivatives that are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts original received, net of transaction costs, and the redemption value is recognized in the consolidated statement of operations 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. Accounts payable and accrued liabilities are included in this category of financial liabilities.

Share Capital
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Instruments (continued)

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) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(c) Intangible Assets

Intangible assets of the Company include technology rights and patents acquired from third parties, and are recorded at cost less accumulated amortization and accumulated impairment losses. Initial acquisition costs are based on the fair value of the consideration paid or payable, and will be amortized on a straight-line basis over the estimated useful life of the underlying technologies with finite lives. Once the Company begins commercial use of its acquired technologies, the intangible assets will be amortized on a straight-line basis over three years. The Company reviews the estimated useful lives and carrying values of its technology rights and patents as part of its periodic assessment for impairment of non-financial assets.

The carrying amounts for technology rights and patents do not necessarily reflect present or future value and the ultimate amounts recoverable will be dependent upon the successful development and commercialization of products based on these underlying technologies.

(d) Impairment of Non-Financial Assets

Impairment tests in non-financial assets are undertaken annually at the financial year-end and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets.

An impairment loss is charged to the consolidated statement of operations, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, provisions will be measured at the present value of the expenditures expected to be required to settle the obligation. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The increase in any provision due to the passage of time is recognized as accretion expense. Each provision will be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(f) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in share-based payment reserve.

(g) Research and Development Costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, and intent and ability to develop and use the technology, are met for deferral and amortization.

(h) Business Combinations and Goodwill

An acquisition of a business, (an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors), is a business combination. Determining whether the acquisition meets the definition of a business combination requires judgement to be applied on a case by case basis. Acquisitions are assessed under the relevant criteria to establish whether the transaction represents a business combination or an asset purchase. Depending on the specific facts, acquisitions of exploration and evaluation licences for which a development decision has not yet been made, have largely been concluded to represent asset purchases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Business Combinations and Goodwill (continued)

Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Acquisition costs incurred are expensed in the consolidated statement of operations.

Goodwill (if any) is initially measured at the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The non-controlling interest is measured at fair value or at the proportion of the acquired entity's identifiable net assets as elected for each business combination. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

(i) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. 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. Basic and diluted loss per share is the same for the periods presented.

(j) Comprehensive Loss

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the consolidated statement of operations.

(k) Income Taxes

Income tax on net income for the period presented comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations, except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to prior years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable net income, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income Taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Foreign Currency Translation

The accounts of foreign balances and transactions are translated into Canadian currency as follows:

- Monetary assets and liabilities, at the rate of exchange in effect at the consolidated statement of financial position date;
- Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- Revenue and expense items, at the rate of exchange prevailing at the transaction date. Gains and losses arising from translation of foreign currency are included in the determination of net income (loss).

(m) Future Changes to Accounting Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements.

- IFRS 9, *Financial Instruments* (New)
- IFRS 2, *Share-based Payment* (Amended)
- IFRS 15, *Revenue from Contracts with Customers* (New)

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

4. ACQUISITION OF APPATURE TECHNOLOGIES INC.

On December 17, 2015, Appature BC entered into a share exchange arrangement with Appature AB, whereby the shareholders of Appature AB would receive a post-consolidation common share of the Appature BC in exchange for their holdings in Appature AB on a one-to-one basis. Pursuant to the share exchange arrangement, Appature BC issued 12,204,993 post-consolidation common shares in consideration for a 100% interest in Appature AB.

The transaction resulted in the shareholders of Appature AB acquiring control over the Company and therefore, the transaction was accounted for as a capital restructuring where Appature AB was considered the accounting acquirer of Appature BC. As Appature BC did not meet the definition of a business in accordance with IFRS 3, *Business Combinations*, this transaction was accounted for under IFRS 2, *Share-Based Payment*. As a result of reverse asset acquisition accounting, the consolidated financial statements of the Company represent a continuation of Appature AB's financial statements and the acquisition of Appature BC on the date of acquisition.

(Expressed in Canadian dollars)

4. ACQUISITION APPATURE TECHNOLOGIES INC. (CONTINUED)

The fair value of the 2,564,800 common shares of the Company that were deemed to have been issued and retained by the former shareholders of Appature BC was $89,515, which was determined based on the fair value of net assets and liabilities of Appature AB on the date of the transaction as follows:

	$
Cash	62
Intangible assets	532,000
Accounts payable and accrued liabilities	(91,090)
Loan payable	(15,000)
Net assets of Appature AB, at date of acquisition	425,972
Number of shares issued and outstanding of Appature AB, at date of acquisition	12,204,993
Per share value of Appature AB, at date of acquisition	0.0349
Number of Appature AB shares issued to former shareholders of Appature BC	2,564,800
Fair value of Appature AB shares issued to former shareholders of Appature BC	89,515

	$
Fair value of identifiable assets and liabilities of Appature BC acquired:	
Cash	64,338
Amounts receivable	1,790
Accounts payable and accrued liabilities	(4,905)
Net assets acquired	61,223
Fair value of Appature AB shares issued to former shareholders of Appature BC	(89,515)
Restructuring costs	(28,292)

The restructuring costs of $28,292 were recognized in the consolidated statement of operations during the year ended December 31, 2015.

5. ACQUISITION OF BUSINESS OPERATIONS OF FUTURITY ONE CORPORATION

On June 15, 2015, Appature AB entered into an asset purchase agreement with Futurity One Corporation ("FOC") and its controlling shareholder. Pursuant to the agreement, Appature AB agreed to purchase intellectual property and intellectual property rights relating to application technologies at a purchase price of $100,000, payable in common shares. On June 15, 2015, Appature AB issued 1,000,000 common shares pursuant to this agreement.

In accordance with IFRS 3, *Business Combinations*, the asset purchase agreement was deemed a business combination for accounting purposes. Assets acquired and liabilities assumed are reported at their fair values as at the acquisition date. The intangible assets acquired were measured and recorded at fair value of $52,000 as determined by a third party valuator at the date of acquisition. The fair value of the common shares issued as purchase price was determined to be $52,000, based on the fair value of the net assets acquired, which was the most reliable measurement of fair value. Refer to Note 8.

6. ACQUISITION OF BUSINESS OPERATIONS OF TINYBET TECHNOLOGIES CORP.

On June 22, 2015, Appature AB entered into an asset purchase agreement with Tinybet Technologies Corp. ("TTC"). Pursuant to the agreement, Appature AB agreed to purchase intellectual property and intellectual property rights relating to application technologies at a purchase price of $300,000, payable in common shares. On June 22, 2015, Appature AB issued 3,000,000 common shares pursuant to this agreement.

(Expressed in Canadian dollars)

6. ACQUISITION OF BUSINESS OPERATIONS OF TINYBET TECHNOLOGIES CORP. (CONTINUED)

In accordance with IFRS 3, *Business Combinations*, the asset purchase agreement was deemed a business combination for accounting purposes. Assets acquired and liabilities assumed are reported at their fair values as at the acquisition date. The intangible assets acquired were measured and recorded at fair value of $100,000 as determined by a third party valuator at the date of acquisition. The fair value of the common shares issued as purchase price was determined to be $100,000, based on the fair value of the net assets acquired, which was the most reliable measurement of fair value. Refer to Note 8.

7. ACQUISITION OF BUSINESS OPERATIONS OF SWEETRLIFE TECHNOLOGIES INC.

On October 13, 2015, Appature AB entered into an asset purchase agreement with Sweetrlife Technologies Inc. (“STI”). Pursuant to the agreement, Appature AB agreed to purchase intellectual property and intellectual property rights relating to application technologies.

The purchase price in consideration of the sale is as follows:
i) $406,489, payable in common shares; and
ii) STI's liabilities relating to the intangible assets purchased totalling $94,637.

On October 13, 2015, Appature AB issued 4,064,893 common shares pursuant to this agreement.

In accordance with IFRS 3 *Business Combinations*, the asset purchase agreement was deemed a business combination for accounting purposes. Assets acquired and liabilities assumed are reported at their fair values as at the acquisition date. The intangible assets acquired were measured and recorded at fair value of $380,000 as determined by a third party valuator at the date of acquisition.

The fair value of the common shares issued as purchase price was determined as follows:

	$
Intangible assets (Note 8)	380,000
Accounts payable and accrued liabilities assumed	(94,637)
Fair value of common shares issued	285,363

8. INTANGIBLE ASSETS

On June 15, 2015, Appature AB acquired intellectual property and intellectual property rights relating to application technologies with a fair value of $52,000 in exchange for 1,000,000 common shares of Appature AB. Refer to Note 5.

On June 22, 2015, Appature AB acquired intellectual property and intellectual property rights relating to application technologies with a fair value of $100,000 in exchange for 3,000,000 common shares of Appature AB. Refer to Note 6.

On October 13, 2015, Appature AB acquired intellectual property and intellectual property rights relating to the application technologies with a fair value of $380,000 in exchange for 4,064,893 common shares of Appature AB and assumed liabilities totalling $94,637. Refer to Note 7.

On August 15, 2016, the Company entered into an agreement with an individual to acquire intellectual property and intellectual property rights relating to application technologies in consideration of $1,000,000, payable in common shares of the Company. On August 15, 2016, the Company issued 1,000,000 common shares with a fair value of $50,000, as determined using the share price of the most recent private placement, pursuant to this agreement. The intangible assets were measured and recorded at the fair value of consideration given up of $50,000.

(Expressed in Canadian dollars)

8. INTANGIBLE ASSETS (CONTINUED)

A continuity of the intangible assets is as follows:

	SweetrLife Application $	SWIIPE Application $	Pride Application $	Total $
Balance, December 31, 2014	–	–	–	–
Additions	380,000	152,000	–	532,000
Balance, December 31, 2015	380,000	152,000	–	532,000
Additions	9,266	–	50,000	59,266
Amortization	(72,690)	–	–	(72,690)
Write-down	(11,167)	–	–	(11,167)
Balance, December 31, 2016	305,409	152,000	50,000	507,409

The SweetrLife application is a mobile application with a proprietary open person-to-person exchange that is ideally suited for personal social media and personal communication. The SWIIPE application is a mobile application that allows its users to discover venues in real time. The Pride application is a mobile application intended for the LGBT++ community and may be incorporated into the SweetrLife application as a brand expansion in the future.

As at December 31, 2016, intangible assets include application technologies still being developed with a carrying value of $202,000, which have not been placed in use. As a result, no amortization of these intangible assets has been recorded.

During the year ended December 31, 2016, management determined that indicators of impairment existed and carrying value of the intangible assets could not be supported. Accordingly, the assets have been written down to an estimated fair value of $507,409 based on a financial projection of cash flows.

9. LOAN PAYABLE

As at December 31, 2016, the amount of $15,000 (2015 - $15,000) is owed to an unrelated party, which is unsecured, non-interest bearing, and due on demand.

10. SHARE CAPITAL

Authorized: unlimited number of common shares without par value

<u>Issued share capital of Appature AB before the reverse asset acquisition on December 17, 2015:</u>

(a) On June 15, 2015, Appature AB issued 1,000,000 common shares with a fair value of $52,000 pursuant to the asset purchase agreement with FOC as payment towards the purchase price. Refer to Note 5. The fair value of the common shares was determined based on the fair value of the net assets acquired.

(b) On June 22, 2015, Appature AB issued 3,000,000 common shares with a fair value of $100,000 pursuant to the asset purchase agreement with TTI as payment towards the purchase price. Refer to Note 6. The fair value of the common shares was determined based on the fair value of the net assets acquired.

(c) On September 25, 2015, Appature AB issued 440,000 common shares at $0.05 per share for proceeds of $22,000 pursuant to a private placement.

10. SHARE CAPITAL (CONTINUED)

Issued share capital of Appature AB before the reverse asset acquisition on December 17, 2015 (continued):

(d) On October 13, 2015, Appature AB issued 4,064,893 common shares with a fair value of $285,363 pursuant to the asset purchase agreement with STI as payment towards the purchase price. Refer to Note 7. The fair value of the common shares was determined based on the fair value of the net assets acquired.

(e) On December 1, 2015, Appature AB issued 100,000 common shares with a fair value of $5,000 to settle $10,000 in accounts payable. The Company recorded a gain on settlement of accounts payable of $5,000. The fair value of the common shares was determined based on the share price of the most recent private placement.

(f) On December 17, 2015, Appature AB was deemed to have issued 2,564,800 common shares with a fair value of $89,515 pursuant to the reverse asset acquisition of Appature AB. Refer to Note 4. The common shares were not issued until March 11, 2016.

Issued share capital during the year ended December 31, 2016:

(g) Pursuant to the RTO with Appature AB on December 17, 2015, the Company completed a 5:1 share consolidation. The consolidation has been applied retroactively to the consolidated financial statements.

(h) On August 15, 2016, the Company issued 1,000,000 common shares with a fair value of $50,000 in exchange for intellectual property and intellectual property rights. Refer to Note 8. The fair value of the common shares was determined based on the share price of the most recent private placement.

(i) On December 12, 2016, the Company issued 1,520,000 common shares at $0.05 per share for total proceeds of $76,000 pursuant to a private placement. In connection with this financing, the Company paid share issuance costs of $3,424.

11. RELATED PARTY TRANSACTIONS

(a) During the year ended December 31, 2016, the Company incurred $60,000 in consulting and management fees (2015 – $15,000) provided by the Chief Executive Officer of the Company. As at December 31, 2016, the Company owed $52,500 (2015 - $15,000) to the Chief Executive Officer of the Company, which is included in accounts payable and accrued liabilities. The amount due is unsecured, non-interest bearing, and due on demand.

(b) During the year ended December 31, 2016, the Company incurred $60,000 in consulting and management fees (2015 – $15,000) provided by the Chief Operating Officer of the Company. As at December 31, 2016, the Company owed $52,118 (2015 - $15,000) to the Chief Operating Officer of the Company, which is included in accounts payable and accrued liabilities. The amount due is unsecured, non-interest bearing, and due on demand.

(c) During the year ended December 31, 2016, the Company incurred $2,500 in research and development costs capitalized as intangible assets (2015 – $nil) provided by the Vice President of Technology of the Company.

12. SEGMENTED REPORTING

The Company has one operating segment specializing in launching, acquiring, and vertically integrating technology companies, and all assets of the Company are located in Canada.

(Expressed in Canadian dollars)

13. COMMITMENTS

(a) On November 20, 2016, the Company entered into an agreement with a non-related party for services related to the development of certain application technologies included in intangible assets. Consideration for the services is as follows:
   i) $3,357 (US$2,500) upon the signing of the agreement (paid);
   ii) $3,357 (US$2,500) after design approval (paid);
   iii) $3,357 (US$2,500) upon sharing of the first built; and
   iv) $3,357 (US$2,500) on delivery.

(b) On December 1, 2016, the Company entered into a three month consulting agreement with the VP of Technology of the Company. Pursuant to the agreement, the Company shall pay $2,500 per month, which would be prorated accordingly for services provided in less than a full month, to the VP of Technology. The Company will also grant 125,000 stock options with an exercise price of $0.10 per share to the VP of Technology upon successful completion of the three month probationary period and upon a new full-time consulting agreement to be negotiated between the Company and the VP of Technology.

14. MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of consolidated financial information. The Company considers its capital as all components of shareholders' equity. The Company's primary objective with respect to its capital management is to ensure that is has sufficient cash resources to carry out its strategic business objectives to acquire and/or partner with leading personal-driven social media firms and complete a TSX-V listing application. In order to maximize ongoing development efforts, the Company does not pay out dividends.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing.

15. FINANCIAL INSTRUMENTS

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at December 31, 2016, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2016 $
Cash	19,314	–	–	19,314

As at December 31, 2016, the fair value of financial instruments measured on a recurring basis includes cash based on level one inputs, consisting of quoted prices in active markets for identical assets.

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair Values (continued)

The fair value of other financial instruments, which include amounts receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2016 and 2015, the Company's exposure to credit risk is the carrying value of cash and amounts receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Amounts receivable consist of GST receivable due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at December 31, 2016, the Company had cash of $19,314 and accounts payable and accrued liabilities of $184,464. All accounts payable and accrued liabilities are due within 90 days.

(d) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(e) Price Risk

The Company is not exposed to any significant price risk.

16. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2016 $	2015 $
Canadian statutory income tax rate	26%	26%
Income tax recovery at statutory rate	(65,259)	(21,288)
Tax effect of:		
Permanent differences and other	(939)	37,180
Provincial tax rate difference	1,543	535
Change in unrecognized deferred income tax assets	64,655	(16,427)
Income tax provision	–	–

(Expressed in Canadian dollars)

16. INCOME TAXES (CONTINUED)

The significant components of deferred income tax assets and liabilities are as follows:

	2016 $	2015 $
Deferred income tax assets (liabilities)		
Non-capital losses carried forward	196,706	151,529
Intangible assets	(17,144)	(35,910)
Share issuance costs	712	–
Total gross deferred income tax assets	180,274	115,619
Unrecognized deferred income tax assets	(180,274)	(115,619)
Net deferred income tax asset	–	–

As at December 31, 2016, the Company has non-capital losses carried forward of $747,189, which are available to offset future years' taxable income. These losses expire as follows:

	$
2033	497,347
2034	9,139
2035	72,876
2036	167,827
	747,189

17. SUBSEQUENT EVENTS

(a) Subsequent to December 31, 2016, the Company received share subscriptions of $132,000 for common shares at a price of $0.10 per share.

(b) On February 6, 2017, the Company entered into a share purchase agreement with a shareholder of the Company to repurchase 100,000 common shares of the Company at $0.05 per share from the shareholder.