

*This Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PROSPECTUS

NON-OFFERING PROSPECTUS

November 20, 2017

### **Green 2 Blue Energy Corp. (the "Company")**

This prospectus (the "**Prospectus**") is being filed with the British Columbia and Alberta Securities Commissions for the purpose of complying with Policy 2 – *Qualification for Listing* published by the Canadian Securities Exchange (the "**Exchange**").

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the British Columbia and Alberta Securities Commissions for the purpose of providing full public disclosure regarding the acquisition by the Company of all of the securities of G2BE Canada Inc. ("**TargetCo**"), a private British Columbia company, and the plans to seek a listing on the Canadian Securities Exchange (the "**Listing**"). As no securities are being offered pursuant to this Prospectus, no proceeds will be raised in connection with this Prospectus.

**There is no market through which the securities of the Company may be sold. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Company's securities and the extent of issuer regulation. See "Risk Factors".**

**The Company has applied to list its common shares on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange, including without limitation, the distribution of the Company's common shares to a minimum number of public shareholders and the Company meeting certain financial and other requirements.**

**No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.**

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

**GREEN 2 BLUE ENERGY CORP.**  
1518 - 800 West Pender Street  
Vancouver, British Columbia  
V6C 2V6

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## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, assumptions about general business and economic conditions, changes in financial markets generally, the Company's ability to attract and retain skilled staff, government regulation of wood pellet production operations, environmental risks, limitations on insurance coverage and the completion of regulatory approvals. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information in this Prospectus includes, among other things, proposed expenditures for research and development work for the Company's operations, general and administrative expenses, the ability of the Company to raise further capital for corporate purposes and the utilization of the remaining proceeds of the Concurrent Financing. See "Narrative Description of the Business – Recommendations", "Available Funds and Use of Available Funds" and "Risk Factors" below.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, to those disclosed in any other of the Company's public filings and those about general business and economic conditions, changes in financial markets generally, the Company's ability to attract and retain skilled staff and the Company's capital expenditure program. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to, risks and uncertainties disclosed in this Prospectus. See "Risk Factors" below. The Company has no specific policies or procedures for updating forward-looking information. Forward-looking statements are based upon management's beliefs, estimates and opinions on the date the statements are made and, other than as required by law, the Company does not intend, and undertakes no obligation, to update any forward-looking information to reflect, among other things, new information or future events.

Investors are cautioned against placing undue reliance on forward-looking statements.

## GLOSSARY OF TERMS

- "\$"** means Canadian dollars.
- "Acquisition"** means the share exchange transaction completed on July 21, 2017 pursuant to the terms of the Acquisition Agreement, whereby the TargetCo Shareholders transferred their TargetCo Shares to the Company at an exchange rate of one TargetCo Share for one Company Share at a deemed price of \$0.10 per Company Share.
- "Acquisition Agreement"** means the share exchange agreement dated January 16, 2017 among the Company, TargetCo and the TargetCo Shareholders, a copy of which is available under the Company's profile on SEDAR.
- "Affiliate"** means a company that is affiliated with another company as described below. A company is an "Affiliate" of another company if:
- (a) one of them is the subsidiary of the other, or
  - (b) each of them is controlled by the same person.
- A company is "controlled" by a person if:
- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that person, and
  - (b) the voting securities, if voted, entitle the person to elect a majority of the directors of the company.
- A person beneficially owns securities that are beneficially owned by:
- (a) a company controlled by that person, or
  - (b) an Affiliate of that person or an Affiliate of any company controlled by that person.
- "Amalgamation"** means the vertical short form amalgamation of the Company and its wholly-owned subsidiaries Brigadier Exploration Corp. ("Brigadier"), Battalion Capital Corp. ("Battalion") and Hussar Exploration Corp. ("Hussar") whereby Brigadier, Battalion and Hussar amalgamated with the Company. The Amalgamation was approved by the Company's Board of Directors on March 2, 2017 and completed on March 3, 2017.
- "Arrangement"** means the plan of arrangement whereby the Company, being a subsidiary of Voltaire, entered into the Arrangement Agreement. The Arrangement was approved by the Supreme Court of British Columbia on January 5, 2015 and completed on July 6, 2015. Upon closing, the Company became a reporting issuer in Alberta and British Columbia and Brigadier became a wholly-owned subsidiary of the Company.
- "Arrangement Agreement"** means the arrangement agreement dated November 20, 2014 among Voltaire, Brigadier and the Company, in respect of the Arrangement, a copy of which is available under the Company's profile on SEDAR.
- "Associate"** when used to indicate a relationship with a person or company, means:
- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
  - (b) any partner of the person or company;
  - (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;

- (d) in the case of a person, a relative of that person, including
  - (i) that person's spouse or child; or
  - (ii) any relative of the person or of his spouse who has the same residence as that person; but

where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding Company.

"BCBCA "	means the <i>Business Corporations Act</i> (British Columbia).
"Board" or "Board of Directors"	means the board of directors of the Company.
"CEO"	means Chief Executive Officer.
"CFO"	means Chief Financial Officer.
"Closing"	means the completion of the Acquisition.
"Company"	means Green 2 Blue Energy Corp., a reporting issuer in the Provinces of British Columbia and Alberta and formerly known as Brigade Resource Corp.
"Company Shares"	means the common shares in the capital of the Company.
"Concurrent Financing"	means a non-brokered private placement by the Company of 10,436,700 units at a price of \$0.10 per unit, each unit consisting of one Company Share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one Company Share for the price of \$0.10 per share during the twelve-month period following the closing of the financing and thereafter one Company Share for the price of \$0.20 per share until the expiry of the period ending twenty-four months from the closing of the financing for gross proceeds of \$1,043,670.
"Escrow Agent"	means Computershare Investor Services Inc. of Vancouver, British Columbia, Canada, which shall hold the Escrowed Securities in escrow in accordance with the terms of the Escrow Agreement.
"Escrow Agreement"	means the escrow agreement to be entered into among the Company, the Escrow Agent and certain shareholders, pursuant to which 31,520,602 Company Shares will be held in escrow pursuant to CSE Policy 2 – <i>Qualification for Listing</i> .
"Escrowed Securities"	means the 31,520,602 Company Shares that are held in escrow pursuant to the Escrow Agreement.
"Exchange"	means the Canadian Securities Exchange.
"Forward Stock-Split"	means the forward stock-split of the issued and outstanding TargetCo Shares completed on July 11, 2017 on the basis of one old TargetCo Share for two new TargetCo Shares.
"Material Adverse Change" or "Material Adverse Effect"	means with respect to the Company, any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of the Company.
"NI 41-101"	means National Instrument 41-101 – <i>General Prospectus Requirements</i> , of the

Canadian Securities Administrators.

- "NI 45-106"** means National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.
- "NI 52-110"** means National Instrument 52-110 – *Audit Committees*, of the Canadian Securities Administrators.
- "Named Executive Officer" or "NEO"** means:
- (a) the CEO;
  - (b) the CFO;
  - (c) the Corporate Secretary; and
  - (d) the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds \$150,000 per year; or
  - (e) any additional individuals for whom disclosure would have been provided under (d) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.
- "Principal Regulator"** means the British Columbia Securities Commission.
- "Stock Option Plan"** means the incentive stock option plan of the Company, a copy of which is available under the Company's profile on SEDAR.
- "TargetCo"** means G2BE Canada Inc., a corporation existing under the laws of the Province of British Columbia and formerly known as Green 2 Blue Energy Corp.
- "TargetCo Shares"** means the common shares in the capital of TargetCo.
- "TargetCo Shareholders"** means the shareholders of TargetCo.
- "Voltaire"** means Voltaire Services Corp., formerly Salient Corporate Services Inc., a British Columbia company and reporting issuer in British Columbia and Alberta.

## SUMMARY OF PROSPECTUS

*The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.*

**The Company:** The Company was incorporated as a wholly-owned subsidiary of Voltaire pursuant to the BCBCA on October 9, 2014 under the name "Brigade Resource Corp.". Its head office is located at Suite 1518, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 and its registered and records office is located at Lotz & Company, Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1.

On November 20, 2014, the Company entered into the Arrangement Agreement with Voltaire and Brigadier. The Arrangement Agreement contemplated the Arrangement whereby the Company would become a reporting issuer in the provinces of Alberta and British Columbia and Brigadier would become a wholly-owned subsidiary of the Company. The Arrangement was approved by the Supreme Court of British Columbia on January 5, 2015 and was completed on July 6, 2015.

Brigadier was incorporated pursuant to the BCBCA on August 13, 2014 under the name "Brigadier Exploration Corp."

On March 3, 2017, the Company's subsidiaries, Brigadier Exploration Corp., Battalion Capital Corp. and Hussar Exploration Corp. merged with the Company through a vertical short form amalgamation, which was approved by the Company's Board of Directors on March 2, 2017.

On July 21, 2017, the Company changed its name to "Green 2 Blue Energy Corp."

**The Company's Business:** The Company was previously engaged in the business of mineral exploration and the acquisition of mineral property assets in Ontario through its subsidiary, Brigadier. The Company has since terminated all of its mineral property interests.

The Company's present objective is to evaluate potential business opportunities in the renewable energy sector and to become a listed company on the Exchange.

To this end, the Company entered into the Acquisition Agreement with TargetCo, a private British Columbia company incorporated on May 30, 2014. The Company is now engaged in the production of wood pellets used for generating heat and power, at its facility in Rzeczenica, Poland.

**The Acquisition and Acquisition Agreement:** The Company entered into a non-binding letter of intent with TargetCo dated December 2, 2016, which described the essential terms and conditions of a proposed reverse-takeover transaction whereby the Company would acquire all of the issued and outstanding common shares in the capital of TargetCo. This non-binding letter of intent was later replaced and superseded by the Acquisition Agreement. The Acquisition was approved by written consent resolutions of each of the Boards of Directors of the respective parties. The Acquisition was completed on the July 21, 2017.

The Company acquired a 100% interest in TargetCo pursuant to, on the terms and subject to the conditions set out in the Acquisition Agreement, a copy of which is available under the Company's profile on SEDAR. Pursuant to the terms of the Acquisition Agreement, upon the Closing of the Acquisition:

- (a) TargetCo, as attorney for the TargetCo Shareholders, delivered share certificates representing all of the issued and outstanding TargetCo Shares along with duly executed instruments of transfer to the Company;
- (b) As consideration and in exchange for the TargetCo Shares, the Company issued a corresponding number of Company Shares to the TargetCo Shareholders at a deemed



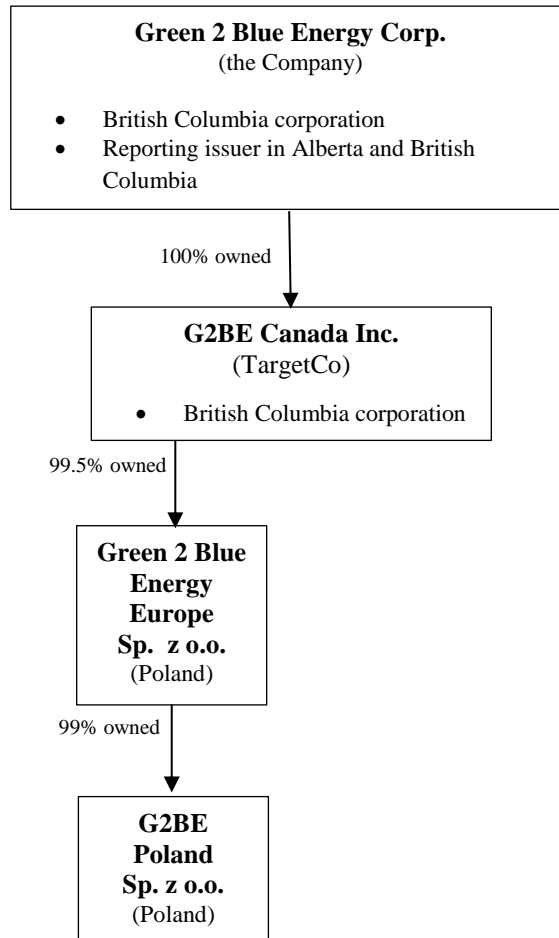
price of \$0.10 per Company Share;

- (c) The share certificates representing the TargetCo Shareholders' TargetCo Shares were cancelled and a single share certificate was issued to the Company showing that the Company is the sole holder of all of the issued and outstanding TargetCo Shares, being 47,000,002 TargetCo Shares; and
- (d) TargetCo became a wholly-owned subsidiary of the Company.

At the Closing, the Company issued an aggregate 47,000,002 Company Shares to the TargetCo Shareholders on the basis of one Company Share for every one TargetCo Share. Upon completion of the Acquisition, the TargetCo Shareholders held approximately 76.96% (66.38% fully diluted) of the issued and outstanding Company Shares and became shareholders of the Company.

**Inter-corporate Relationships:**

The diagram below describes the inter-corporate relationship between the Company and TargetCo post-Acquisition:



**Management, Directors and Officers:**

The directors and officers of the Company are:

- Slawek Smulewicz – President, Chief Executive Officer, Director
- Michael Young – Chief Financial Officer, Director
- Glenn Little – Director
- Jon Sherron – Director

**Loan to TargetCo:**

As of July 21, 2017, the Company had loaned TargetCo the principal amount of \$200,000 (the "**Bridge Loan**") for working capital purposes. The Bridge Loan is due and payable in full by TargetCo on December 5, 2017 and shall bear simple interest at the rate of 5% per annum.

**Concurrent Financing:**

On November 10, 2017, the Company completed an equity financing by way of private placement relying on the prospectus and registration exemptions pursuant to NI 45-106 and other applicable laws, rules and regulations to issue 10,436,700 units of the Company at a price of \$0.10 per unit to raise gross proceeds of \$1,043,670. In addition, 146,800 units were issued as finder's fees. Each unit consisted of one Company Share and one common share purchase warrant, each warrant entitling the holder thereof to purchase one Company Share for the price of \$0.10 per share during the twelve-month period following the closing of the Concurrent Financing and thereafter one Company Share for the price of \$0.20 per share until the expiry of the period ending twenty-four months from the closing of the Concurrent Financing.

**Funds Available and Use of Available Funds:**

The gross proceeds received by the Company from the Concurrent Financing were \$1,043,670. The total funds available to the Company at the closing of the Concurrent Financing, after deducting \$460,646 used to re-start pellet operations and cover administrative costs for office rent, legal fees, finder's fees, its listing application, accounting and audit services and including the Company's working capital of \$10,841 as at October 31, 2017, are \$593,865. To the extent that the Company has negative operating cash flow in future periods, the Company may use a portion of the unallocated capital referenced in the table below to fund such negative operating cash flow. The principal purposes for the use of those funds for the next twelve months will be as follows:

<b>Item</b>	<b>Amount (\$)</b>
<b>Funds Available:</b>	
Working capital of the Company as at October 31, 2017 <sup>(1)</sup>	10,841
Remaining proceeds from the Concurrent Financing	583,024
<b>Total:</b>	<b>593,865</b>
<b>Principal Purposes for use of Funds Available:</b>	
Estimated cost of prospectus and CSE listing	100,000
Facility upgrades, product development and production	310,000
General and administrative costs <sup>(2)</sup>	73,000
Unallocated working capital	110,865
<b>Total:</b>	<b>593,865</b>

Notes:

(1) Working capital as at October 31, 2017 does not include the remaining proceeds from the Concurrent Financing.

(2) Administrative costs include office rent, management, consulting and administration services and fees, miscellaneous office and supplies, transfer agent, legal, accounting and audit expenses.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of the Company's working capital and proceeds from the Concurrent Financing will be subject to the discretion of management.

**Summary of Financial Information:**

The following selected financial information is subject to the detailed information contained in the audited financial statements of the Company and TargetCo and the notes thereto appearing elsewhere in this Prospectus. The selected financial information is derived from and should be read in conjunction with: (i) the Company's audited financial statements for the financial years ended March 31, 2015, 2016 and 2017; (ii) the Company's unaudited interim consolidated financial statements for the period ended June 30, 2017; (iii) TargetCo's audited consolidated financial statements for the financial years ended June 30, 2015, June 30, 2016 and June 30, 2017; and (iv) the pro forma consolidated interim financial statements of the Company as of June 30, 2017.

<b>As at June 30, 2017</b>	<b>Company (\$)</b>	<b>TargetCo (\$)</b>	<b>Pro Forma Adjustment (\$)</b>
<b>Balance Sheet</b>			
Cash	4,953	38,958	1,043,670
Total assets	200,472	488,622	858,353
Current liabilities	100,763	1,095,964	(85,317)
Total liabilities	100,763	1,497,096	(85,317)
Shareholders' equity	99,709	(1,008,857)	943,670

See "Pro Forma Consolidated Financial Information" below.

**Risk Factors:**

An investment in the Company should be considered highly speculative and involves a substantial degree of risk due to the nature of the business of the Company. These risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to: limited operating history, reliance on management, requirements for additional financing, competition, difficulty in forecasting sales, conflicts of interest, litigation, price fluctuation of the Company's securities, no earnings or dividend record, limited market for the Company's securities, intellectual property rights, low barriers to entry, changes in governmental and legal uncertainties, acquisitions, risks related to international operations, protecting intellectual property rights and other factors. See "Risk Factors" below.

**Currency:**

Unless otherwise indicated, all currency amounts herein are stated in Canadian Dollars.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

Green 2 Blue Energy Corp. was incorporated pursuant to the BCBCA on October 9, 2014 as "Brigade Resource Corp.". On July 14, 2017, the Company changed its name to "Green 2 Blue Energy Corp."

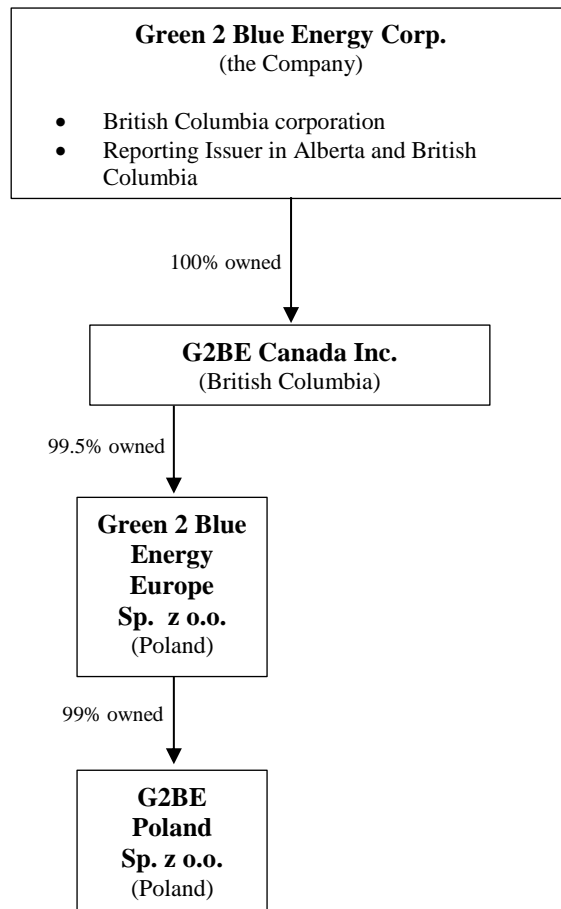
The Company was incorporated as a wholly-owned subsidiary of Voltaire. On November 20, 2014, the Company entered into the Arrangement Agreement with Voltaire and Brigadier. The Arrangement Agreement contemplated the Arrangement whereby the Company would become a reporting issuer in the provinces of Alberta and British Columbia and Brigadier would become a wholly-owned subsidiary of the Company. The Arrangement was approved by the Supreme Court of British Columbia on January 5, 2015 and was completed on July 6, 2015.

On March 3, 2017, the Company merged with its subsidiaries Brigadier Exploration Corp., Battalion Capital Corp. and Hussar Exploration Corp. by way of a vertical short form amalgamation. The Amalgamation was approved by the Company's Board of Directors on March 2, 2017.

On July 21, 2017, the Company completed the Acquisition with TargetCo. Consequently, the Company now has three subsidiaries: (i) TargetCo, which was incorporated under the BCBCA on May 30, 2014; (ii) Green 2 Blue Energy Europe Sp. z o.o. ("G2BEE"), which is 99.5% owned by TargetCo and was incorporated under the laws of Poland on October 13, 2014; and (iii) G2BE Poland Sp. z o.o., which is 99% owned by G2BEE and was incorporated under the laws of Poland on June 28, 2016. The Company's head office is located at Suite 1518, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 and its registered and records office is located at Lotz & Company, Suite 1170, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1.

### Intercorporate Relationships

The diagram below describes the intercorporate relationship between the Company and its subsidiaries following the completion of the Acquisition.



## GENERAL DEVELOPMENT OF THE BUSINESS

### **Business of the Company**

The Company currently operates in the renewable energy marketplace and is focused on low cost wood pellet production through the integration of biomass gasification technology. See "Narrative Description of the Business" below.

### **History**

#### ***Private Placement Financings***

Subsequent to its incorporation and up to December 16, 2016, the Company completed private seed capital equity financing, raising aggregate gross proceeds of approximately \$720,390. The funds were used for general working capital purposes and for the acquisition of mineral properties through several property option agreements (see "Business of the Company" below).

On November 10, 2017, the Company completed the Concurrent Financing to raise gross proceeds of \$1,043,670 through the issuance of 10,436,700 units at a price of \$0.10 per unit, pursuant to available prospectus and registration exemptions under NI 45-106 and other applicable laws, rules and regulations. In addition, the Company issued 146,800 units as finder's fees. Each unit consisted of one Company Share and one common share purchase warrant, each warrant entitling the holder thereof to purchase one Company Share for the price of \$0.10 per share during the twelve-month period following the closing of the Concurrent Financing and thereafter one Company Share for the price of \$0.20 per share until the expiry of the period ending twenty-four months from the closing of the Concurrent Financing.

#### ***Bridge Loan***

Pursuant to the Acquisition Agreement, as of July 21, 2017, the Company had loaned TargetCo the principal amount of \$200,000 (the "**Bridge Loan**") for working capital purposes. The Bridge Loan is due and payable in full by TargetCo on December 5, 2017 and shall bear simple interest at the rate of 5% per annum.

#### ***Amalgamation of Subsidiaries***

On March 3, 2017, the Company merged with its wholly-owned subsidiaries Brigadier, Battalion and Hussar by way of a vertical short form amalgamation. The Amalgamation was approved by the Company's Board of Directors on March 2, 2017. Upon completion of the Amalgamation, the Company remained as a single corporate entity with no subsidiaries.

### ***Business of the Company***

The Company was previously engaged in the business of mineral exploration and the acquisition of mineral property assets in Ontario through its subsidiary, Brigadier. To this end, Brigadier entered into the following property option agreements (the "**Property Option Agreements**") with Voltaire:

1. Surprise Lake, dated April 15, 2015;
2. Boyer Lake, dated April 15, 2015;
3. Brooks Lake, dated April 15, 2015; and
4. Joyce River, dated July 27, 2015.

The execution of each of the Property Option Agreements gave the Company the option to acquire a 100% interest in and to the mineral claims comprising each of the above-named properties. Due to challenges in the mining industry, the Company chose not to exercise its options and formally acknowledged the termination of each Property Option Agreement on February 21, 2017.

Upon the Closing of the Acquisition, the Company became engaged in the business of wood pellet production in Poland. The Company's present objective is to evaluate further potential business opportunities in the renewable energy sector and to become a listed company on the Exchange.

### ***Business of TargetCo***

On December 12, 2014, G2BEE was granted permission (the "Permit") by the Czuluchów County Commissioner to process up to 220,000 tonnes of biomass per year, from which 205,000 tonnes can be used for the purpose of pellet production and 15,000 tonnes for energy generation. The Permit will remain valid until November 30, 2024. Subsequently, that same month TargetCo acquired and installed its initial pellet mill equipment, allowing for capacity to produce up to 1,800 tonnes a month of residential or commercial wood pellets. Over the next several months, TargetCo started its first residential pellet production on a small scale to focus on perfecting its product, including market specifications, analysis, heat values and production line efficiency. In September 2015, the Company slowly increased production, eventually ramping up to approximately 350 tonnes of residential pellet production in the month of December 2015. All pellets were sold to local buyers within 30 days.

During the months of January 2016 through October 2016, the company focused on upgrades to its production facility including the purchase and installation of a new high efficiency drying system for its residual sawdust feedstock used in production. Between July, 2016 and December 2, 2016, TargetCo temporarily limited its operations in order to focus on raising working capital to achieve business growth objectives and larger scale production. To this end, in October 2016, TargetCo began discussions to secure both a steady supply of feedstock (wet sawdust) and purchase orders to re-start production. TargetCo also began discussing the Acquisition and the Bridge Loan with the Company and entered into a non-binding letter of intent with the Company on December 2, 2016, which was later replaced by a binding Acquisition Agreement. As a result of the Bridge Loan being advanced to TargetCo by the Company, TargetCo was able to re-start wood pellet production in December 2016 and has continued production since that time.

On November 9, 2016 G2BEE signed its first purchase order contract with Biomasa Partners Sp. z o.o. for up to 1,800 tonnes of pellets per month, which purchase order contract will continue for an indefinite term until terminated by giving notice of no less than 3 months. G2BEE started production and delivery in December 2016 with 190 tonnes of residential pellets and intends to incrementally ramp up production to 1,800 tonnes per month by March 2018.

Upon the Closing of the Acquisition, the Company took up TargetCo's operations and business. The Company intends to use the proceeds of the Concurrent Financing to increase production. The proceeds of the Concurrent Financing became available to the Company on November 10, 2017.

### **Significant Acquisitions and Dispositions**

#### ***Acquisition of TargetCo***

The Company acquired a 100% interest in TargetCo pursuant to, and on the terms and subject to the conditions set out in, the Acquisition Agreement, a copy of which is available under the Company's profile on SEDAR. Pursuant to the Acquisition Agreement, the Company issued an aggregate 47,000,002 Company Shares to the TargetCo Shareholders. The Acquisition was approved by a written consent resolution of the Boards of Directors of the respective parties. Upon completion of the Acquisition, the TargetCo Shareholders became securityholders of the Company.

#### **The Acquisition Agreement**

The Company entered into a non-binding letter of intent with TargetCo dated December 2, 2016, which described the essential terms and conditions of a proposed reverse-takeover transaction whereby the Company would acquire all of the issued and outstanding common shares in the capital of TargetCo. This non-binding letter of intent was replaced and superseded on January 16, 2017 by the Acquisition Agreement.

The Acquisition Agreement contemplated a share exchange at a ratio of two (2) shares of the Company for every share of TargetCo, pursuant to which the Company acquired all of the issued and outstanding shares of TargetCo on terms more particularly set forth in the Acquisition Agreement.

Upon completion of the Acquisition, the TargetCo Shareholders held 47,000,002 Company Shares. It is expected that 31,520,602 Company Shares will be subject to escrow.

#### **Pre-Acquisition and Post-Acquisition Events**

Upon the terms and subject to the conditions set forth in the Acquisition Agreement, the following occurred:

1. The Company loaned TargetCo the principal amount of \$200,000 for working capital purposes;
2. The Company filed a preliminary prospectus with the Principal Regulator;
3. The Company's preliminary prospectus and preliminary receipt are available on SEDAR under the Company's profile;
4. TargetCo completed the Forward Stock-Split; and
5. The Company closed the Concurrent Financing.

Upon the terms and subject to the conditions set forth in the Acquisition Agreement, the following shall occur:

1. The Company will file a prospectus with the Principal Regulator.
2. Upon receiving the receipt for the prospectus, the prospectus and receipt will be available on SEDAR under the Company's profile.
3. The Company will file the necessary documents with the Exchange to receive conditional approval from the Exchange for the listing of the Company Shares on the Exchange;
4. The Company will file a final prospectus with the Principal Regulator;
5. Concurrent with filing the final prospectus with the Principal Regulator, the Company will file the necessary documents with the Exchange to receive final Exchange approval for the listing of the Company Shares on the Exchange; and
6. Upon receiving the final receipt from the Principal Regulator, the final prospectus and the final receipt will be available on SEDAR under the Company's profile.

#### Acquisition Events

Upon the terms and subject to the conditions set forth in the Acquisition Agreement, at the Closing of the Acquisition:

1. TargetCo, as attorney for the TargetCo Shareholders delivered share certificates representing all of the issued and outstanding TargetCo Shares along with duly executed instruments of transfer to the Company;
2. As consideration and in exchange for the TargetCo Shares, the Company issued a corresponding number of Company Shares to the TargetCo Shareholders at a deemed price of \$0.10 per Company Share;
3. The share certificates representing the TargetCo Shareholders' TargetCo Shares were cancelled and a single share certificate was issued to the Company showing that the Company is the sole holder of all of the issued and outstanding TargetCo Shares, being 47,000,002 TargetCo Shares; and
4. TargetCo became a wholly-owned subsidiary of the Company.

### **NARRATIVE DESCRIPTION OF THE BUSINESS**

#### **Business of the Company**

The Company currently operates in the renewable energy marketplace and is focused on low cost wood pellet production through the integration of biomass gasification technology. Through its subsidiaries TargetCo, Green 2 Blue Energy Europe Sp. z o.o. ("G2BEE") and G2BE Poland Sp. z o.o., the Company owns and operates a wood pellet production facility in Rzeczenica, located in north-western Poland.

Across Europe, sustainable energy policies have been driving demand in the manufacturing and production of wood pellets. Wood pellets are created from those portions of trees that have been traditionally discarded as waste. In the pellet manufacturing process, residual sawdust, chips, bark, branches and stems are compacted into small pellets,

anywhere from 6 millimeters to 8 millimeters in diameter and 20 millimeters to 30 millimeters in length. Generally, these pellets will be burned as fuel for large scale municipal boilers and energy producers across Europe and the United Kingdom, thereby replacing coal and similar fossil fuels as a primary generator of electricity.

Biomass or wood waste pellets typically composed of saw dust residuals have proven to be a viable renewable energy alternative to conventional fossil fuel for many years now. With the steady decline and retrofit of coal fired facilities over to biomass the global market has grown enormously over recent years and is expected to continue at an 11% compound annual growth rate through 2019<sup>1</sup>.

The Company's operation strategically lies 200 kilometers east from the Polish/German border in the dense forest area of North Western Poland. There are shipping port services north-east of the facility in both the city of Gdansk and a port facility with year-round accessibility in Kolobrzeg. G2BEE's current pellet production line is a customized installation that was designed to G2BEE's specifications by an ISO 9001 certified manufacturer that specializes in the design, fabrication and installation of biomass processing equipment. All components of the production line were manufactured in 2012 for use in this project. The production capacity of the three granulators fluctuates in the range from 3.5 tonnes to as much as 4 tonnes per hour. Current production capacity is up to 1,800 tonnes of pellets per month.

G2BEE analyzes, verifies and certifies its pellets once per day during production hours to ensure it meets all the required energy values and standards for its purchasers. It recently incorporated the ENplus methodology for all of its pellet production. ENplus is a multinational certification standard for wood pellets and considered to be the highest standard of certification in the industry. G2BEE feels this currently provides a competitive advantage over other pellet manufactures in both Europe and North America that are still using older standards.

In addition to developing the ENplus standard in order to regulate the quality of wood pellets, the European Union and major European utility companies are developing certification schemes to ensure the sustainability of wood pellets. In 2013, the European Union promulgated the EU Timber Regulation to prohibit illegal timber from entering the European Union markets. That same year, many of the major European utility companies formed the Sustainable Biomass Partnership (SBP) to harmonize national sustainability standards and develop one universal standard. In furtherance of that goal, SBP has released six standards, each governing a different element of the supply chain.<sup>2</sup>

On November 9, 2016 G2BEE signed its first purchase order contract with Biomasa Partners Sp. z o.o. to start production and delivery of 190 tonnes of residential pellets per month commencing in December 2016, and intends to incrementally ramp up production to 1,800 tonnes per month by March 2018.

To coincide with the closing of its current financing G2BEE is in discussions with other European power companies to supply larger quantities of pellets. Over the next financial year the Company intends to continue with additional equipment upgrades to increase production capacity up to 2,400 tonnes a month in order to meet its expected ongoing product demand. The Company is also looking to expand its use of biomass gasification technology through the further utilization of such technology in its business. To this end, the Company is currently exploring various options in regards to realizing its biomass gasification technology interests.

## **Operations**

The Company is based in Vancouver, British Columbia and operates through three subsidiary companies; see "Intercorporate Relationships" above. The Company's wood pellet production business is operated in Rzeczenica, Poland through its subsidiary G2BEE, a Polish limited liability company.

### ***Role of Polish Government and Law on Polish Operations***

Poland is a democratic republic and a member of the European Union (since 2004), the United Nations, the World Trade Organisation and the Organisation for Economic Cooperation and Development (since 1996). The country has been ranked by Ernst & Young as the third most investor-friendly country in the European Union and first in Central and Eastern Europe<sup>3</sup>.

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<sup>1</sup> Source: Granath, J. "The global wood pellet market." *Pellet Fuels Institute*. (July 2015).

<sup>2</sup> Source: Aspinall, M. & Worthy, V. "Regulation of Europe-Bound US Wood Pellets." *Biomass Magazine* (22 June 2015).

<sup>3</sup> Source: Global Affairs Canada. "Market Access Plan 2015 – 2017: Poland."



Business activity in Poland is principally regulated by the Act of 2 July 2004 on Freedom of Economic Activity ("FEAA"), the Civil Code and the Commercial Partnership and Companies Code. FEAA prescribes the general rules on initiating, carrying on and terminating business activity while the Civil Code and the Commercial Partnership and Companies Code govern the establishment, functioning and termination of companies. Polish law generally allows foreign investors unrestricted access to the Polish market and permits them to register a business in Poland or establish a branch or representative office, however, the purchase of real property in Poland by non-European Union citizens requires permission from the Ministry of Internal Affairs and Administration.

All business entities in Poland are required to be registered with the National Court Register before commencing business activity. Pursuant to FEAA, business activity (i.e. an activity carried out with a view to profit by way of trade, construction or the provision of services) may be participated in freely by all parties on equal terms, however, certain types of businesses, such as the Company's wood pellet production operations, require regulatory approvals. See "*Business of TargetCo*" above for information regarding the Permit granted to G2BEE for the conduct of its business operations in Poland.

### ***G2BEE Polish Operations***

Through its subsidiary G2BEE, the Company owns and operates a wood pellet production plant located in Rzeczenica, Poland. The 27,000 square foot facility currently houses a complete production line, a warehouse for raw material and a storage area for finished product. A large area remains available for future expansion plans.

The Company currently leases the 6.67 hectare property it operates on, with a first right of refusal option to purchase the land at a fixed price of 1.823 million Polish zloty (PLN) (approximately \$645,000 CAD) plus value added tax, which is refundable once purchased. Currently, the Company pays a monthly lease of 25,000 PLN (approximately \$8,845 CAD) plus value added tax. Purchasing of the premises will provide up to an additional \$264,000 (CAD) savings for the next three years due to a special municipal incentive for new entrepreneurs purchasing local premises that focus on the production of goods. These new business owners are freed of the local land tax for a period of three to five years, depending on the number of new jobs created.

The Company does not have any immediate plans to use its first right of refusal option to purchase the property it operates on, however, it does intend to purchase the property at some point by utilizing future cash flows generated by pellet sales or through raising additional capital.

G2BEE is strategically located 200 kilometers east from the Polish/German border in the dense forest area of North Western Poland. There are shipping port services north-east of the facility in both the city of Gdansk and a port facility with year-round accessibility in Kolobrzeg, located approximately 155 and 120 kilometers away from the Company's operations, respectively.

### **Competition and Markets**

Wood pellets are a popular form of sustainable energy within the European Union because they are regarded as having a smaller carbon footprint than traditional fossil fuels and coal. With the introduction of the EU's Renewable Energy Directive ("RED") in 2009, demand for wood pellets has increased exponentially. With RED, the EU created 20/20/20 targets for the year 2020 which has objectives to: reduce greenhouse gas emissions by 20 percent compared to emission levels in the year 1990, increase renewable energy use to 20 percent, and improve energy efficiency by 20 percent. Each European Union country will have its own individualized target.

In 2016, the wood pellet market in Europe reached a size of 19 million tons per annum ("Mtpa"), while production capacity stood at 23.5 Mtpa, and consists of two largely independent sectors with only limited interaction. The industrial market is focused on large-scale bioenergy generation, while the premium market is focused on small-scale residential and commercial heat generation.

### ***Industrial Markets***

The use of pellets for industrial-scale energy generation has not been widely adopted across Europe, with the United Kingdom, Denmark, Belgium and the Netherlands leading the market. Nevertheless, this sector accounted for 51 percent (9.7 Mtpa) of total pellet demand in Europe in 2016. Demand is likely to reach levels of between 12.4 Mtpa and 20.2 Mtpa by 2025, depending on some outstanding political decisions.

However, governments often do not regard large-scale biopower generation as a long-term option, and in the United Kingdom and the Netherlands, support for these plants will begin to end in 2027 and 2028 as things stand currently. Governments should start recognizing the importance of this industry sector that is able to provide baseload power to electricity networks, compensating for an increasing share of intermittent energy sources. Support schemes should be extended at appropriate levels to avoid having most of these large-scale biopower plants become uneconomical.

Supply of pellets to the industrial market from directly within Europe is limited, with only the Baltics and Portugal playing a relevant role. In total, this European production capacity amounts to just 2.6 Mtpa, covering only a small portion of the demand in the industrial market.

### ***Premium Markets***

Total demand in Europe has grown steadily and reached around 9.4 Mtpa in 2016. This market segment is expected to continue growing as EU member states work toward achieving their heating and cooling targets under RED. Demand for premium pellets is expected to reach levels of between 10.1 Mtpa and 16.4 Mtpa by 2020 and 2021 as a result.

Currently, most EU member states still have not yet formalized their renewable heat strategies out past 2020 and any demand predictions beyond then is considered speculative in nature. It is clear, though, that biomass heating will continue to play a key role in meeting any future renewable heating targets.

To date, European premium pellet markets have been supplied by small and medium scale pellet mills (average 55,000 Mtpa), often through traders, wholesalers and distributors. This market segment has to cope with considerable overcapacity and low utilization rates across an estimated 20.9 Mtpa of capacity. Exposure to raw material price fluctuations is also of concern for many producers, especially those who are independent, with sawmills increasingly establishing their own pellet production capacity.

Some producers are also concerned about the threat of pellet imports from overseas, as mills in regions such as the Southeast United States and Russia can supply at competitive price levels and, in many cases, have already gained ENPlus certification.

In summary, the Company's competitive advantages lie in a unique combination of:

- Existing Technologies – The use of biomass gasification technology to significantly reduce the cost of pellet production by providing both power to operate the facility and exhaust heat to dry feedstock. Surplus electricity can be sold to the grid.
- Feedstock Availability – The G2BEE production facility is situated in the dense forest region of Pomeranian, where there are hundreds of wood production facilities and saw mills that have an abundance of sawdust and woodchips available feedstock.
- Low Transportation Cost – The township of Rzeczenica is strategically located in North Eastern Poland and close to the German border and two shipping ports, in Gdansk and Kolobrzeg.
- High Regional Market Demand – European demand for wood pellets is forecasted to increase year over year for the foreseeable future. Approximately 75% of the pellets produced world-wide are used in Europe, while conversely only 51% of the world's pellets are produced in Europe.
- Incentives – Government subsidies and mandates to switch from fossil fuels to clean energy sources.
- Product Standards – The use of ENplus methodology and certification.

According to "BioEnergy International" EU pellet production covered 70% of EU demand in 2015.

### **Intellectual Property**

The Company maintains trade secrets in respect of its biomass drying and wood pellet production procedures. At this time, the Company does not have any registered trademarks

### **USE OF PROCEEDS**

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Company in connection with the filing of this Prospectus.

## Funds Available and Use of Available Funds

The gross proceeds received by the Company from the Concurrent Financing were \$1,043,670. The total funds available to the Company at the closing of the Concurrent Financing, after deducting \$460,646 used to re-start pellet operations and cover administrative costs for office rent, legal fees, its listing application, accounting and audit services and including the Company's estimated working capital of \$10,841 as at October 31, 2017, are estimated to be \$593,865. To the extent that Company has negative operating cash flow in future periods, the Company intends to allocate profits generated from sales and may use a portion of the unallocated capital referenced in the table below to fund such negative operating cash flow. The principal purposes for the use of those funds for the next twelve months will be as follows:

Item	Amount (\$)
<b>Funds Available:</b>	
Working capital of the Company as at October 31, 2017 <sup>(1)</sup>	10,841
Remaining proceeds from the Concurrent Financing	583,024
<b>Total:</b>	593,865
<b>Principal Purposes for use of Funds Available:</b>	
Estimated cost of Prospectus and CSE Listing	100,000
Facility upgrades, Product Development and Production	310,000
General and Administrative Costs <sup>(2)</sup>	73,000
Unallocated Working Capital	110,865
<b>Total:</b>	593,865

Notes:

(1) Working capital as at October 31, 2017 does not include the remaining proceeds from the Concurrent Financing.

(2) Administrative costs include office rent, management, consulting and administration services and fees, miscellaneous office and supplies, transfer agent, legal, accounting and audit expenses.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of the Company's working capital and proceeds from financing will be subject to the discretion of management.

## Business Objectives and Milestones

### General

Following completion of the Acquisition, the Company's primary business objectives for and milestones for the twelve-month period following the completion of the Acquisition are as follows

Objective	Timeline/Comment	Estimated Remaining Cost (\$)	Allocation of Available Funds (\$)	Allocation of Revenues (\$) <sup>(1)</sup>
File final Prospectus and apply to list Company Shares on the Exchange		100,000	100,000	0
Additional equipment purchases to increase capacity	Month 1 -2	200,000	198,640	1,360
Increase of feed stock inventory	Month 1 – 5	180,000	61,360	118,640
Research, Product Development & Production	Month 1 – 12	120,000	50,000	70,000
General & Administrative <sup>(2)</sup>		73,000	73,000	0 <sup>(2)</sup>
Unallocated Working Capital		110,865	110,865	0
	<b>Total:</b>	<b>783,865</b>	<b>593,865</b>	<b>190,000</b>

Note:

(1) The Company anticipates sufficient revenues to fund certain objectives and expenditures.

(2) The Company will utilize profits from production ramp up (sales) to cover increased G&A costs.

**Specific Timeline**

<b>Major Objectives and Expenditures</b>				
<b>Timeline</b>	<b>Description of Objectives</b>	<b>Cost (\$)</b>	<b>Allocation of Available Funds (\$)</b>	<b>Allocation of Revenues (\$)<sup>(1)</sup></b>
Month 1	Purchase deposit on Drying System (up to 2t/h)	27,090	27,090	0
	Purchase deposit on one pellet mill to increase capacity to 2,400 tonnes per month	48,375	48,375	0
	Purchase 1,500 tonnes of feedstock (wet sawdust) for pellets	54,690	54,690	0
	OPEX - Facility upgrade and working capital	50,000	50,000	0
Month 2	Purchase, delivery and installation of drying system	61,900	61,900	0
	Purchase, delivery and installation of additional pellet mill	61,275	61,275	0
Month 5	Purchase additional 2,500 tonnes of feedstock for pellets	70,650	6,670	63,980
	OPEX - Upgrades	70,000	0	70,000
	Contingency	100,000	0	100,000
<b>Total:</b>		<b>543,980</b>	<b>310,000</b>	<b>233,980</b>

Note:

(1) The Company anticipates sufficient revenues to fund certain objectives and expenditures.

**SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Pro Forma Consolidated Financial Information**

The following sets forth selected pro forma consolidated financial information of the Company and TargetCo as at June 30, 2017.

	<b>Company (\$)</b>	<b>TargetCo (\$)</b>	<b>Pro Forma Adjustments (\$)</b>	<b>Pro Forma (\$)</b>
<b>Balance Sheet</b>				
Current assets	4,953	38,958	1,043,670	1,087,581
Total assets	200,472	488,622	858,353	1,547,447
Current liabilities	100,763	1,095,964	(85,317)	1,111,410
Total liabilities	100,763	1,497,096	(85,317)	1,512,542
Shareholders' equity	99,709	(1,008,857)	943,670	34,522

**Dividends or Distributions**

The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on the Company Shares in the foreseeable future.

The Company has neither declared nor paid any dividends on its common shares since its incorporation. While there are no restrictions in the Company's articles or pursuant to any agreement or understanding which could prevent the Company from paying dividends or distributions, the Company has negative operating cash flow and anticipates using all available cash resources to fund working capital, increase its wood pellet operations and to evaluate further potential business opportunities in the renewable energy sector. As such, there are no plans to pay dividends in the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board of

Directors of the Company on the basis of the Company's earnings, financial requirements and other conditions existing at the time such determination is made.

### **Management's Discussion and Analysis**

The Company's Management's Discussion and Analysis provides an analysis of the Company's financial results for the year ended March 31, 2017, and the period ending June 30, 2017, and should be read in conjunction with the financial statements of the Company for such periods, and the notes thereto respectively. The Company's financial statements and Management's Discussion and Analysis are attached as Schedule "A" and "B", respectively.

TargetCo's Management's Discussion and Analysis provides an analysis of TargetCo's financial results for the financial year ending June 30, 2017 and the period ending March 31, 2017 and should be read in conjunction with the financial statements of TargetCo for such period, and the notes thereto respectively. TargetCo's Management's Discussion and Analysis and financial statements are attached as Schedule "C" and Schedule "D", respectively.

Certain information included in the Company's and TargetCo's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Caution Regarding Forward-Looking Statements" for further details.

## **DESCRIPTION OF SECURITIES**

### **Common Shares**

The Company's authorized capital consists of an unlimited number of Company Shares of which, as of the date of this Prospectus, 64,153,902 are issued and outstanding as fully paid and non-assessable. Holders of the Company Shares are entitled to vote at shareholder meetings and to receive dividends if, as and when declared by the directors. The Company Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Prior to the Closing of the Acquisition, TargetCo completed a forward stock-split of its issued and outstanding TargetCo Shares on the basis of one old TargetCo Share for two new TargetCo Shares. As a result of the forward stock-split, there were 47,000,002 TargetCo Shares issued and are outstanding as fully paid and non-assessable immediately prior to the Acquisition.

### **Warrants**

In connection with a private placement that closed on December 16, 2016, the Company issued 2,238,400 common share purchase warrants. Each warrant entitles the holder thereof to purchase one Company Share at a price of \$0.10 per share for the first twelve months from the date of issue and thereafter for the price of \$0.20 per share until the expiry of the period ending twenty-four months from the date of issue. Of these warrants, 96,000 were issued to three individuals as a finder's fee.

In connection with the closing of the Concurrent Financing, the Company issued 10,583,500 common share purchase warrants. Each warrant entitles the holder thereof to purchase one Company Share at a price of \$0.10 per share during the twelve-month period following the closing of the Concurrent Financing and thereafter one Company Share for the price of \$0.20 per share until the expiry of the period ending twenty-four months from the closing of the Concurrent Financing.

### **Listing of Company Shares**

The Company has applied to list the Company Shares on the Exchange. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange, including without limitation, the distribution of the Company Shares to a minimum number of public shareholders and the Company meeting certain financial and other requirements.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of their securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United

States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group PLC).

### CONSOLIDATED CAPITALIZATION

The following table sets out the share capitalization of the Company:

<b>Designation of Security</b>	<b>Amount authorized or to be authorized</b>	<b>Amount outstanding as of the date of this Prospectus</b>
Common Shares	Unlimited	64,153,902

#### *Fully Diluted Share Capital*

The following table sets out the fully diluted share capital of the Company:

	<b>Number of Securities Issued or Reserved</b>	<b>% of total issued and outstanding as of the Closing of the Acquisition</b>
Company Shares issued and outstanding prior to entering into Acquisition Agreement.	6,570,400	8.54%
Company Shares issued at the Closing of the Acquisition.	47,000,002	61.06%
Company Shares issued in connection with the Concurrent Financing.	10,583,500	13.75%
Company Shares to be issued on exercise of outstanding Company share purchase warrants.	12,821,900	16.66%
<b>Total</b>	<b>76,975,802</b>	<b>100%</b>

### OPTIONS TO PURCHASE SECURITIES

#### **Stock Option Plan**

As of the date of this Prospectus, the Company has no outstanding or unexercised stock options. The Company's Stock Option Plan was adopted on May 22, 2015 and permits the Board from time to time, in its discretion and in accordance with applicable securities laws and Exchange policies, to grant to directors, officers, employees and consultants options to purchase Company Shares, provided that the number of Company Shares reserved for issuance will not exceed 10% of the then issued and outstanding Company Shares. The options are exercisable for a period determined by the Board, so long as the optionee maintains the optionee's position with the Company. The number of Company Shares reserved for issuance to any one individual cannot exceed 5% of the then issued and outstanding shares and the number of Company Shares reserved for issuance to one consultant or person conducting investor relations activities cannot exceed 2% of the then issued and outstanding shares.

Subject to a minimum exercise price of \$0.10 per Company Share, the minimum exercise price of an option granted under the Stock Option Plan must not be less than the closing market price of the Company Shares on the trading day immediately preceding the date of grant, less any applicable discount allowed by the Exchange.

Options granted to an optionee who ceases to be a director, officer, employee or consultant for any reason other than death shall be exercisable within a period of 90 days after the date of termination.

#### **Incentive Plans**

On February 6, 2015, TargetCo adopted an equity compensation plan and established an incentive share pool consisting of 5,000,000 TargetCo Shares reserved for issuance founders of TargetCo and key employees, officers, advisors and partners. The purpose of the incentive share pool was (i) to compensate founders for their unpaid services and efforts required for the establishment of the company and its business; and (ii) to provide TargetCo with the means to attract and compensate key employees, officers, advisors, partners that TargetCo would otherwise not be able to attract because of the need to conserve cash. The equity compensation plan and incentive share pool were discontinued upon the Closing of the Acquisition.

## PRIOR SALES

### The Company

Since November 20, 2016, the Company has issued 59,821,902 Company Shares as follows:

Issue Date	Price Per Security (\$)	Number of Company Shares Issued	Proceeds to the Issuer (\$)
December 16, 2016	0.10	2,238,400 <sup>(1)(2)</sup>	223,840
July 21, 2017	0.10	47,000,002 <sup>(3)</sup>	--
November 10, 2017	0.10	10,583,500 <sup>(4)</sup>	1,043,670 <sup>(5)</sup>
<b>Total:</b>		<b>59,821,902</b>	<b>1,267,510</b>

Notes:

(1) Issued pursuant to a private placement of units. Each unit consisted of one share and one common share purchase warrant. Each warrant is exercisable for one Company Share at a price of \$0.10 per share for the first twelve months from the date of issue and thereafter for the price of \$0.20 per share until the expiry of the period ending twenty-four months from the date of issue.

(2) Of the units issued in connection with the private placement in Note 1, 96,000 were issued at a deemed price of \$0.10 per unit as part of finder's fee paid to three individuals representing an amount equal to 8% of the units subscribed for by purchasers introduced to the Company by the finder. Each unit was issued on the same terms as the units issued to subscribers under the offering.

(3) Issued pursuant to the Acquisition to the TargetCo Shareholders at a deemed price of \$0.10 per share on July 21, 2017.

(4) Issued pursuant to the Concurrent Financing. Each unit consisted of one Company Share and one common share purchase warrant. Each warrant is exercisable for one Company Share \$0.10 per share during the twelve-month period following the closing of the Concurrent Financing and thereafter one Company Share for the price of \$0.20 per share until the expiry of the period ending twenty-four months from the closing of the Concurrent Financing.

(5) 146,800 units were issued as finder's fees and as such, no cash proceeds were received by the Company for such units.

### TargetCo

Since November 20, 2016 TargetCo issued 3,595,000 TargetCo Shares as follows:

Issue Date	Price Per Security (\$)	Number of Company Shares Issued	Proceeds to the Issuer (\$)
November 30, 2016	0.10	250,000	25,000
December 6, 2016	0.10	2,931,300	293,130
December 15, 2016	0.10	273,700	27,370
<b>Total:</b>		<b>3,495,000</b>	<b>349,500</b>

### Shares Subject to Resale Restrictions

Company Shares issued on November 10, 2017 (pursuant to the Concurrent Financing) are subject to a four month hold period expiring March 11, 2017.

## ESCROWED SECURITIES

### Escrowed Securities

Under the applicable policies and notices of the Exchange, securities held by certain shareholders of the Company are required to be held in escrow in accordance with the escrow requirements set out in CSE Policy 2 – *Qualification for Listing*.

The Escrowed Securities will be held in escrow pursuant to the Escrow Agreement. There are to be 31,520,602 Company Shares held in escrow upon completion of the Listing.

The Exchange escrow agreement provides that the Escrowed Securities are held in escrow pursuant to its terms and the beneficial ownership thereof and may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the escrowed shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the escrowed shares, which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the escrowed shares held by the escrow shareholder will be released from

escrow.

The following table sets out, as at the date of this Prospectus, the number and percentage of Company Shares held in escrow prior to giving effect to the Acquisition, and the number and percentage of the Company Shares that will be held in escrow after giving effect to the Acquisition, but before giving effect to the initial release of the escrowed Company Shares under the escrow agreement.

		Prior to Giving Effect to the Acquisition		After Giving Effect to the Acquisition	
Name and Municipality of Residence of Security holder	Designation of Class	Number of Company shares held in escrow	Percentage of class	Number of Company Shares to be held in escrow <sup>(1)</sup>	Percentage of class <sup>(2)</sup>
Slawomir Smulewicz British Columbia	Common	Nil	Nil	16,700,002	26.03%
Joanna Smulewicz British Columbia	Common	Nil	Nil	6,300,000	9.82%
Michael Young British Columbia	Common	Nil	Nil	4,200,000	6.55%
Slawomir Strojnowski Poland	Common	Nil	Nil	3,000,000	4.68%
Zbigniew Fraszka Poland	Common	Nil	Nil	1,000,000	1.56%
Glenn Little British Columbia	Common	Nil	Nil	290,000	0.45%
Bozena Wojcik Poland	Common	Nil	Nil	30,000	0.05%
Jon Sherron British Columbia	Common	Nil	Nil	600	0.001%
<b>Total:</b>				<b>31,520,602</b>	<b>49.14%</b>

Notes:

(1) Escrowed Company Shares will be held by the Transfer Agent. Such escrowed Company Shares will be escrowed per National Policy 46-201 – *Escrow for Initial Public Offerings* and released pursuant to that Policy.

(2) Based on 64,153,902 Company Shares outstanding upon completion of the Acquisition and the Concurrent Financing.

The Escrowed Securities will be held in escrow pursuant to the Escrow Agreement. There are to be 31,520,602 Company Shares to be held in escrow (the "Escrowed Securities"). These will be held in escrow as required by Exchange policy on completion of the Listing.

The Escrowed Securities are to be subject to the release schedule set out in the form of escrow required by s. 1.8 of Policy 8 – Fundamental Changes of the Exchange. Ten (10%) percent of the Escrowed Securities are to be released upon the date of listing on the Exchange and an additional 15% are to be released every 6 months thereafter until all Escrowed Securities have been released (36 months following the date of listing on the Exchange).

The Escrow Agreement provides that the Escrowed Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the Escrowed Securities held by such escrow



shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Escrowed Securities which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the Escrowed Securities held by the escrow shareholder will be released from escrow.

The following table sets forth details of the Escrowed Securities that will be held in escrow after giving effect to the Acquisition:

<b>Name</b>	<b>No. of Escrowed Securities<sup>(1)</sup></b>	<b>Offering Percentage (After Giving Effect to the Acquisition)<sup>(2)</sup></b>
Slawomir Smulewicz	16,700,002	26.03%
Joanna Smulewicz	6,300,000	9.82%
Michael Young	4,200,000	6.55%
Slawomir Strojnowski	3,000,000	4.68%
Zbigniew Fraszka	1,000,000	1.56%
Glenn Little	290,000	0.45%
Bozena Wojcik	30,000	0.05%
Jon Sherron	600	0.001%
<b>Total:</b>	<b>31,520,602</b>	<b>49.14%</b>

Notes:

(1) Escrowed Securities will be held by the Escrow Agent. Such Escrowed Securities will be escrowed per CSE Policy 2 – *Qualification for Listing* and released pursuant to that Policy.

(2) On a non-diluted basis and assuming 64,153,902 Company Shares outstanding upon completion of the Acquisition and the Concurrent Financing.

#### PRINCIPAL SHAREHOLDERS

To the knowledge of the Company's directors and senior officers, as of the date of this Prospectus, no person owns, of record or beneficially, directly or indirectly, or exercises control or direction over, Company Shares carrying more than 10% of all voting rights attached to the outstanding the Company's Shares except the following:

<b>Name</b>	<b>Number of Company Shares as at the date of this Prospectus</b>	<b>Percentage After Giving Effect to the Acquisition<sup>(1)</sup></b>
Slawomir Smulewicz	16,700,002	26.03%

Notes:

(1) On a non-diluted basis and assuming 64,153,902 Company Shares outstanding upon completion of the Acquisition and the Concurrent Financing.

<b>Name</b>	<b>Number of Company Shares Beneficially Owned Directly or Indirectly</b>	<b>Percentage of Company Shares Held<sup>(1)</sup></b>	<b>Percentage of Company Shares Held<sup>(2)</sup></b>
Slawomir Smulewicz	16,700,002	26.03%	21.70%

Notes:

(1) After giving effect to the Concurrent Financing and completion of the Acquisition; does not include exercise of outstanding Company common share purchase warrants.

(2) On a fully-diluted basis, assuming the exercise of 76,975,802 common share purchase warrants.

#### DIRECTORS, OFFICERS AND PROMOTERS

The following table sets out the name, municipality and province of residence, position, current principal occupation, and the number and percentage of Company Shares beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Company's directors and officers following completion of the Acquisition. Each director's term expires on the earlier of the Company's next annual general meeting, or his resignation.

<b>Name and Municipality of Residence</b>	<b>Position</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Number of Company Shares</b>	<b>Percentage of class<sup>(1)</sup></b>
Slawomir Smulewicz	President, CEO and Director	President of Green 2 Blue Energy Corp. from 2014 to the present, and CEO of MicroCoal Technologies Inc. from 2011 to 2014.	16,700,002	26.03%
Michael Young	CFO and Director	Self employed as a consultant/advisor from 1994 to the present, President and CEO of Westridge Resources Inc. from January 2017 to present, CFO, VP Corporate Development for Green 2 Blue Energy Corp from 2015 to present, Sales Executive from May 2015 to July 2015, and alternately President, CFO and CEO for Draft Team Fantasy Sports Inc. between 2012 and 2015.	4,200,000	6.55%
Glenn Little	Director	CEO and director of Brigade Resource Corp. from 2015 to present, CEO, CFO and director of Laguna Blends (formerly Grenadier Resources Corp.) from 2014 to 2015, corporate communications consultant for Axis Energy Corporation from 2006 to 2015, driver for Smithrite Disposal Ltd. from 2013 to 2014, and alternately CEO, CFO, President, director and consultant for Draft Team Fantasy Sports Inc. from 2006 to 2012.	290,000	0.45%
Jon Sherron	Director	From 2004 to the present has been vice president of EDI Inc.	600	0.001%

Note:

(1) On a non-diluted basis and assuming 64,153,902 Company Shares outstanding upon completion of the Acquisition and the Concurrent Financing.

The directors and officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 26,920,602 Company Shares, representing approximately 33.03% of the issued and outstanding Company Shares (on a non-diluted basis). Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

The Company's audit committee is comprised of Michael Young, Glenn Little and Jon Sherron. There are no other committees of the Board at this time. All compensation and corporate governance matters will be overseen by the Board of Directors of the Company.

The directors and officers will devote their time and expertise as required by the Company, however, it is not anticipated that any director will devote 100% of his time to the activities of the Company.

**Directors and Management**

Slawomir Smulewicz – President, Chief Executive Officer and Director

Mr. Smulewicz has over 25 years of international experience with demonstrated leadership and teamwork skills. Mr. Smulewicz employs a strategic vision for building complex geographically dispersed businesses and has a proven track record for delivering results. He has served in various executive capacities and as a board member of several European and Canadian companies in both the information technology and industrial sectors.

Mr. Smulewicz founded TargetCo in 2014, which operates through its subsidiaries to supply wood-waste biomass for global sales, trade and energy production.

From 2008-2014 Mr. Smulewicz acted as Vice President of MicroCoal Technologies Inc. (formerly Carbon Friendly Solutions Inc.) and was appointed CEO in 2011. He carried out the transformation of the company from a "carbon credits" business to a technology company. He was also a key leader in the acquisition of a unique global technology for drying coal using microwaves for the company. He was instrumental in developing the technology to a commercial ready phase and successfully completed the first agreement to build a commercial plant in Indonesia in 2013.

Mr. Smulewicz received his Master's degree in Agriculture & Business Administration Warsaw University of Life Science (SGGW) Warsaw, Poland in 1995. He is fluent in both English and Polish.

Mr. Smulewicz is an independent contractor of TargetCo and will continue as such with the Company and is 47 years of age; it is not anticipated that he will enter into a non-competition or non-disclosure agreement with the Company.

#### Michael Young – Chief Financial Officer and Director

Mr. Young has been the Chief Financial Officer and a director of TargetCo since August 2015 and provides his services to TargetCo on a part-time basis. He will devote approximately 50% of his time to the affairs of the Company. In his capacity as Chief Financial Officer, Mr. Young reports to the President of TargetCo regarding all strategic and tactical matters as they relate to budget management, cost-benefit analysis, forecasting needs and securing adequate funding.

Mr. Young has over 20 years of extensive business experience in all facets of corporate development, senior management, sales, marketing, finance and operations, in both the private and public sectors. His experience includes spearheading growth strategies, financial reporting, quarterly and annual budgets, overseeing corporate administration, while achieving company objectives and maintaining internal cost controls. Mr. Young also completed the Certified Financial Planning (CFP) Program in 2004.

On January 16, 2017 Mr. Young was appointed President and CEO of Westridge Resources Inc., a NEX listed company. From 2011 to 2015, he was President, CFO & Director of DraftTeam Fantasy Sports Inc. a digital entertainment company focused on daily fantasy sports and social gaming. From 2008 to 2010 Mr. Young was Chief Executive Officer and a director of MicroCoal Technologies Inc., formerly Carbon Friendly Solutions Inc. ("CFS") a TSX Venture listed company that develops projects to generate and sell verified emission offsets that reduce or offset CO2 emissions. During his time with CFS, the company raised over \$5 million CAD for reforestation projects and other emission offset activities.

Prior to that time, he was a director responsible for corporate development of Stream Communications Network & Media Inc., an Eastern European cable & internet company. During his 6 years, the company grew from start up to 60,000 customers generating over \$7 million USD in annual revenues and raised over \$12 million USD by way of debt and equity to accomplish growth objectives.

Mr. Young is an independent contractor of TargetCo and will continue as such with the Company and is 54 years of age; it is not anticipated that he will enter into a non-competition or non-disclosure agreement with the Company.

#### Glenn Little – Director

Mr. Little, age 61, has been the CEO of the Company since October 2015 and a director of the Company since March, 2015. He has also been the President of Brigadier since October 19, 2015 and a director of same since March 10, 2015. He will serve as a director of the Company and devote approximately 75% of his time to its affairs.

Mr. Little brings extensive business, corporate development and public company experience to the board of directors and will help oversee the Company's policy and corporate governance with respect to corporate communications and risk management. He will also act as a member of the Company's Audit Committee.

Mr. Little was the CEO, CFO and a Director of Laguna Blends Inc. (formerly Grenadier Resource Corp.) (CSE: LAG) from December 2014 until October 2015 and previously provided corporate development services for that company from September 2014. He also previously served as CEO, CFO and President of Corporate Development for Intelimax Media Inc. (now Draft Team Fantasy Sports Inc. (CSE: DFS) from 2006 until 2012.

Mr. Little was a founder of Trooper Technologies Inc. (now Stream Communications Network & Media Inc.), a cable television services provider which raised approximately \$20 million USD in debt and equity financing, and served as a director for same from 1993 to 2005.

It is expected that Mr. Little will be an independent contractor (consultant) of the Company; it is not anticipated that he will enter into a non-competition or non-disclosure agreement with same.

Jon Sherron

Mr. Sherron, age 46, is a director of the Company and brings more than 20 years of senior management experience in various industries including investments, beverages and real estate. He also holds a Bachelor of Science degree from Montana State University.

From 2009 to present, Mr. Sherron has acted as Vice President of EDI Inc., an investment company which he established, which has a portfolio of funds focused on the commercial real estate industry. His experience in sales, marketing and branding has driven profitable growth for some of the most recognizable brands in the world including SAB Miller, Molson Coors, Constellation and Diageo.

Prior to establishing EDI Inc., Mr. Sherron held management roles at the Gallo Winery and Coors Brewing Company. He was Vice President of a leading beverage distributor and sat on the board of directors of the Montana Beer and Wine Wholesalers Association. He served as a director of Laguna Blends Inc. from June 2014 until September 2015.

Mr. Sherron will serve as a director of the Company and help oversee policy and corporate governance with respect to its corporate communications and risk management. He will also act as a member of the Company's Audit Committee. He will devote approximately 20% of his time to the affairs of the Company.

Mr. Sherron is not expected to be an independent contractor or employee of the Company and will not enter into a non-competition or non-disclosure agreement with same.

***Other Reporting Issuer Experience***

The following table sets out the proposed directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<b>Name</b>	<b>Name and Jurisdiction of Other Reporting Issuers</b>	<b>Name of Exchange or Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
<b>Slawomir Smulewicz</b>	MicroCoal Technologies Inc. <i>Canada</i>	CSE	CEO, Vice President and Director	October 2011	June 2013
<b>Michael Young</b>	Winston Resources Inc.	CSE	Director	March 2017	September 2017
	Westridge Resources Inc. <i>British Columbia</i>	NEX	President, CEO and Director	January 2017	Present
	Westcot Ventures Corp. (formerly Sparrow Ventures Corp.) <i>British Columbia</i>	NEX	Director	September 2016	Present
	Draft Team Fantasy Sports Inc. (formerly Intelimax Media Inc.) <i>British Columbia</i>	OTCQB & CSE (delisted from CSE March 2015)	President	February 2012	February 2015
			CEO	February 2013	May 2013
			CFO	March 2012	February 2015
Director	April 2006	February 2015			
<b>Glenn Little</b>	Laguna Blends Inc. (formerly Grenadier Resource Corp.) <i>British Columbia</i>	CSE	CEO, CFO Director	December 2014 December 2014	September 2015 October 2015
<b>Jon Sherron</b>	Boreal Metals Corp. (formerly European Ferro Metals Ltd.)	CSE (delisted April 12,	Director	February 2015	Present

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
	<i>British Columbia</i>	2016)			
	Enfield Exploration Corp. <i>British Columbia</i>	CSE	President CFO & Director	February 2016 February 2015	March 2016 Present
	Laguna Blends Inc. (formerly Grenadier Resource Corp.) <i>British Columbia</i>	CSE	Director	June 2014	September 2015

### Corporate Cease Trade Orders or Bankruptcies

Except as disclosed herein, to the best of the Company's knowledge, no existing or proposed director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company is, or within the ten years prior to the date hereof has been, a director, CEO or CFO of any corporation (including the Company) that, while that person was acting in the capacity of director or CEO or CFO of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days.

Jon Sherron was a director of European Ferro Metals Ltd, now Boreal Metals Corp., when it received a cease trade order from the British Columbia Securities Commission on September 11, 2015 for failure to file the required financial information. The order was revoked on December 1, 2015. Mr. Sherron was also a director of Enfield Exploration Corp. on March 6, 2015 and October 6, 2015 when cease trade orders were issued for failure to file the required financial information. The orders were revoked on March 9, 2015 and October 21, 2015, respectively.

### Penalties or Sanctions

To the best of the Company's knowledge, no existing or proposed director or officer of the Company, nor any shareholder holding sufficient securities of the Company to materially affect control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### Personal Bankruptcies

Except as disclosed herein, to the best of the Company's knowledge, no existing or proposed director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

On December 17, 2013, Mr. Little filed a Division 11 Consumer Proposal and a Trustee in Bankruptcy was appointed. The proposal was accepted by the court and creditors on January 1, 2014.

### Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies,

and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

### Statement of Executive Compensation Compensation Discussion and Analysis

The Company does not have a compensation committee or a formal compensation policy and relies solely on the Board of Directors to determine the compensation of its NEOs. In determining NEO compensation, the Board of Directors considers industry standards, the Company's financial situation as well as the position held by each NEO, the related responsibilities and functions performed by the NEO and individual performance, but does not currently have any formal objectives or criteria.

NEOs are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

In addition to, or in lieu of, the compensation components described above, payments may be made from time to time to individuals, including NEOs or directors of the Company or companies they control for the provision of management or consulting services. Such services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

The Company may also issue stock options pursuant to its Stock Option Plan. See "Stock Option Plan" above.

### Summary Compensation Table

#### The Company

The summary compensation table below sets out particulars of compensation paid for the financial years ended March 31, 2016 and 2017 to the individuals who acted as CEO and CFO for the Company during such periods, excluding compensation securities. The Company does not have any other NEOs whose total salary and other compensation during such period exceeded \$150,000.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Glenn Little CEO <sup>(1)</sup>	2017	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2016	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
Bennett Liu CFO <sup>(2)</sup>	2017	27,500 <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	27,500 <sup>(6)</sup>
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Karl Antonius Former CEO <sup>(3)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	80,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	80,000
Bao Huo Former CFO <sup>(5)</sup>	2017	9,500 <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	9,500
	2016	14,550 <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	14,550

**Notes:**

- (1) Subsequent to the year ended March 31, 2017, Mr. Little resigned as CEO of the Company.
- (2) Mr. Liu was appointed CFO on February 10, 2017.
- (3) Mr. Antonius resigned as CEO on October 19, 2015.
- (4) Brandenburg Financial Corp., a company controlled by Mr. Antonius, provided management and administrative services to the Company.
- (5) Mr. Huo resigned as CFO on February 9, 2017.
- (6) Red Fern Consulting Ltd., a company controlled by Mr. Huo, provided accounting services to the Company.

Option-based Awards

The Company did not grant any option-based awards to any NEO during the financial year ended March 31, 2017.

**TargetCo**

The following table sets out the particulars of compensation paid to the NEOs for the financial years ended June 30, 2016 and June 30, 2017 to the individuals who acted as CEO and CFO during such period. TargetCo did not have any other NEOs whose total salary and other compensation during such period exceeded \$150,000.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Slawomir Smulewicz <i>President and CEO</i>	2017	Nil	Nil	Nil	Nil		Nil	Nil	Nil <sup>(3)</sup>
	2016	85,500	Nil	Nil	Nil		Nil	Nil	85,500
Michael Young <i>CFO<sup>(1)</sup></i>	2017	Nil	Nil	Nil	Nil		Nil	Nil	Nil <sup>(4)</sup>
	2016	48,000	--	--	--		--	--	48,000
Ping Shen <i>Former CFO<sup>(2)</sup></i>	2017	Nil	Nil	Nil	Nil		Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil		Nil	Nil	Nil

Notes

(1) Mr. Young was appointed CFO on March 1, 2016.

(2) Mr. Shen resigned as CFO on March 1, 2016.

(3) During the year ended June 30, 2017, the Company recorded consulting and management fees of \$13,000 to Mr. Smulewicz and \$87,000 in management fees to a company of which Mr. Smulewicz is a director. Fifteen thousand dollars was paid to the company subsequent to the year ended June 30, 2017, further payment has been deferred until the earlier of December 31, 2018 or when the Company generates \$450,000 of annual revenues.

(4) During the year ended June 30, 2017, the Company incurred \$63,000 in management fees to a company controlled by Mr. Young. Payment has been deferred until the earlier of December 31, 2018 or when the Company generates \$450,000 of annual revenues.

Incentive Plan Awards

On February 6, 2015, 100,000 TargetCo Shares were issued from TargetCo's incentive share pool pursuant to its equity compensation plan adopted on the same date.

On March 1, 2016, 1,500,000 TargetCo Shares were issued from TargetCo's incentive share pool pursuant to its equity compensation plan.

On March 4, 2016, 1,050,000 TargetCo Shares were issued from TargetCo's incentive share pool pursuant to its equity compensation plan.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michael Young CFO	Nil	150,000	Nil
Ping Shen Former CFO	Nil	10,000	Nil

Notes

(1) Mr. Young was appointed CFO on March 1, 2016.

(2) Mr. Shen resigned as CFO on March 1, 2016.

## Pension Plan Benefits

The Company does not have any pension plan, retirement plan or any deferred compensation plan.

## Termination and Change of Control Benefits

Except as disclosed below, the Company does not have any contract, agreement, plan or arrangement that provides for payment to the NEOs at, following or in connection with any termination (whether voluntary or constructive), resignation, retirement, a change in control of the Company or a change in a NEO's responsibilities.

On January 1, 2017, TargetCo entered into consulting agreements with its CEO and a company owned by its CFO which provide for the payment of (i) the lesser of 6 months of consulting fees or a lump sum amount equal to the portion of the consulting fee remaining for the term of the agreement in the event of termination other than for cause; or (ii) a lump sum payment equal to the portion of the consulting fee remaining for the remainder of the term of the consulting agreement in the event of a change in voting control of the shares of TargetCo occurs.

On July 22, 2017, TargetCo assigned the above-mentioned consulting agreements to the Company.

## Director Compensation

### *The Company*

During the financial year ended March 31, 2017, the Company paid compensation in the following amounts:

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Jon Sherron	6,000	Nil	Nil	Nil	Nil	Nil	Nil	6,000

Mr. Sherron's compensation was paid in connection with his attendance at meetings of the directors of the Company.

Other than Mr. Sherron, the Company did not pay any compensation to any of its directors who were not Named Executive Officers for the financial year ended March 31, 2017.

### *TargetCo*

TargetCo did not paid any compensation to any person in their capacity as a director of TargetCo for the financial year ended June 30, 2017. TargetCo did not make any share-based awards to directors, other than directors who are also NEOs as indicated in "Summary Compensation Table - TargetCo" above.

## Proposed Compensation

### *Executive Compensation*

The following table sets out the anticipated compensation of the Company's CEO and CFO for the next twelve-months, however, management has agreed to defer some or all compensation until the Company is profitable or generates higher cash flow. The Company does not anticipate having any other executive officers whose total salary and other compensation during such period will exceed \$150,000:



Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Slawomir Smulewicz <i>President and CEO</i>	2017	Nil	Nil	TBD <sup>(1)</sup>	Nil	Nil	Nil	150,000 <sup>(2)</sup>	150,000
Michael Young <i>CFO</i>	2017	Nil	Nil	TBD <sup>(1)</sup>	Nil	Nil	Nil	120,000 <sup>(3)</sup>	120,000

Notes:

(1) Pursuant to consulting agreements entered into by TargetCo with Mr. Smulewicz and 1051208 BC Ltd., and Gold Medal Performance Corp. and Michael Young (see notes 2 and 3 below), which consulting agreements were assigned by to the Company on July 22, 2017, 500,000 stock options are to be issued during the term of such consulting agreements at a time and price to be determined by the directors of the Company.

(2) To be paid as a consulting fee on a monthly basis to 1051208 BC Ltd., a company of which Mr. Smulewicz is a director, for Mr. Smulewicz's services as President and CEO of the Company at the rate of \$12,500 per month.

(3) To be paid as a consulting fee on a monthly basis to Gold Medal Performance Corp., a company controlled by Mr. Young for Mr. Young's services in his capacity as Chief Financial Officer and Vice President of Corporate Development to the Company at a rate of \$10,00 per month.

***Director Compensation***

The Company anticipates paying Jon Sherron \$6,000 annually for attending meetings in his capacity as a director.

The Company is expected to enter into a consulting agreement with Glenn Little for corporate development services. The Company will pay Mr. Little \$5,000 per month for these services. However, as at the date hereof, no contract has been entered into with Mr. Little. In addition, Mr. Little has agreed to defer some or all compensation until the Company is profitable or generates higher cash flow, if and when at such time such contract is entered into.

**AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

**Audit Committee**

***Audit Committee Charter***

The text of the Company's audit committee's charter is attached hereto as Schedule "F".

***Composition of the Audit Committee***

Michael Young	Related	Financially literate <sup>(2)</sup>
Glenn Little	Related	Financially literate <sup>(2)</sup>
Jon Sherron	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

Notes:

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Issuer, which could, in the view of the Issuer's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer's financial statements.

***Relevant Education and Experience***

Each member of the Company's Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Issuer to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Issuer's financial statements or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

Michael Young: Mr. Young has over 20 years of experience with marketing, finance and operations, in both the private and public sectors. His experience includes financial reporting, quarterly and annual budgets, overseeing corporate administration, while achieving company objectives and maintaining internal cost controls. Mr. Young also completed the Certified Financial Planning (CFP) Program in 2004.

Glenn Little: Mr. Little has extensive business, corporate development and public company experience through serving as a director and CFO of several public companies. As such, he is familiar with financial reporting requirements applicable to public companies in Canada.

Jon Sherron: Mr. Sherron has more than 20 years of senior management experience in various industries including investments, beverages and real estate. He is currently the Vice President of EDI Inc., an investment company which he established and which has a portfolio of funds focused on the commercial real estate industry. He is also currently the CFO to Enfield Exploration Corp.

See "Directors and Officers" above for further details.

#### ***Audit Committee Oversight***

The Audit Committee was originally established on December 5, 2014, and its composition was most recently amended on July 19, 2017, and will, among other things, make recommendations to the Board of Directors to nominate or compensate an external auditor. As of the date of this Prospectus, the Audit Committee has not made any such recommendations for the Board to consider.

#### ***Reliance on Certain Exemptions***

At no time since the beginning of the fiscal period ended March 31, 2017 has the Company or TargetCo relied on the exemption provided in section 2.4 of NI 52-110 (De Minimis Non-Audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemption). It is not anticipated that the Company will rely on any of the above exemptions.

#### ***Pre-Approval Policies and Procedures***

The audit committee of the Company has not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the audit committee. It is not anticipated that the Company will adopt specific policies and procedures.

#### ***External Auditor Service Fees***

The aggregate fees billed by the external auditors of the Company and TargetCo for the last two financial years are as follows:

The Company

<b>Financial Years Ended</b>	<b>Audit Fees (\$)</b>	<b>Audit-Related Fees (\$)</b>	<b>Tax Fees (\$)</b>	<b>All Other Fees (\$)</b>
March 31, 2016	12,500	Nil	Nil	Nil
March 31, 2017	8,000	Nil	Nil	Nil

TargetCo

<b>Financial Year Ended</b>	<b>Audit Fees (\$)</b>	<b>Audit-Related Fees (\$)</b>	<b>Tax Fees (\$)</b>	<b>All Other Fees (\$)</b>
June 30, 2016	24,000	Nil	Nil	Nil
June 30, 2017	24,000	Nil	Nil	Nil

**Corporate Governance Practices**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Company's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the "National Guidelines").

***Board of Directors***

The Board is currently composed of four directors.

The National Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "unrelated" directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the National Guidelines suggest that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Currently, Jon Sherron is considered by the Board to be "unrelated" within the meaning of the Guidelines.

***Other Directorships***

The following table sets out the proposed directors of the Company that are currently directors, officers or promoters of other issuers that are reporting issuers in any Canadian jurisdiction.

<b>Name</b>	<b>Reporting Issuer</b>
Michael Young	Westridge Resources Inc. Westcot Ventures Corp.
Jon Sherron	Enfield Exploration Corp.

***Orientation and Continuing Education***

The Board has not adopted formal steps to orient new board members. The Board's continuing education is typically derived from correspondence with the legal counsel of the Company to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the board of the Company will adopt formal steps in the twelve months following completion of the Acquisition.

***Ethical Business Conduct***

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does

promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the board of the Company will adopt formal guidelines in the twelve months following completion of the Acquisition.

## **RISK FACTORS**

The following are certain factors relating to the Acquisition and business of the Company, which factors investors should carefully consider when making an investment decision concerning the shares of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, TargetCo or the Company which are currently deemed immaterial, may also impair the operations of the Company. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Company.

### **General**

A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of the securities.

### Risks Related to the Company

#### ***Negative Cash Flow for the Foreseeable Future***

The Company has no history of earnings or cash flow from operations and there can be no guarantee that the Company will achieve self-sustaining operations for several years, if at all. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

#### ***Reliance on Management***

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While consulting agreements are customarily used as a primary method of retaining the services of key consultants, these agreements cannot assure the continued services of such consultants. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

#### ***Additional financing needs***

The Company will require equity, debt financing or both to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Company Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

### ***Conflicts of Interest***

Certain of the directors and officers of the Company are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

### ***Litigation***

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's common shares. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

### ***Uninsurable Risks***

The business of the Company may not be insurable or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

### ***The market price of the Company's Common Shares may be subject to wide price fluctuations***

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's common shares.

### ***Dividends***

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

### ***Limited Market for Securities***

It is proposed that the Company's common shares will be listed on the Exchange, however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the common shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

### ***Variable Revenues / Earnings***

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of technologies, concentration in the Company's customer base, and possible delays or shortages in component supplies.

### ***Permits and Licenses***

The operations of Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits will be granted.

### ***Technology***

The Company operates in a highly competitive environment where its products and services are subject to technological change and evolving industry standards. The Company's future success depends on its ability to maintain robust equipment and to avoid heavy maintenance leading to reduced output, as well as to deliver enhancements to its existing products and services, accurately predict and respond to technological advances in its industry and its customers' increasingly sophisticated needs. If the Company is unable to respond to evolving industry standards and technological changes, fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses which could negatively impact sales, profitability and the continued viability of the business.

### ***Market Demand for the Product and Services***

The Company's success is dependent on its ability to market its products and services. There is no guarantee the Company's products and services will remain competitive. There is no guarantee the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services, its growth may be adversely affected.

### ***Intellectual Property Rights***

The Company could be adversely affected if it does not adequately protect its intellectual property rights. None of the Company or any of its subsidiaries currently hold any registered trademarks. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Company's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights. In addition, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

The Company will rely on trade secrets to protect technology where it does not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. While commercially reasonable efforts to protect trade secrets will be used, strategic partners, employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose information to competitors.

If the Company is not able to defend patents or trade secrets, then it will not be able to exclude competitors from developing or marketing competing products, and the Company may not generate enough revenue from product sales to justify the cost of development of products and to achieve or maintain profitability.

### ***Low Barriers to Entry and Competition***

There is high potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company. There may be larger, better financed companies which may become competition for the Company.

### ***Risks Associated with Brand Development***

The Company believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Company, particularly in light of the competitive nature of the Company's market. Promoting and positioning its brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide high quality services. In order to promote its brand, the Company will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among consumers. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Company in building its brand. If the Company fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if the Company's existing or future

strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, results of operations and financial condition would be materially adversely affected.

### ***Risks Associated with Acquisitions***

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favourable to the Company, or at all, and such financing, if available, might be dilutive.

### ***Risks Associated with International Operations***

A component of the Company's strategy is to expand internationally. Expansion into the international markets will require management attention and resources. The Company has limited experience in localizing its service, and the Company believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Company will be successful in expanding into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. To the extent the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, results of operations and financial condition.

### ***Risks Associated with Polish Operations***

The Company's business operations are located in Poland and carried out through a Polish subsidiary. Although Poland has experienced economic growth for the past several years, a protracted period of slower growth in the euro area could have large effects on Poland via trade and confidence channels. An abrupt surge in volatility in global financial markets, or a severe deterioration in external financing conditions could affect Poland's economy given its relatively high external financing needs. Persistent geopolitical tensions in the region add to downside risks. Polish law also limits foreign ownership of companies in selected strategic sectors, as well as foreign acquisition of real estate. Poland's weak transportation infrastructure may increase the cost of doing business by limiting ready access to all of the markets within Poland and diminishes the country's potential as a regional distribution hub. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's Polish operations and, consequently, on the Company's business, results of operations and financial conditions.

### ***Risk Related to Restitution Claims***

During the communist regime, between 1945 and 1989, many privately-owned properties and businesses were taken over by the state in most of the Central and Eastern European ("CEE") countries. In many cases the requisition of the property took place in contravention of the prevailing law. After the CEE countries moved to the market economy system in 1989, many former property owners or their legal successors took steps to recover the lost properties or to obtain adequate compensation. Some of the CEE countries (such as Romania) have enacted laws that regulate the restitution rights of former owners or their legal successors to the real properties. In Poland, former owners of real property or their legal successors may raise restitution claims, and may be entitled to recover such real property. As at the date of this prospectus, the Company is not aware of any restitution claims being threatened against any of the

real property owned by the Company and its subsidiaries. Some of them (such as Poland) have not passed such laws, which, however, does not prevent the former owners or their legal successors to raise restitution claims based on general provisions of law. As at the date of this Prospectus, the Company is not aware of any restitution claims being threatened against any of the real property used by any of its subsidiaries, however, there can be no assurance that restitution claims may not be brought against any property used by the Company or its subsidiaries, or any property owned by the Company or any of its subsidiaries in the future, and this could have a material adverse effect on the business, financial condition or results of the Company.

#### ***Risks Associated with Polish Environmental Requirements***

The Company is subject to various environmental laws and regulations in Poland and is required to obtain environmental permits from various authorities for its operations. Compliance with environmental regulations may materially increase the Company's expenditures. The Company may also incur future expenditures in order to satisfy any potential new environmental requirements. Certain environmental permits required for the Company's operations may require periodic renewal and the Company cannot predict whether it will be able to renew such permits or whether material changes in permit conditions will be imposed. Violations of these permits could result in the shutdown of the Company's production facility, fines or litigation being commenced against the Company. All or any of the above factors may have an adverse effect on the operations, financial condition and results of the Company.

#### ***The Polish energy industry is subject to significant and changing regulation which could have a negative effect on the Company***

The energy industry is subject to significant and changing regulation which could adversely affect the Company and the Company may be subject to, among other things, both Polish and EU energy market and environmental regulations. The Polish Energy Law dated 10 April 1997 (the "Energy Law") and laws concerning the renewable energy sector were amended in 2015 which significantly changed the rules with respect to the functioning of the Polish energy market. The aforementioned could result in an adverse change in the performance of long-term agreements for the purchase of electricity and property rights, which could affect the feasibility of new investments and operations in the energy sector, particular for renewable energy sources.

Further, the Company conducts its business operations in a sector in which the market regulator plays an active role. Pursuant to the Energy Law, the Polish state may limit the sale of fuels as well as the supply and usage of electricity and heat. In addition, local government entities may affect the activity of firms in the energy sector by such acts which include, but are not limited to, determining local plans for the supply of heat and electricity. The Energy Law and related secondary legislation in Poland have undergone frequent changes, which, coupled with the lack of uniform interpretation of law in Poland, may have a material adverse effect on the Company's business, operating results or financial condition.

#### ***Protection and Enforcement of Intellectual Property Rights***

The Company regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. The Company has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Company to protect its intellectual property will prove sufficient to prevent misappropriation of the Company's technology or to deter independent third-party development of similar technologies.

To date, the Company has not been notified that its technologies infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by the Company with respect to past, current or future technologies. The Company expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Company's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to the Company or at all. As a result, any such claim could have a material adverse effect upon the Company's business, results of operations and financial condition.



### ***Economic Environment***

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability.

### ***Global Economy Risk***

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company Shares on the stock exchange.

### ***Going Concern Risk***

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability from its operations.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

### ***Financial Risk Exposures***

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

### ***Attracting and keeping senior management and key scientific personnel***

The success of the Company depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders.

### ***Accounting Estimates***

The Company and TargetCo prepare their financial statements in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS"). Management makes various estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses for each year presented. The significant estimates for the Company include testing for impairment of goodwill and provision for warranty. The significant estimates for TargetCo include allowance for doubtful accounts, use life and recoverability of property and equipment, measurement of provisions, valuation of inventory, fair value of derivative liabilities, fair value of share based payments and deferred income tax asset valuation allowances. Changes in estimates and assumptions will occur based on the passage of time and the occurrence of certain events.

### ***Internal Controls***

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, the system of internal controls over financial reporting is not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

## PROMOTERS

Slawomir Smulewicz, the founder of TargetCo and the CEO and a director of the Company and Michael Young, a co-founder of TargetCo and the CFO and a director of the Company are considered to be promoters of the Company. Mr. Smulewicz beneficially owns, or has control over, directly or indirectly, 16,700,002 Company Shares being 26.03% of the issued and outstanding Company Shares on an undiluted basis. Mr. Young beneficially owns, or has control over, directly or indirectly, 4,200,000 Company Shares being 6.55% of the issued and outstanding Company Shares on an undiluted basis.

Other than as disclosed in this section and under "Executive Compensation" or elsewhere in this Prospectus, no person who was a promoter of the Company within the last two years:

1. received anything of value directly or indirectly from the Company or a subsidiary;
2. sold or otherwise transferred any asset to the Company or a subsidiary within the last 2 years;
3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
6. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

## LEGAL PROCEEDINGS

None the Company or any of its subsidiaries are a party to any legal proceedings and management of the Company is not aware of any legal proceedings to which any of the Company's or its subsidiaries' property or assets is the subject matter. Management of the Company is not aware of any such proceedings known to be contemplated

No penalties or sanctions have been imposed against the Company or any of its subsidiaries by a court relating to provincial and territorial securities legislation or by a securities regulatory body within the three years immediately preceding the date of this Prospectus. Management of the Company is not aware of any such penalties or sanctions imposed against the Company or any of its subsidiaries.

None the Company or any of its subsidiaries have entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of the Company is not aware of any such settlement agreements entered into by the Company or any of its subsidiaries.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this Prospectus, management of the Company is not aware of any material interest, direct or indirect, of any director, executive officer, any person or company beneficially owning, controlling or directing, directly or indirectly, more than ten (10%) percent of the Company's outstanding voting securities, or any Associate or Affiliate of the foregoing persons, in any transaction in which the Company has participated within the three years before the date of this Prospectus, that has materially affected or is reasonably expected to materially affect the Company.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, none of the directors and executive officers of the Company or an Associate of such persons is indebted to the Company or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

## ARM'S LENGTH TRANSACTION

The Acquisition was negotiated by the parties dealing at arm's length with each other and in accordance with the policies of the Exchange. The Company conducted due diligence on Green 2 Blue Energy Europe Sp. z o.o. by remote video tours, conferencing and discussion, in addition to a full review of all documentation, contracts and materials related to both TargetCo. and Green 2 Blue Energy Europe Sp. z o.o.

## AUDITOR

The auditor of the Company is Saturna Group Chartered Professional Accountants LLP, Suite 1250, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

## REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Company's common shares is Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9.

## MATERIAL CONTRACTS

Other than the Acquisition Agreement, the Company has not entered into any contracts material to investors. Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company since the beginning of the last financial year ended March 31, 2017 or entered into before March 31, 2017 that are still in effect as of the date hereof:

### Entered into by the Company

1. Consulting Agreement dated January 1, 2017 with Slawomir Smulewicz and 1051208 B.C. Ltd (assigned by TargetCo to the Company on July 22, 2017);
2. Consulting Agreement dated January 1, 2017 among Michael Young and Gold Medal Performance Corp. (assigned by TargetCo to the Company on July 22, 2017);
3. Acquisition Agreement dated January 16, 2017 with the TargetCo and the shareholders of TargetCo;

### Entered into by Green 2 Blue Energy Europe Sp. z o.o.

4. Loan Agreement dated April 1, 2016 with Slawomir Smulewicz; and
5. Property Lease Agreement dated November 10, 2016 with Monica Piwowska-Skuza – trustee in bankruptcy of Seeger-Dach Sp. z o.o. in liquidation.

## EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

- Charlton & Company, Chartered Professional Accountants; and
- Saturna Group Chartered Professional Accountants LLP.

### Interest of Experts

No person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in the Company's property or any associate or affiliate of the Company. As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of the Company or its associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed

or employed as, a director, senior officer or employee of the Company or of an associate or affiliate of the Company, or as a promoter of the Company or an associate or affiliate of the Company.

### **OTHER MATERIAL FACTS**

To management's knowledge, there are no other material facts relating to the Acquisition that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Acquisition.

### **FINANCIAL STATEMENT DISCLOSURE**

The following financial information is included herein:

SCHEDULE "A"	The Company's Audited Financial Statements for the financial years ended March 31, 2017, March 31, 2016 and for the period from incorporation to March 31, 2015.
SCHEDULE "B"	The Company's Management's Discussion and Analysis for the financial year ended March 31, 2017 and the period ended June 30, 2017.
SCHEDULE "C"	TargetCo's Audited Financial Statements for the financial years ended June 30, 2017, June 30, 2016 and June 30, 2015.
SCHEDULE "D"	TargetCo Management's Discussion and Analysis for the financial years ended June 30, 2017 and June 30, 2016.
SCHEDULE "E"	The Company's Pro Forma Financial Statements as at June 30, 2017.

**SCHEDULE "A"**

**The Company's Audited Financial Statements for the financial years ended March 31, 2017, March 31, 2016,  
the period from incorporation to March 31, 2015 and the  
Unaudited Interim Financial Statements for the period ended June 30, 2017**

See attached.

**GREEN 2 BLUE ENERGY CORP.**  
(formerly BRIGADE RESOURCE CORP.)

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR YEAR ENDED MARCH 31, 2017**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Green 2 Blue Energy Corp. (formerly Brigade Resource Corp.)

We have audited the accompanying consolidated financial statements of Green 2 Blue Energy Corp. (formerly Brigade Resource Corp.) (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the year then ended, 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 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 audit. We conducted our audit 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 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 audit 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 March 31, 2017, and its financial performance and its cash flows for the year 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 the Company to continue as a going concern.

#### Other Matter

The consolidated financial statements of the Company for the year ended March 31, 2016 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on July 29, 2016.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

July 31, 2017

**GREEN 2 BLUE ENERGY CORP.**  
(formerly BRIGADE RESOURCE CORP.)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)

As at	March 31, 2017	March 31, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 14,118	\$ 14,742
Amounts receivable	9,484	-
Prepaid expense and deposits	-	101,922
Loan receivable (Note 4)	136,500	-
<b>Total current assets</b>	<b>160,102</b>	<b>116,664</b>
Exploration and evaluation assets (Note 5)	-	70,000
<b>Total assets</b>	<b>\$ 160,102</b>	<b>\$ 186,664</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 79,509	\$ 87,745
Notes payable (Note 6)	-	49,500
<b>Total liabilities</b>	<b>79,509</b>	<b>137,245</b>
<b>Shareholders' equity</b>		
Share capital (Note 7)	4,546,202	4,332,000
Reserves	2,036,405	2,036,405
Share subscriptions received (Note 7)	206,620	-
Deficit	(6,708,634)	(6,318,986)
<b>Total shareholders' equity</b>	<b>80,593</b>	<b>49,419</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 160,102</b>	<b>\$ 186,664</b>

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

**Subsequent events** (Note 13)

**APPROVED AND AUTHORIZED FOR ISSUANCE ON BEHALF OF THE BOARD OF DIRECTORS ON JULY 31, 2017:**

Signed: "**Glen Little**"

Glen Little, Director

Signed: "**Jon Sherron**"

Jon Sherron, Director

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



**GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

For the years ended	March 31, 2017	March 31, 2016
<b>OPERATING EXPENSES</b>		
Exploration and evaluation expenditures	\$ -	\$ 7,353
Filling fees	4,969	10,435
Foreign exchange loss	-	942
Impairment of prepaid deposit	97,372	-
Management fees (Note 8)	103,000	145,050
Office and administrative (Note 8)	32,444	18,838
Professional fees	34,560	70,604
Rent	43,143	9,149
Share-based payments (Note 7)	-	281,805
Write-down of exploration and evaluation assets (Note 5)	70,000	30,000
<b>Total operating expenses</b>	<b>385,488</b>	<b>574,176</b>
<b>Net loss before other expense</b>	<b>(385,488)</b>	<b>(574,176)</b>
<b>Other expenses</b>		
Interest expense	(4,160)	-
Merger expense (Note 3)	-	(5,740,185)
<b>Total other expenses</b>	<b>(4,160)</b>	<b>(5,740,185)</b>
<b>Loss and comprehensive loss for the year</b>	<b>\$ (389,648)</b>	<b>\$ (6,314,361)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.08)</b>	<b>\$ (1.39)</b>
<b>Weighted average number of common shares outstanding</b>	<b>4,975,923</b>	<b>4,509,863</b>

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

**GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

	Share capital		Reserves	Share Subscriptions Received	Deficit	Total
	Number	Amount				
<b>Balance, March 31, 2015</b>	2,000	\$ 10	\$ -	\$ -	\$ (4,625)	\$ (4,615)
Shares issued for acquisitions	6,132,000	6,132,000	-	-	-	6,132,000
Return of capital	(2,000)	(10)	-	-	-	(10)
Purchase and cancellation of shares	(1,400,000)	(1,400,000)	1,365,000	-	-	(35,000)
Return of capital	(400,000)	(400,000)	389,600	-	-	(10,400)
Fair value of stock options issued	-	-	281,805	-	-	281,805
Net loss for the year	-	-	-	-	(6,314,361)	(6,314,361)
<b>Balance, March 31, 2016</b>	4,332,000	\$ 4,332,000	\$ 2,036,405	\$ -	\$ (6,318,986)	\$ 49,419
Shares issued for cash	1,296,000	129,600	-	-	-	129,600
Shares issued for settlement of debt and interest	846,000	84,602	-	-	-	84,602
Shares issued for finders' fees	96,400	-	-	-	-	-
Share subscriptions received	-	-	-	206,620	-	206,620
Net loss for the year	-	-	-	-	(389,648)	(389,648)
<b>Balance, March 31, 2017</b>	6,570,400	\$ 4,546,202	\$ 2,036,405	\$ 206,620	\$ (6,708,634)	\$ 80,593

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

**GREEN 2 BLUE ENERGY CORP.**  
(formerly BRIGADE RESOURCE CORP.)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in Canadian Dollars)

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (389,648)	\$ (6,314,361)
Items not involving cash:		
Impairment of prepaid deposit	97,372	-
Merger expense	-	5,740,185
Share-based payments	-	281,805
Write-down of exploration and evaluation asset	70,000	30,000
Changes in non-cash working capital items:		
Accounts receivable	(9,484)	-
Prepaid expense and deposits	4,550	(101,922)
Accounts payable and accrued liabilities	(3,134)	35,370
<b>Net cash used in operating activities</b>	<u>(230,344)</u>	<u>(328,923)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan to Green 2 Blue Energy Corp.	(136,500)	-
Cash from acquisition of Brigadier	-	334,155
Exploration and evaluation asset expenditures	-	(40,000)
<b>Net cash provided by (used in) investing activities</b>	<u>(136,500)</u>	<u>294,155</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	129,600	-
Share subscriptions received	206,620	-
Proceeds from notes payable	30,000	49,500
<b>Net cash provided by financing activities</b>	<u>366,220</u>	<u>49,500</u>
<b>Change in cash during the year</b>	(624)	14,732
<b>Cash, beginning of year</b>	14,742	10
<b>Cash, end of year</b>	\$ 14,118	\$ 14,742
<b>Non-cash investing and financing activities:</b>		
Common shares issued to settle notes payable and accrued interest	\$ 84,602	\$ -
<b>Supplemental disclosures:</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

## **GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2017

(Expressed in Canadian Dollars)

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

Brigade Resource Corp. (the "Company") was incorporated on October 9, 2014 in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral resource deposits.

The Company's corporate head office is 1518-800 West Pender Street, Vancouver, BC, V6C 2V6. The Company's records office is 1820-925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

The Company has not generated revenues from operations. These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2017, the Company had a working capital of \$80,593. The Company has incurred negative cash flows from operations, recorded a loss of \$389,648 for the year ended March 31, 2017, and has a deficit of \$6,708,634 as at March 31, 2017. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors, including the costs of exploring its mineral properties, operating costs, competitive environment, and global market conditions. The Company's anticipated operating losses and increasing working capital requirements require that it obtain additional capital to continue operations.

The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance and Basis of Presentation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and by the International Financial Reporting Interpretations Committee.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiaries, Brigadier Exploration Corp. ("Brigadier"), Hussar Exploration Corp., and Battalion Capital Corp. All inter-company transactions have been eliminated.

##### **Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

##### *Critical accounting estimates*

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

## GREEN 2 BLUE ENERGY CORP.

(formerly BRIGADE RESOURCE CORP.)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

(Expressed in Canadian Dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Use of estimates and judgments (continued)

- ii. The valuation of shares issued in non-cash transactions are generally based on the value of goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

#### *Critical accounting judgments*

- i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments, and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.
- ii. From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the consolidated financial statements.
- iii. The assumption that the Company is a going concern includes the assessment of whether the going concern assumption is appropriate, which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

### Loss per share

The Company presents basic loss per share 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 loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. At March 31, 2017, the Company had 2,498,400 (2016 – 260,000) potentially dilutive shares outstanding.

### Financial instruments

#### Financial assets

The Company classifies its financial assets into one of the following categories, 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 assets acquired or incurred principally for the purpose of selling or repurchasing it 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.

*Available for sale* – These assets are non-derivative financial assets designated on initial recognition. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in other comprehensive income and presented within equity in the fair value reserve. Cumulative gains or losses recognized in equity are recognized in the consolidated statement of operations when the asset is derecognized.

*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 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.

*Held-to-maturity investments* - 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 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 statement of operations.

## GREEN 2 BLUE ENERGY CORP.

(formerly BRIGADE RESOURCE CORP.)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

(Expressed in Canadian Dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

All financial assets, except for those classified as fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

#### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities*: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's amounts receivables and loan receivable are classified as loans and receivables. The Company's accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

### Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

### Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties is capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

### Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

## **GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

(Expressed in Canadian Dollars)

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

#### **Impairment (continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of operations.

#### **Reclamation and Remediation Provisions**

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in exploration and evaluation assets. These costs are depleted using either the unit of production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases, changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

#### **Income taxes**

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred income tax*

Deferred income tax is provided 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 income 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.

## GREEN 2 BLUE ENERGY CORP.

(formerly BRIGADE RESOURCE CORP.)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

(Expressed in Canadian Dollars)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign exchange translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

### Comprehensive Loss

Comprehensive loss is the total non-owner change in equity for a reporting period. This change encompasses all changes in equity other than transactions from shareholders. For the years ended March 31, 2017 and 2016, the Company did not have any items impacting comprehensive loss.

### Reclassification

Certain financial statement captions and amounts have been reclassified from the prior year to conform with the current year presentation standards.

### New standards, interpretations and amendments adopted

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

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

#### *New standards and interpretations not yet adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9, Financial Instruments (New).
- IFRS 2, Share-based Payments (Amended).

## 3. ASSET ACQUISITION

On November 20, 2014, the Company entered into an Arrangement Agreement (the "Arrangement") with Voltaire Services Corp. ("Voltaire"), the shareholders of the Company and Brigadier. Voltaire is a reporting issuer in the provinces of Alberta and British Columbia.

On July 6, 2015, the shareholders of the Company, Brigade and Voltaire executed the Arrangement whereby the Company acquired all of the issued and outstanding capital stock of Brigadier from Voltaire in consideration for securities of the Company on a one-for-one basis.

The estimated fair value of 6,132,000 common shares issued by the Company to Brigadier shareholders for the acquisition was \$6,132,000. The transaction was accounted for as an asset acquisition of exploration and evaluation assets and related assets and liabilities using the purchase method, rather than as a business combination, as the net assets acquired did not represent a separate business. The total purchase price of \$6,132,000 was allocated to the fair value of the net assets of Brigadier as follows:

Cash	\$	334,155
Receivables		3,000
Due from related parties		12,500
Exploration and evaluation assets		60,000
Accounts payable and accrued liabilities		(17,850)
Merger expense		5,740,185
Return of capital		10
<hr/>		
Common shares issued – fair value (Note 8)	\$	6,132,000



## **GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2017

(Expressed in Canadian Dollars)

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#### **4. LOAN RECEIVABLE**

During the year ended March 31, 2017, the Company loaned \$136,500 (2016 - \$nil) to Green 2 Blue Energy Corp. ("G2BE"), a company of which the Company is planning to acquire through a share exchange agreement. The loan receivable is unsecured, bears interest at 5% per annum, and due on November 17, 2017.

#### **5. EXPLORATION AND EVALUATION ASSETS**

##### **Paterson Lake Property**

On September 24, 2014, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims in the Paterson Property located in the District of Kenora, Ontario for total consideration of \$150,000 and by the issuance of 460,000 common shares payable in five installment payments.

On February 10, 2015, the purchase option agreement was terminated by mutual agreement of the parties. The Company had paid \$12,500 and issued 340,000 common shares with a value of \$34,000 upon the execution of the option agreement. On March 14, 2016, Voltaire returned the 400,000 common shares to the Company with 60,000 common shares as settlement for the cash of \$12,500 paid. The Company cancelled and returned the common shares to treasury.

##### **Brooks Lake Property**

On April 15, 2015, and amended June 15, 2016, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims located in the Township of Brooks Lake in the District of Kenora, Ontario. The property is subject to a 2% net smelter royalty ("NSR"). The Company may purchase 1% of the NSR at any time for \$1,000,000. The capitalized costs of \$30,000 were impaired during the year ended March 31, 2017, as the Company does not intend to carry forward with the project.

##### **Boyer Lake Property**

On April 25, 2015, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims located in the Township of Boyer Lake in the District of Kenora, Ontario for a total consideration of \$50,000 and by the issuance of 500,000 common shares payable in five installment payments. The capitalized costs of \$30,000 were impaired during the year ended March 31, 2016, as the Company does not intend to carry forward with the project.

##### **Surprise Lake Property**

On April 15, 2015 and amended June 15, 2016, the Company entered into a purchase option agreement with Jerrold Williamson to acquire a 100% interest in certain mining claims located in the District of Kenora, Ontario. The capitalized costs of \$30,000 were impaired during the year ended March 31, 2017, as the Company does not intend to carry forward with the project.

##### **Joyce Lake Property**

On July 21, 2015, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims located in the District of Red Lake, Ontario. The capitalized costs of \$10,000 were impaired during the year ended March 31, 2017, as the Company does not intend to carry forward with the project.

#### **6. NOTES PAYABLE**

On March 29, 2016, the Company entered into three promissory note agreements for an aggregate of \$49,500, which were unsecured, bears interest at 12% per annum, and due on March 29, 2018. During the year ended March 31, 2017, the Company received additional proceeds of \$30,000. On December 1, 2016, the Company settled the outstanding principal amounts of \$79,500 and accrued interest of \$5,102 with the issuance of 846,000 units as part of the private placement. Refer to Note 7(b).

#### **7. SHARE CAPITAL**

##### **a) Authorized share capital**

Unlimited number of common and preferred shares without par value

**GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2017

(Expressed in Canadian Dollars)

**7. SHARE CAPITAL (continued)**

## b) Issued share capital

Year ended March 31, 2017:

- On June 21, 2016, the Board of Directors authorized a 5-for-1 share consolidation. The effects of the share consolidation have been applied retroactively for all periods presented unless otherwise stated.
- On December 16, 2016, the Company closed a non-brokered private placement of 2,238,400 units at \$0.10 per unit. Each unit was comprised of one common share of the Company and one share purchase warrant which allows the warrant holder to acquire one additional common share of the Company at \$0.10 per share until December 16, 2017 or \$0.20 per share until December 16, 2018. The 2,238,400 units issued in the private placement included 1,296,000 units issued for proceeds of \$129,600, 846,000 units issued for the settlement of \$79,500 of notes payable and accrued interest of \$5,102, and 96,400 units issued for finders fees.
- As at March 31, 2017, the Company received share subscription proceeds of \$206,620 relating to the non-brokered private placement in conjunction with the RTO transaction as noted in Note 12.

Year ended March 31, 2016:

- On July 6, 2015, the Company issued 6,132,000 common shares at a value of \$1.00 per common share for the acquisition of Brigadier. Refer to Note 3.
- On July 6, 2015, the Company cancelled and returned 2,000 common shares at a value of \$0.005 per common share to the treasury.
- On March 29, 2016, the Company cancelled and returned 400,000 common shares at a value of \$1.00 per common share to the treasury.
- On March 29, 2016, the Company purchased 1,400,000 common shares at a value of \$1.00 from the former CEO of the Company for a price of \$0.025 per common share. The common shares were cancelled and returned to treasury.

## c) Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each stock option may be no less than the greater of \$0.10 per share and the closing market price of the Company's shares on the trading day immediately preceding the date of grant of the option, less any applicable discount allowed by the stock exchange on which the shares are traded, as calculated on the date of grant.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
Outstanding, March 31, 2015	-	\$ -
Granted	380,000	1.00
Cancelled	(120,000)	1.00
Outstanding, March 31, 2016 and 2017	260,000	\$ 1.00

The following incentive stock options were outstanding and exercisable at March 31, 2017:

Number of stock options	Exercise price	Weighted Average remaining contractual life (years)	Expiry date
160,000	\$1.00	3.14	May 31, 2020
100,000	\$1.00	3.58	October 28, 2020
260,000	\$1.00	3.31	

**GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

(Expressed in Canadian Dollars)

**7. SHARE CAPITAL (continued)**

## d) Stock options (continued)

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeiture, and the following weighted average assumptions:

	2017	2016
Risk-free interest rate	–	0.88-1.05%
Expected life (in years)	–	5
Expected volatility	–	100%

During the year ended March 31, 2016, the Company granted 380,000 stock options with a fair value per stock option of \$0.74 for share-based payment expense of \$281,805 which was been recorded in the consolidated statement of operations.

## e) Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number of options	Weighted average exercise price
Outstanding, March 31, 2015 and 2016	–	–
Issued	2,238,400	\$ 0.10
Outstanding, March 31, 2017	2,238,400	\$ 0.10

Share purchase warrants are exercisable at \$0.10 per share until December 16, 2017 and at \$0.20 per share until December 16, 2018.

**8. RELATED PARTY TRANSACTIONS**

## a) During the year ended March 31, 2017, the Company incurred consulting fees as follows:

Related party	Nature of transaction	2017	2016
Glenn Little	Services provided by the CEO.	\$60,000	\$30,000
Red Fern Consulting Ltd. ("RFC")	Services provided by the CFO and staff.	\$37,000	\$14,550
Jon Sherron	Services provided by the director.	\$6,000	\$3,000

## b) During the year ended March 31, 2017, the Company incurred \$nil (2016 - \$80,000) of management fees to Brandenburg Financial Corp., a company controlled by the former CEO of the Company.

## c) During the year ended March 31, 2017, the Company incurred \$nil (2016 - \$17,500) of management fees to the Corporate Secretary of the Company for management fees.

## d) During the year ended March 31, 2017, the Company incurred \$8,485 (2016 - \$nil) of office and administrative expenses to the CEO of the Company.

## e) During the year ended March 31, 2017, the Company incurred \$nil (2016 - \$222,749) of share-based compensation expenses to officers and directors of the Company.

## f) At March 31, 2017, the Company owes \$4,950 (2016 - \$nil) to a director of the Company and \$4,725 (2016 - \$nil) to RFC. The amounts owing are unsecured, non-interest bearing, and due on demand.

**GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2017

(Expressed in Canadian Dollars)

**9. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017	2016
Loss for the year	\$ (389,648)	\$(6,314,361)
Computed income taxes (recovery) at statutory rate of 26%	\$ (101,308)	\$(1,641,734)
Net adjustments for deductible and non-deductible items	48	1,573,565
Addition of non-capital losses from subsidiaries	-	(51,531)
Other adjustments	-	(2,600)
Change in unrecognized deferred income tax assets	101,260	122,300
	\$ -	\$ -

The significant components of the Company's deferred income tax assets are as follows:

	2017	2016
Deferred income tax assets:		
Resource pool	\$ 2,600	\$ 2,600
Non-capital losses carried forward	\$ 222,163	120,903
Total unrecognized deferred income tax assets	\$ 224,763	\$ 123,503

As at March 31, 2017, the Company has non-capital losses of \$854,473 (2016: \$465,010) available for carry forward. At March 31, 2017, management considers that it is not "more likely than not" that these losses will be utilized and accordingly no deferred income tax asset has been recognized.

The non-capital losses expire as follows:

	<b>Total</b>
2035	\$ 202,820
2036	262,190
2037	389,463
Totals	\$ 854,473

**10. SEGMENTED INFORMATION**

The Company operates in one industry segment, the mining industry, and one geographical segment, Canada.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Financial Instruments**

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of other financial instruments including amounts receivable, loan receivable, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

## GREEN 2 BLUE ENERGY CORP.

(formerly BRIGADE RESOURCE CORP.)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

(Expressed in Canadian Dollars)

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#### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

##### Financial risk factors

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

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its 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 March 31, 2017, the Company had a cash balance of \$14,118 to settle current liabilities of \$79,509.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings.

The Company has limited financial resources, has no source of operating income, and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows, or earnings.

##### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company holds its cash with high credit quality financial institutions. Amounts receivable consists of GST receivable from the Government of Canada and interest receivable from an outstanding loan receivable to the Company. The carrying amount of financial assets represents the maximum credit exposure to the Company.

##### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

##### a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

##### b) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

#### 12. CAPITAL MANAGEMENT

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## **GREEN 2 BLUE ENERGY CORP.**

(formerly BRIGADE RESOURCE CORP.)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2017

(Expressed in Canadian Dollars)

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#### **13. SUBSEQUENT EVENTS**

Subsequent to March 31, 2017, the Company signed a share exchange agreement with Green 2 Blue Energy Corp. ("G2BE") whereby the Company will acquire all of the issued and outstanding shares of G2BE in exchange for common shares of the Company. Upon closing, G2BE will be a wholly-owned subsidiary of the Company.

The Company intends to issue 47,000,002 to the shareholders of G2BE resulting in G2BE shareholders owning approximately 77% of the Company and would be considered a reverse takeover ("RTO"). On July 21, 2017, the Company finalized the acquisition of G2BE and issued 47,000,002 common shares to the shareholders of G2BE to finalize the RTO, and changed its name from Brigade Resource Corp. to Green 2 Blue Energy Corp.

In conjunction with the RTO, the Company announced a non-brokered private placement whereby up to 7,500,000 units will be issued at a price of \$0.10 per unit for gross proceeds up to \$750,000. Each unit will consist of one common share and one share purchase warrant exercisable at \$0.10 for one year and thereafter at \$0.20 per share for an additional one year. As at July 31, 2017, the Company has received \$361,120 relating to this non-brokered private placement.

**BRIGADE RESOURCE CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR YEAR ENDED MARCH 31, 2016**  
**(Expressed in Canadian Dollars)**



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charlton & company  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To: the Shareholders of  
Brigade Resource Corp.

We have audited the accompanying consolidated financial statements of Brigade Resource Corp., which comprise the consolidated statements of financial position as at March 31, 2016 and for the period from incorporation on October 9, 2014 to March 31, 2015 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Brigade Resource Corp. as at March 31, 2016 and for the period from incorporation on October 9, 2014 to March 31, 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 consolidated financial statements which indicates that Brigade Resource Corp. 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 Brigade Resource Corp.'s ability to continue as a going concern.

*Charlton & Company*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
July 29, 2016



**BRIGADE RESOURCE CORP.**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)

As at	March 31, 2016	March 31, 2015
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 14,742	\$ 10
Prepaid and deposits (Note 5)	101,922	-
<b>Total current assets</b>	<b>116,664</b>	<b>10</b>
Exploration and evaluation assets (Note 6)	70,000	-
<b>Total assets</b>	<b>\$ 186,664</b>	<b>\$ 10</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 87,745	\$ 4,625
Notes payable (Note 7)	49,500	-
<b>Total liabilities</b>	<b>137,245</b>	<b>4,625</b>
<b>Shareholders' equity</b>		
Share capital (Note 8)	4,332,000	10
Reserves	2,036,405	-
Deficit	(6,318,986)	(4,625)
<b>Total shareholders' equity</b>	<b>49,419</b>	<b>(4,615)</b>
<b>Total liabilities and equity</b>	<b>\$ 186,664</b>	<b>\$ 10</b>

Nature of operations and going concern (Note 1)

Commitments (Note 14)

Events after the reporting period (Note 15)

**APPROVED BY THE DIRECTORS:**

Signed: "*Glenn Little*"  
\_\_\_\_\_  
Director

Signed: "*Jon Sherron*"  
\_\_\_\_\_  
Director

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

**BRIGADE RESOURCE CORP.**

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	For the year ended March 31, 2016	From incorporation on October 9, 2014 to March 31, 2015
<b>OPERATING EXPENSES</b>		
Exploration and evaluation expenditures	\$ 7,353	\$ -
Management fees (Note 9)	145,050	-
Office and administrative	17,092	-
Professional fees	70,604	4,625
Filing fees	10,435	-
Rent	9,149	-
Travel expense	1,746	-
Share-based payments (Note 8)	281,805	-
Foreign exchange	942	-
<b>Total operating expenses</b>	<b>(544,176)</b>	<b>(4,625)</b>
Write down of exploration and evaluation assets	(30,000)	-
Merger expense	(5,740,185)	-
<b>Loss and comprehensive loss for the year</b>	<b>\$ (6,314,361)</b>	<b>\$ (4,625)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (1.40)</b>	<b>\$ (2.31)</b>
<b>Weighted average number of common shares outstanding</b>	<b>4,509,863</b>	<b>2,000</b>

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

**BRIGADE RESOURCE CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	For the year ended March 31, 2016	From incorporation on October 9, 2014 to March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	(6,314,361)	\$ (4,625)
Non-cash items:		
Merger expense	5,740,185	-
Share-based payments	281,805	-
Write down of exploration and evaluation assets	30,000	
Changes in non-cash working capital items:		
Prepaid and deposits	(101,922)	-
Accounts payable and accrued liabilities	35,370	4,625
<b>Cash used in operating activities</b>	<b>(328,923)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from private placements	-	10
Cash from acquisition of Brigadier	334,155	-
Exploration and evaluation assets	(40,000)	-
<b>Cash provided by investing activities</b>	<b>294,155</b>	<b>10</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans received	49,500	-
<b>Cash provided by financing activities</b>	<b>49,500</b>	<b>-</b>
<b>Change in cash during the year</b>	<b>14,732</b>	<b>10</b>
<b>Cash, beginning of year</b>	<b>10</b>	<b>-</b>
<b>Cash, end of year</b>	<b>14,742</b>	<b>\$ 10</b>

There were no significant non-cash transactions for year ended March 31, 2016.

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

**BRIGADE RESOURCE CORP.**

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	<u>Share capital</u>				
	<u>Number</u>	<u>Amount</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
<b>Balance, October 9, 2014 (incorporation)</b>	2	\$ 1	\$ -	\$ -	\$ 1
Private placements	2,000	10	-	-	10
Return of capital	(2)	(1)	-	-	(1)
Loss for the period	-	-	-	(4,625)	(4,625)
<b>Balance, March 31, 2015</b>	2,000	10	-	(4,625)	(4,615)
Shares issued for acquisitions (Note 4)	6,132,000	6,132,000	-	-	6,132,000
Return of capital	(2,000)	(10)	-	-	(10)
Purchase and cancellation of shares (Note 8)	(1,400,000)	(1,400,000)	1,365,000	-	(35,000)
Return of capital (Note 6)	(400,000)	(400,000)	389,600	-	(10,400)
Stock options issued (Note 8)	-	-	281,805	-	281,805
Loss for the year	-	-	-	(6,314,361)	(6,314,361)
<b>Balance, March 31, 2016</b>	4,332,000	\$ 4,332,000	\$ 2,036,405	\$ (6,318,986)	\$ 49,419

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

## **BRIGADE RESOURCE CORP.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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

Brigade Resource Corp. (the "Company") was incorporated on October 9, 2014 in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral resource deposits.

The Company's corporate head office is Suite 2502, 1211 Melville Street, Vancouver British Columbia, V6E 0A7. The Company's records office is 1820-925 W Georgia Street, Vancouver, British Columbia V6C 3L2.

The Company has not generated revenues from operations. These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2016, the Company had a working capital deficit of \$20,581 (2015 deficit: \$4,615). The Company has incurred negative cash flows from operations, recorded a loss of \$6,314,361 for the year ended March 31, 2016, and has a deficit of \$6,318,986 as at March 31, 2016 (2015 deficit: \$4,625). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors, including the costs of exploring its mineral properties, operating costs, competitive environment and global market conditions. The Company's anticipated operating losses and increasing working capital requirements require that it obtain additional capital to continue operations.

The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. This material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

#### **2. BASIS OF PREPARATION**

##### **Statement of Compliance**

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (collectively "IFRS") as issued by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved for issue by the Board of Directors on July 29, 2016.

##### **Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

##### *Critical accounting estimates*

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

## BRIGADE RESOURCE CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

## 2. BASIS OF PREPARATION (cont'd...)

### Use of estimates and judgments (cont'd...)

- ii. The valuation of shares issued in non-cash transactions are generally based on the value of goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

### Critical accounting judgments

- i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.
- ii. From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the consolidated financial statements.
- iii. The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

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

On June 21, 2016, the Board of Directors authorized a 5-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts has been retrospectively restated for all periods presented unless otherwise stated.

### Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

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

	Country of incorporation	2016 and 2015 Percentage owned
Brigadier Exploration Corp.	Canada	100%
Hussar Exploration Corp.	Canada	100%
Battalion Capital Corp.	Canada	100%

The operating results of subsidiaries acquired during the year are included in the statement of loss and comprehensive loss from the effective date of acquisition. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

## BRIGADE RESOURCE CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

##### Loss per share

The Company presents basic loss per share 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 loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

##### Financial instruments

###### Financial assets

The Company classifies its financial assets into one of the following categories, 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 assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Available for sale* - These assets are non-derivative financial assets designated on initial recognition. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of equity. Cumulative gains or losses recognized in equity are recognized in the statement of operations and comprehensive loss when the asset is derecognized.

*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 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.

*Held-to-maturity investments* - 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 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 statement of operations and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

###### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities*: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables and advances to related parties are classified as loans and receivables. The Company's marketable securities are classified as available-for-sale. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

## **BRIGADE RESOURCE CORP.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

##### **Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

##### **Exploration and evaluation assets**

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

##### **Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

##### **Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in 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 regards to previous years.

Deferred tax is recorded using the statement of financial position liability 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 loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of



## **BRIGADE RESOURCE CORP.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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#### **3. SIGNIFICANT ACCOUNTING POLICIES** *(cont'd...)*

##### **Income taxes** *(cont'd...)*

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 statement of financial position date.

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.

##### **Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

##### **New standards, interpretations and amendments adopted**

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

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

##### *New standards and interpretations not yet adopted*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not adopted yet by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IAS 27: Amended to restore option to use equity method to account for investments in subsidiaries, joint ventures and associates for annual period beginning on or after January 1, 2016.
- IFRS 15: In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard must be applied retrospectively with certain disclosure exemptions, with earlier application permitted. The effective date for IFRS 15 is for annual periods beginning on or after January 1, 2018.
- 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.

## BRIGADE RESOURCE CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

#### 4. ASSET ACQUISITION

On November 20, 2014, the Company entered into an Arrangement Agreement (the "Arrangement") with Voltaire Services Corp. ("Voltaire"), the shareholders of the Company and Brigadier Exploration Corp. ("Brigadier"). Voltaire is a reporting issuer in the provinces of Alberta and British Columbia.

On July 6, 2015, the shareholders of the Company, Brigade and Voltaire executed the Arrangement whereby the Company acquired all of the issued and outstanding capital stock of Brigadier from Voltaire in consideration for securities of the Company on a one-for-one basis.

The estimated fair value of 6,132,000 common shares issued by the Company to Brigadier shareholders for the acquisition was \$6,132,000. The transaction was accounted for as an asset acquisition of exploration and evaluation assets and related assets and liabilities using the purchase method, rather than as a business combination, as the net assets acquired did not represent a separate business. The total purchase price of \$6,132,000 was allocated to the fair value of the net assets of Brigadier as follows:

Cash	\$	334,155
Receivables		3,000
Due from related parties		12,500
Exploration and evaluation assets		60,000
Accounts payable and accrued liabilities		(17,850)
Merger expense		5,740,185
Return of capital		10
Common shares issued – fair value (Note 8)	\$	6,132,000

#### 5. PREPAIDS AND DEPOSITS

On October 21, 2015, the Company entered into a First Right of Refusal Agreement ("Agreement") with West Port Energy, LLC ("WPE"). The Agreement gives the Company the right to acquire up to 70% interest in a gold property located in the southern La Paz County, Arizona (the "Property") owned by WPE. In consideration, the Company paid US\$75,000 (the "Payment") to WPE included in prepaids and deposits as at March 31, 2016. The Company has until October 20, 2016 ("Closing Date") to complete Company's due diligence investigations on WPE and the Property. If the Company proceeds with the Agreement, WPE and the Company will work to complete a definitive agreement and the Payment will be applied towards the final agreed consideration. If the Company decides not to proceed with the Agreement, WPE will refund the Company US\$50,000 and retain the balance of US\$25,000.

#### 6. EXPLORATION AND EVALUATION ASSETS

##### Paterson Lake Property

On September 24, 2014, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims in the Paterson Property located in the District of Kenora, Ontario for a total consideration of \$150,000 and by the issuance of 460,000 common shares payable in five installment payments.

On February 10, 2015, the purchase option agreement was terminated by mutual agreement of the parties. The Company had paid \$12,500 and issued 340,000 common shares with a value of \$34,000 upon the execution of the option agreement. On March 14, 2016, Voltaire returned the 400,000 common shares to the Company with 60,000 common shares as settlement for the cash of \$12,500 paid. The Company cancelled and returned the common shares to treasury.

## **BRIGADE RESOURCE CORP.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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#### **6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

##### **Brooks Lake Property**

On April 15, 2015 and amended June 15, 2016, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims located in the Township of Brooks Lake in the District of Kenora, Ontario. Total consideration of \$50,000 and 500,000 shares is payable as follows:

- \$10,000 and 100,000 common shares upon signing of agreement (paid and common shares issued);
- \$10,000 and 100,000 common shares on the second anniversary of the agreement;
- \$10,000 and 100,000 common shares on the third anniversary of the agreement;
- \$10,000 and 100,000 common shares on the fourth anniversary of the agreement; and
- \$10,000 and 100,000 common shares on the fifth anniversary of the agreement.

The property is subject to a 2% net smelter royalty ("NSR"). The Company may purchase 1% of the NSR at any time for \$1,000,000.

##### **Boyer Lake Property**

On April 25, 2015, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims located in the Township of Boyer Lake in the District of Kenora, Ontario for a total consideration of \$50,000 and by the issuance of 500,000 common shares payable in five installment payments.

As of March 31, 2015, Brigadier Exploration Corporation had paid \$10,000 and issued 100,000 common shares with a value of \$20,000 upon the execution of the option agreement.

During the year ended March 31, 2016, the Company impaired mineral property by \$30,000, which is included as a write down of exploration and evaluation properties assets on the consolidated statements of operations and comprehensive loss.

##### **Surprise Lake Property**

On April 15, 2015 and amended June 15, 2016, the Company entered into a purchase option agreement with Jerrold Williamson to acquire a 100% interest in certain mining claims located in the District of Kenora, Ontario. Total consideration of \$50,000 and 500,000 shares is payable as follows:

- \$10,000 and 100,000 common shares upon signing of agreement (paid and common shares issued);
- \$10,000 and 100,000 common shares on the second anniversary of the agreement;
- \$10,000 and 100,000 common shares on the third anniversary of the agreement;
- \$10,000 and 100,000 common shares on the fourth anniversary of the agreement; and
- \$10,000 and 100,000 common shares on the fifth anniversary of the agreement.

## **BRIGADE RESOURCE CORP.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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#### **6. EXPLORATION AND EVALUATION ASSETS** *(cont'd...)*

##### **Surprise Lake Property** *(cont'd...)*

The property is subject to a 2% net smelter royalty ("NSR"). The Company may purchase 1% of the NSR at any time for \$1,000,000.

##### **Joyce Lake Property**

On July 21, 2015, the Company entered into a purchase option agreement with Voltaire to acquire a 100% interest in certain mining claims located in the District of Red Lake, Ontario. Total consideration of \$50,000 and 500,000 common shares is payable as follows:

- \$10,000 and 100,000 common shares upon signing of agreement (cash paid);
- \$10,000 and 100,000 common shares on or before the first anniversary of the agreement;
- \$10,000 and 100,000 common shares on or before the second anniversary of the agreement;
- \$10,000 and 100,000 common shares on or before the third anniversary of the agreement; and
- \$10,000 and 100,000 common shares on or before the fourth anniversary of the agreement.

The property is subject to a 2% net smelter royalty ("NSR"). The Company may purchase 1% of the NSR at any time for \$1,000,000.

#### **7. NOTES PAYABLE**

On March 29, 2016, the Company entered into three promissory note agreements for a total aggregate of \$49,500. The loans bear simple interest at 12% per annum. Interest and principal are payable on March 29, 2018.

#### **8. SHARE CAPITAL AND RESERVES**

##### a) Authorized share capital

Unlimited number of common and preferred shares without par value.

##### b) Issued share capital

During the year ended March 31, 2016, the Company:

- On July 6, 2015, the Company Issued 6,132,000 common shares at a value of \$1.00 per common shares for the acquisition of Brigadier (Note 4);
- On July 6, 2015, the Company cancelled and returned 2,000 common shares at a value of \$0.005 per common share to the treasury.
- On March 29, 2016, the Company cancelled and returned 400,000 common shares at a value of \$1.00 per common share to the treasury (Note 6)
- On March 29, 2016, the Company purchased 1,400,000 common shares at a value of \$1.00 from the former CEO of the Company for a price of \$0.025 per common share. The common shares were cancelled and returned to treasury.

During the period from incorporation on October 9, 2014 to March 31, 2015, the Company:

- The Company completed a non-brokered private placement with Voltaire Service Corp. by issuing 2,000 common shares at a price of \$0.005 per common share for total proceeds of \$10.

**BRIGADE RESOURCE CORP.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (cont'd...)**

## c) Stock options

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2015	-	\$ -
Granted	380,000	1.00
Expired/cancelled	<u>(120,000)</u>	<u>1.00</u>
Outstanding and exercisable, March 31, 2016	260,000	\$ 1.00

The following incentive stock options were outstanding at March 31, 2016:

Number Of shares	Exercise Price	Weighted Average remaining contractual life (years)	Expiry Date
160,000	\$1.00	4.14	May 31, 2020
<u>100,000</u>	<u>\$1.00</u>	<u>4.58</u>	<u>October 28, 2020</u>
<u>260,000</u>			

## d) Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each stock option may be no less than the greater of \$0.10 per share and the closing market price of the Company's shares on the trading day immediately preceding the date of grant of the option, less any applicable discount allowed by the stock exchange on which the shares are traded, as calculated on the date of grant.

During the year ended March 31, 2016, the Company granted 380,000 stock options. The fair value per option calculated using the Black-Scholes option-pricing model was \$0.74 for total share-based payment expense recognized in the statement of loss and comprehensive loss of \$281,805.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	March 31, 2016
Risk-free interest rate	0.88% - 1.05%
Expected life of options	5 years
Expected annualized volatility	100%
Dividend yield	<u>0.0%</u>

**BRIGADE RESOURCE CORP.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

**9. RELATED PARTY TRANSACTIONS**

These consolidated financial statements include the financial statements of the Company and its 100% owned subsidiary Brigadier Exploration Corp.

During the year ended March 31, 2016, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	Nature of transaction
Brandenburg Financial Corp. ("BFC")	Management fees for services provided by the former CEO and new CEO.
Red Fern Consulting Ltd. ("RFC")	Management fees for services provided by the CFO and supporting staff.

Due to related parties at March 31, 2016 is \$60,901 (2015: \$nil) owing to directors of the Company or companies controlled by related parties.

- For the year ended March 31, 2016, the Company paid or accrued \$80,000 (2015: \$nil) to BFC, a company controlled by the former CEO, for management fees.
- For the year ended March 31, 2016, the Company paid or accrued \$30,000 (2015: \$nil) to the CEO and Director of the Company for marketing consulting fees.
- For the year ended March 31, 2016, the Company paid or accrued \$14,550 (2015: \$nil) to RFC, a company controlled by the CFO, for management fees.
- For the year ended March 31, 2016, the Company paid or accrued \$17,500 (2015 - \$Nil) to the Corporate Secretary of the Company for management fees.
- For the year ended March 31, 2016, the Company paid or accrued \$3,000 (2015: \$nil) to a director of the Company for consulting fees.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personal for the years ended March 31, 2016 and 2015 are as follows:

	March 31	
	2016	2015
Share-based compensation	\$ 222,749	\$ nil

**10. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2016	2015
Loss for the year	\$ (6,314,361)	(4,625)
Computed income taxes (recovery) at statutory rate of 26% (2015 – 26%)	\$ (1,641,734)	(1,203)
Net adjustments for deductible and non-deductible items	1,573,565	-
Addition of non-capital losses from subsidiaries	(51,531)	-
Other adjustments	(2,600)	-
Increase in unrecognized deferred income tax assets	122,300	1,203
	\$ -	-

**BRIGADE RESOURCE CORP.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

**10. INCOME TAXES (cont'd...)**

The significant components of the Company's deferred income tax assets are as follows:

	2016	2015
Deferred income tax assets:		
Resource pool	\$ 2,600	-
Non-capital losses carried forward	120,903	1,203
Total unrecognized deferred income tax assets	\$ 123,503	1,203

At March 31, 2016, the Company has non-capital losses of \$465,010 (2015: \$202,820) available for carry forward. At March 31, 2016, management considers that it is not "more likely than not" that these losses will be utilized and accordingly no deferred income tax asset has been recognized.

The non-capital losses expire as follows:

	Total
2035	\$ 202,820
2036	262,190
Totals	\$ 465,010

**11. SEGMENTED INFORMATION**

The Company operates in one industry segment, the mining industry, and one geographical segment, Canada.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Financial Instruments**

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

**Financial risk factors**

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

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its 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 March 31, 2016, the Company had a cash balance of \$14,742 (2015: \$10) to settle current liabilities of \$137,245 (2015 \$4,625).

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings.

## **BRIGADE RESOURCE CORP.**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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#### **12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(cont'd...)*

##### **Financial risk factors** *(cont'd...)*

###### *Liquidity risk (cont'd...)*

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

###### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum credit risk is \$14,742 (2015: \$10) consisting of the balance of cash and cash equivalent. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

###### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

##### a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and restricted cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2016, the Company did not have any investments in investment-grade short-term deposit certificates.

##### b) Price risk

The resource industry is heavily dependent upon the market price of the resources being extracted. There is no assurance that, even if commercial quantities of resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be extracted at a profit. Factors beyond control of the Company may affect the marketability of any resources discovered. The price of oil has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the Company's control. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### **13. CAPITAL MANAGEMENT**

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.



**BRIGADE RESOURCE CORP.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Expressed in Canadian Dollars)

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**14. COMMITMENTS**

On February 1, 2016, the Company entered into a lease agreement with Brian Boyle for a monthly rent of \$4,500. The term of the lease is 12 months.

**15. EVENTS AFTER THE REPORTING PERIOD**

On May 2, 2016 the Company signed a promissory note agreement for the principal amount of \$5,000. The loan bears interest at 12% per annum. Interest and principal are payable on May 2, 2018.

**Green 2 Blue Energy Corp.**  
(formerly Brigade Resource Corp)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR PERIOD ENDED JUNE 30, 2017**

**(Expressed in Canadian Dollars)**

**GREEN 2 BLUE ENERGY CORP**  
**(Formerly BRIGADE RESOURCE CORP.)**  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)  
(Unaudited)

As at	June 30, 2017	March 31, 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 4,953	\$ 14,118
Loan (Note 3)	185,317	136,500
Receivables	10,202	94,84
	200,472	160,102
<b>Total assets</b>	<b>\$ 200,472</b>	<b>\$ 160,102</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 100,763	\$ 79,509
	100,763	79,509
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 5)	4,546,202	4,546,202
Reserves	266,120	2,036,405
Share subscriptions received (Note 5)	2,036,405	-
Deficit	(6,749,018)	(6,708,634)
	99,709	80,593
<b>Total shareholders' equity (deficiency)</b>	<b>99,709</b>	<b>80,593</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 200,472</b>	<b>\$ 160,102</b>

Nature of operations and going concern (Note 1)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**GREEN 2 BLUE ENERGY CORP****(Formerly BRIGADE RESOURCE CORP.)****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE THREE MONTHS ENDED	June 30, 2017	June 30, 2016
<b>OPERATING EXPENSES</b>		
Management fees	28,250	23,250
Office and administrative	2,374	17,043
Professional fees	2,582	2,631
Filing fees	7,178	-
Rent	-	13,642
<b>Loss and comprehensive loss for the period</b>	<b>\$ (40,384) \$</b>	<b>(56,566)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01) \$</b>	<b>(0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>6,570,400</b>	<b>4,332,000</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**GREEN 2 BLUE ENERGY CORP**  
**(Formerly BRIGADE RESOURCE CORP.)**  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in Canadian Dollars)  
(Unaudited)

FOR THE THREE MONTHS ENDED	June 30, 2017	June 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (40,384)	\$ (56,566)
Items not involving cash:		
Accrued interest	-	1,610
Changes in non-cash working capital items:		
Accounts Receivables	(719)	(2,187)
Accounts payable and accrued liabilities	21,254	(28,244)
<b>Net cash used in operating activities</b>	<u>(19,849)</u>	<u>(28,899)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan to G2BE	<u>(48,817)</u>	-
<b>Net cash (used in) provided by investing activities</b>	<u>(48,817)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscriptions received in advance	59,500	10,100
Loans received	-	5,000
<b>Net cash provided by financing activities</b>	<u>59,500</u>	<u>15,100</u>
<b>Change in cash during the period</b>	(9,166)	(13,799)
<b>Cash, beginning of period</b>	<u>14,119</u>	<u>14,742</u>
<b>Cash, end of period</b>	<u>\$ 4,953</u>	<u>\$ 943</u>

There were no significant non-cash transactions for three-month period ended June 30, 2017 and 2016.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BRIGADE RESOURCE CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Share capital</b>					
	<b>Number</b>	<b>Amount</b>	<b>Subscription received in advance</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, March 31, 2016</b>	4,332,000	\$ 4,332,000	-	2,036,405	(6,318,986)	49,419
Subscriptions received in advance	-	-	10,100	-	-	10,100
Loss for the period	-	-	-	-	(56,566)	(56,566)
<b>Balance, June 30, 2016</b>	4,332,000	4,332,000	10,100	2,036,405	(6,375,552)	2,953
Shares issued for cash	1,296,000	129,600	-	-	-	129,600
Shares issued for settlement of debt and interest	846,000	84,602	-	-	-	84,602
Shares issued for finders' fee	96,400	-	-	-	-	-
Share subscriptions received	-	-	196,520	-	-	196,520
Loss for the period	-	-	-	-	(333,082)	(333,082)
<b>Balance, March 31, 2017</b>	6,570,400	4,546,202	206,620	2,036,405	(6,708,634)	80,593
Share subscriptions received	-	-	59,500	-	-	59,500
Loss for the period	-	-	-	-	(40,384)	(40,384)
<b>Balance, June 30, 2017</b>	6,570,400	4,546,202	266,120	2,036,405	(6,749,018)	99,709

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**GREEN 2 BLUE ENERGY CORP**  
**(Formerly BRIGADE RESOURCE CORP.)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2017

(Expressed in Canadian Dollars)

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

Green 2 Blue Energy Corp (Formerly Brigade Resource Corp. the "Company") was incorporated on October 9, 2014 in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral resource deposits.

The Company's corporate head office is 1518-800 West Pender Street, Vancouver, BC, V6C 2V6. The Company's records office is 1820-925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

The Company's condensed consolidated interim financial statements are presented in Canadian dollars.

The Company has not generated revenues from operations. These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2017, the Company had a working capital deficit of \$99,709. The Company has incurred negative cash flows from operations, recorded a loss of \$40,384 for the period ended June 30, 2017, and has a deficit of \$6,749,018 as at June 30, 2017. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. This material uncertainty may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (collectively "IFRS") as issued by the International Accounting Standards Board ("IASB") and by the International Financial Reporting Interpretations Committee ("IFRIC").

**Basis of Consolidation and Presentation**

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

**Use of Estimates and Judgments**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

*Critical Accounting Estimates*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

**GREEN 2 BLUE ENERGY CORP**  
**(Formerly BRIGADE RESOURCE CORP.)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

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*Critical Accounting Judgments*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the condensed consolidated interim financial statements.

**New standard not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9, Financial Instruments (New).
- IFRS 2, Share-based Payments (Amended).
- IFRS 7, Financial Instruments: Disclosures (Amended).

**3. LOAN RECEIVABLE**

During the period ended June 30, 2017, the Company signed a loan agreement with Green 2 Blue Energy Inc. ("G2BE") whereby it will loan G2BE up to \$190,000. During the period ended June 30, 2017, the Company loaned \$185,317 (March 31, 2016 - \$136,500) to G2BE.

**4. NOTES PAYABLE**

On March 29, 2016, the Company entered into three promissory note agreements for an aggregate of \$49,500, which were unsecured, bears interest at 12% per annum, and due on March 29, 2018. During the year ended March 31, 2017, the Company received additional proceeds of \$30,000. On December 1, 2016, the Company settled the outstanding principal amounts of \$79,500 and accrued interest of \$5,102 with the issuance of 846,000 units as part of the private placement.

**5. SHARE CAPITAL AND RESERVES**

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

No shares were issued during the period ended June 30, 2017.

During the year ended March 31, 2017, the Company:

- On June 21, 2016, the Board of Directors authorized a 5-for-1 share consolidation. The effects of the share consolidation have been applied retroactively for all periods presented unless otherwise stated.
- On December 16, 2016, the Company closed a non-brokered private placement of 2,238,400 units at \$0.10 per unit. Each unit is comprised of one common share of the Company and one share purchase warrant which allows the warrant holder to acquire one additional common share of the Company at \$0.10 per share until December 16, 2017 or \$0.20 per share until December 16, 2018. The 2,238,400 units issued in the private placement included 1,296,000 units issued for proceeds of \$129,600, 846,000 units issued for the



**GREEN 2 BLUE ENERGY CORP**  
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settlement of \$79,500 of notes payable and accrued interest of \$5,102, and 96,400 units issued for finders fees.

- At March 31, 2017, the Company received share subscription proceeds of \$206,620 relating to the non-brokered private placement in conjunction with the RTO transaction as noted in Note 12.

During the year ended March 31, 2016, the Company:

- On July 6, 2015, the Company Issued 6,132,000 common shares at a value of \$1.00 per common share for the acquisition of Brigadier. Refer to Note 3.
- On July 6, 2015, the Company cancelled and returned 2,000 common shares at a value of \$0.005 per common share to the treasury;
- On March 29, 2016, the Company cancelled and returned 400,000 common shares at a value of \$1.00 per common share to the treasury (Note 7);
- On March 29, 2016, the Company purchased 1,400,000 common shares at a value of \$1.00 from the former CEO of the Company for a price of \$0.025 per common share. The common shares were cancelled and returned to treasury.

c) Stock options

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2015	-	\$ -
Granted	380,000	1.00
Expired/cancelled	<u>(120,000)</u>	<u>1.00</u>
Outstanding and exercisable, June 30, 2017	<u>260,000</u>	<u>\$ 1.00</u>

The following incentive stock options were outstanding at June 30, 2017:

Number Of shares	Exercise Price	Weighted Average remaining contractual life (years)	Expiry Date
160,000	\$1.00	2.89	May 31, 2020
<u>100,000</u>	<u>\$1.00</u>	<u>3.33</u>	<u>October 28, 2020</u>
<u>260,000</u>			

d) Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	Number	Weighted Average

**GREEN 2 BLUE ENERGY CORP**  
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	of options	Exercise Price
Outstanding, March 31, 2015 and 2016	-	-
Granted	2,238,400	\$ 0.10
Outstanding, June 30, 2017	2,238,400	\$ 0.10

Share purchase warrants are exercisable at \$0.10 per share until December 16, 2017 and at \$0.20 per share until December 16, 2018.

**6. RELATED PARTY TRANSACTIONS**

These consolidated financial statements include the financial statements of the Company and its 100% owned subsidiary Brigadier Exploration Corp.

During the three-month ended June 30, 2017, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	Nature of transaction
Glenn Little	Management fees for services provided by the CEO.
Red Fern Consulting Ltd. ("RFC")	Management fees for services provided by the CFO. and supporting staff.
Jon Sherron	Management fees for services provided by the director.

Due to related parties at June 30, 2017 is \$31,545 (March 31, 2017 - \$9,675) owing to directors of the Company or companies controlled by related parties and RFC.

During the period ended June 30, 2017, the Company:

- Paid or accrued management fees of \$15,000 (2016 - \$nil) to the former CEO and Director of the Company.
- Paid or accrued management fees of \$6,750 (2016 - \$6,750) to RFC for former CFO of the Company.
- Paid or accrued management fees of \$1,500 (2016 - \$1,500) to a director of the Company.

**7. SEGMENTED INFORMATION**

The Company operates in one industry segment, the energy industry, and one geographical segment, Canada.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Instruments**

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

**Financial risk factors**

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

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its 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 June 30, 2017, the Company had a cash balance of \$4,953 (March 31, 2017 - \$12,118) to settle current liabilities of \$100,763 (March 31, 2017 - \$80,091).

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings.

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum credit risk is \$4,953 (March 31, 2017 - \$12,118) consisting of the balance of cash and cash equivalent. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and restricted cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Price risk

The resource industry is heavily dependent upon the market price of the resources being extracted. The Company has exposure to movements in the market price of electricity and natural gas. The price of natural gas has experienced volatile and significant price movements over short periods of time, and is affected by numerous

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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factors beyond the Company's control. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**9. CAPITAL MANAGEMENT**

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

**10. SUBSEQUENT EVENT**

On July 21, 2017, the Company completed the acquisition of G2BE Canada Inc. pursuant to a share exchange agreement dated January 16, 2017. In accordance with the terms of the Agreement, the Company acquired all the issued and outstanding shares of G2BE Canada Inc. (each a "G2BE Canada Share") in consideration and in exchange for common shares in the capital of the Company (each a "Company Share") at a deemed price of \$0.10 per share.

In conjunction with the RTO, the Company announced a non-brokered private placement whereby up to 7,500,000 units will be issued at a value of \$0.10 per unit for gross proceeds up to \$750,000. Each unit will consist of one common share and one share purchase warrant exercisable at \$0.10 for 12 months and thereafter \$0.20 for an additional 12 months.

**SCHEDULE "B"**

**The Company's Management's Discussion and Analysis for the financial year ended March 31, 2017  
and the period ended June 30, 2017**

See attached.

# GREEN 2 BLUE ENERGY CORP.

(Formerly BRIGADE RESOURCE CORP.)

## FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2017

### Introduction

This management's discussion and analysis (MD&A) of Green 2 Blue Energy Corp. (Formerly Brigade Resource Corp). is the responsibility of management and covers the year ended March 31, 2017. The MD&A takes into account information available up to and including July 31, 2017 and should be read together with the consolidated audited financial statements and accompanying notes for the year ended March 31, 2017.

Throughout this document the terms *we, us, our, the Company* and *G2BE* refer to Green 2 Blue Energy Corp.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of July 29 2017, the date the Board of Directors approved the consolidated financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Readers are encouraged to read the Company's public information filings on SEDAR at [www.sedar.com](http://www.sedar.com)

### Forward-Looking Statements

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

### Reserves and Resources

National Instrument 43-101 ("43-101") of the Canadian Securities Administrators – Standards of Disclosure for Mineral Projects – requires that each category of mineral reserves and mineral resources be reported separately.

### Description of Business

The Company is a natural resource company engaged in the acquisition and exploration of resource properties. The Company is actively searching for new projects. On July 21, 2017, the Company announced its change of corporate name from "Brigade Resource Corp." to "Green 2 Blue Energy Corp."

## Performance Summary

On January 16, 2017, the Company signed a share exchange agreement with Green 2 Blue Energy Corp. ("G2BE") whereby the Company will acquire all of the issued and outstanding shares of G2BE in exchange for common shares of the Company. Upon closing, G2BE will be a wholly-owned subsidiary of the Company. The Company intends to issue 47,000,002 to the shareholders of G2BE resulting in G2BE shareholders owning approximately 77% of the Company and would be considered a reverse takeover ("RTO").

On December 19, 2016, the Company closed a non-brokered private placement of 2,238,400 Units at \$0.10 per Unit which included 1,296,000 units for proceeds of \$129,600, 846,000 units for the settlement of \$79,500 of notes payable and accrued interest of \$5,102, and 96,400 units for finders' fees. Each Unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each Warrant entitles the holder thereof to acquire one common share in the capital of the Company at \$0.10 per share for a period of 12 months from the closing of the Private Placement and thereafter at \$0.20 per share for the following 12 months until 24 months from the closing of the Private Placement.

On June 21, 2016, the Company consolidated its common share capital, whereby each five old shares are equal to one new share without par value. On the effective date, the Company's 21,660,000 issued and outstanding common shares were consolidated on a new-for-five-old basis, yielding 4,332,000 post-consolidation common shares issued and outstanding. The number of issued and outstanding shares, options, warrants and per share amounts has been retrospectively restated for all periods presented unless otherwise stated.

On October 21, 2015, the Company appointed Brian Thurston to the board of directors and appointed Glenn Little as the Chief Executive Officer to replace Karl Antonius who resigned as director and Chief Executive Officer. The Company also announced a private placement of up to 666,667 units ("Units") at a price of \$0.75 per Unit for aggregate gross proceeds of up to \$500,000. Each Unit will consist of one common share (the "Shares") and one share purchase warrant exercisable to purchase one Share at a price of \$2.00 per Share for the first 12 months from the date of issue, followed by \$2.50 per Share for the subsequent 12 months, with an expiry date of 24 months from the date of issue.

On October 21, 2015, the Company entered into a First Right of Refusal Agreement ("Agreement") with West Port Energy, LLC ("WPE"). The Agreement gives the Company the right to acquire up to 70% interest in a gold property located in the southern La Paz County, Arizona (the "Property") owned by WPE. In consideration, the Company paid US\$75,000 (the "Payment") to WPE included in prepaids and deposits as at March 31, 2016. The Company has until October 20, 2016 ("Closing Date") to complete Company's due diligence investigations on WPE and the Property. If the Company proceeds with the Agreement, WPE and the Company will work to complete a definitive agreement and the Payment will be applied towards the final agreed consideration. If the Company decides not to proceed with the Agreement, WPE will refund the Company US\$50,000 and retain the balance of US\$25,000.

On November 20, 2014, the Company entered into an Arrangement Agreement (the "Arrangement") with Voltaire Services Corp. ("Voltaire"), the shareholders of the Company and Brigadier Exploration Corp. ("Brigadier"). Voltaire is a reporting issuer in the provinces of Alberta and British Columbia.

On July 6, 2015, the shareholders of the Company, G2BE and Voltaire executed the Arrangement whereby the Company acquired all of the issued and outstanding capital stock of Brigadier from Voltaire in consideration for securities of the Company on a one-for-one basis.

The estimated fair value of 6,132,000 common shares issued by the Company to Brigadier shareholders for the acquisition was \$6,132,000. The transaction was accounted for as an asset acquisition of exploration and evaluation assets and related assets and liabilities using the purchase method, rather than as a business combination, as the net assets acquired did not represent a separate business. The total purchase price of \$6,132,000 was allocated to the fair value of the net assets of Brigadier as follows:

Cash	334,155
Receivables	3,000
Due from related parties	12,500
Exploration and evaluation assets	60,000
Accounts payable and accrued liabilities	(17,850)
Merger expense	5,740,185
Return of capital	10
<b>Common shares issued – fair value</b>	<b>6,132,000</b>

### Exploration Summary

During the year, the Company entered into option agreements to acquire the Brooks Lake, Surprise Lake and Boyer Lake properties located in Kenora, Ontario, and the Joyce Lake property located in Red Lake, Ontario.

The Company previously entered into a purchase option agreement with Voltaire to acquire the Paterson Property located in the District of Kenora, Ontario, for a total consideration of \$150,000 and the issuance of 460,000 common shares payable in five installment payments. The purchase option agreement was terminated by mutual agreement of the parties. The Company had paid 12,500 and issued 340,000 common shares upon the execution of the option agreement. On March 14, 2016, Voltaire returned the 400,000 common shares to the Company with 60,000 common shares as settlement for the cash of \$12,500 paid. The Company cancelled and returned the common shares to treasury.

During the year ended March 31, 2017, management decided not to continue with the Brooks Lake, Surprise Lake, Boyer Lake, Patterson Lake and Joyce Lake Properties and wrote-off the balance of \$70,000 to the statement of operations.

### Selected Annual Financial Information

The financial information as at and for the year ended March 31, 2016 has been prepared in accordance with IFRS.

	Year ended March 31, 2017	Year ended March 31, 2016
Total income	\$ -	\$ -
Comprehensive loss for the year	389,648	6,314,361
Basic and diluted loss per share	0.08	1.39
Total assets	160,102	186,664
Working capital (deficiency)	80,593	20,581

### Results of operations for the year ended March 31, 2017 compared to 2016

The net loss for the year ended March 31, 2017 is \$389,648 (2016 - \$6,314,361). Significant individual items contributing to the comprehensive loss are as follows:

- Merger expense of \$nil (2016 - \$5,740,185) relating to costs incurred for the Company's acquisition of Brigadier in fiscal 2016.
- Professional fees of \$37,142 (2016 - \$70,604) relating to preparation of prospectus for listing on the Canadian Securities Exchange and review of financial statements.
- Management fees of \$103,000 (2016 - \$145,050) relates to fees for the CEO, CFO, former CEO and directors.
- Share-based payments of \$Nil (2016 - \$281,805) corresponding to the Black-Scholes valuation of 380,000 stock options issued to Directors, Officers and consultants in 2016.
- Office and administrative fees of \$32,444 (2016 - \$17,092) relating to general office costs.
- Impairment of prepaid deposit of \$97,372 (2016 - \$nil) for a deposit made to West Port Energy in fiscal 2016 for a right to acquire up to 70% interest in a gold property located in the southern La Paz County, Arizona for which the Company decided not to proceed.
- Write-down of exploration and evaluation costs of \$70,000 (2016 - \$30,000) as the Company decided not to continue exploration activities on its exploration and evaluation assets.



## Liquidity and Capital Resources

G2BE's exploration and evaluation asset activities do not provide a source of income and the Company therefore has a history of losses and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of our valuation.

The Company has financed its operations to date primarily through the issuance of common shares. The Company will continue to seek capital through the issuance of common shares.

*Operating activities:* The Company does not generate any revenues and generally does not receive any cash from operating activities. Net cash used in operating activities during the year ended March 31, 2017 was \$230,344 (2016 - \$328,923) and the decline in the use of cash for operating activities in fiscal 2017 was due to the fact that the Company paid a prepaid deposit of \$97,372 (US\$75,000) in fiscal 2016 for a potential acquisition of a gold property in the southern La Paz County, Arizona that was not completed by the Company in fiscal 2017.

*Investing activities:* Net cash used by investing activities during the year ended March 31, 2017 was \$136,500 (2016 – proceeds received of \$294,155) due to a loan to Green 2 Blue Energy Corp compared to proceeds received of \$334,155 from the acquisition of Brigadier in fiscal 2016.

*Financing activities:* Net cash provided by financing activities during the year ended March 31, 2017 was \$366,220 (2016 - \$49,500) which were from issuance of common shares and share subscriptions received as part of the financing related to the proposed RTO transaction.

The consolidated financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

## Summary of Quarterly Results

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Total assets	\$ 158,102	\$ 36,814	\$ 45,279	\$ 175,052
Comprehensive loss	24,039	92,821	216,222	56,566
Loss per share	0.01	0.02	0.04	0.01

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Total assets	\$ 216,664	\$ 257,477	\$ 334,167	\$ 610
Comprehensive loss	139,366	157,540	6,010,080	7,375
Loss per share	0.03	0.03	1.33	0.00

The increase in comprehensive loss in the quarter ended September 30, 2015 is primarily due to the merger expense with Brigadier Exploration Corp.

## Results of operations for the three month period ended March 31, 2017 compared to 2016

The net loss for the three month period ended March 31, 2017 is \$26,621 (2016 - \$139,366). Significant individual items contributing to the comprehensive loss are as follows:

- Professional fees of \$3,441 (2016 - \$18,926) relating to preparation of prospectus for listing on the Canadian Securities Exchange and review of financial statements.

- Management fees of \$28,250 (2016 - \$57,050) relates to fees for the CEO, CFO and directors.
- Office and administrative fees of \$(5,242) (2016 - \$27,066) as management has decided to reclassify \$8,800 from Office and administrative fees to share issuance costs.

### Contractual Obligations

On February 1, 2016, the Company entered into a lease agreement with Brian Boyle for a monthly rent of \$4,500. In December 2016, the Company cancelled the lease.

### Subsequent Events

On July 21, 2017, the Company finalized the acquisition of G2BE and issued 47,000,002 common shares to the shareholders of G2BE to finalize the RTO, and changed its name from Brigade Resource Corp. to Green 2 Blue Energy Corp.

In conjunction with the RTO, the Company announced a non-brokered private placement whereby up to 7,500,000 units will be issued at a price of \$0.10 per unit for gross proceeds up to \$750,000. Each unit will consist of one common share and one share purchase warrant exercisable at \$0.10 for one year and thereafter at \$0.20 per share for an additional one year. As at July 31, 2017, the Company has received \$361,120 relating to this non-brokered private placement.

### Off Statement of Financial Position Arrangements

At March 31, 2017, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

### Capital Resources

The Company will continue to seek capital through public markets by issuing common shares pursuant to private placements. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

### Outstanding Share Data

As at the date of the report, the Company had 53,570,402 common shares issued and outstanding.

The following incentive stock options were outstanding at the date of this report:

Number Of shares	Exercise Price	Weighted Average remaining contractual life (years)	Expiry Date
160,000	\$1.00	3.14	May 31, 2020
100,000	\$1.00	3.58	October 28, 2020
260,000	\$1.00	3.31	

In connection with a private placement, the Company granted 2,238,400 share purchase warrants. Each Warrant shall entitle the holder to acquire one common share of the Company for a period of two years from the date of issuance of the Warrant with an exercise price of \$0.10 per share in the first year, and an exercise price of \$0.20 per share in the second year.

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2015 and 2016	-	\$ -

Issued with December 2016 private placement	2,238,400	0.10
Outstanding and exercisable, March 31, 2017	2,238,400	\$ 0.10

## RELATED PARTY TRANSACTIONS

During the year ended March 31, 2017, the Company incurred consulting fees as follows:

Related party	Nature of transaction	2017	2016
Glenn Little	Services provided by the CEO.	\$60,000	\$30,000
Red Fern Consulting Ltd. ("RFC")	Services provided by the CFO and staff.	\$37,000	\$14,550
Jon Sherron	Services provided by the director.	\$6,000	\$3,000

During the year ended March 31, 2017, the Company incurred \$nil (2016 - \$80,000) of management fees to Brandenburg Financial Corp., a company controlled by the former CEO of the Company.

During the year ended March 31, 2017, the Company incurred \$nil (2016 - \$17,500) of management fees to the Corporate Secretary of the Company for management fees.

During the year ended March 31, 2017, the Company incurred \$8,485 (2016 - \$nil) of office and administrative expenses to the CEO of the Company.

During the year ended March 31, 2017, the Company incurred \$nil (2016 - \$222,749) of share-based compensation expenses to officers and directors of the Company.

At March 31, 2017, the Company owes \$4,950 (2016 - \$nil) to a director of the Company and \$4,725 (2016 - \$nil) to RFC. The amounts owing are unsecured, non-interest bearing, and due on demand.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended March 31, 2017 and 2016 are as follows:

	2017	March 31	2016
Share-based compensation	\$	Nil	\$ 222,749

## Proposed Transactions

The Company has no planned or proposed transactions as of the date of this report.

## Financial Risk Factors

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

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its 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 March 31, 2017, the Company had a cash balance of \$14,118 to settle current liabilities of \$79,509.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings.

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in

part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

##### a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and restricted cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

##### b) Price risk

The resource industry is heavily dependent upon the market price of the resources being extracted. There is no assurance that, even if commercial quantities of resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be extracted at a profit. Factors beyond control of the Company may affect the marketability of any resources discovered. The price of oil has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the Company's control. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **Risk Factors**

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

Resource exploration is a speculative business and involves a high degree of risk. There is a probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis to further the development of a property. Capital expenditures to support the commercial production stage are also very substantial.

The following sets out the principal risks (non-inclusive) faced by the Company.

**Exploration risk.** There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

**Market risks.** The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

**Commodity price risks.** The Company's exploration projects seek gold and precious metals. While gold has recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

**Financing risks.** Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

**Competition.** Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

**Environmental and Other Regulatory Requirements.** The current or future operations of the Company, including development activities and the commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

**Uninsurable risks.** The Company and its subsidiaries may become subject to liability for pollution, fire, explosion, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

**New standards, interpretations and amendments adopted**

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

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

**New standard not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 2: Amended to eliminate the diversity for the effects of vesting conditions on the measurement of cash-settled share-based payment transactions, classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

**Critical Accounting Policies and Estimates**

The Company's accounting policies are described in Notes 2 of its consolidated financial statements for the year ended March 31, 2017. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

**Use of estimates and significant judgments**

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

*Critical accounting estimates*

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The valuation of shares issued in non-cash transactions are generally based on the value of goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

*Critical Accounting Judgments*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the consolidated financial statements.

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

**Further Information**

Additional information about the Company is at the Canadian disclosure website [www.sedar.ca](http://www.sedar.ca)

# GREEN 2 BLUE ENERGY CORP.

(Formerly BRIGADE RESOURCE CORP.)

## FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED June 30, 2017

### Introduction

This management's discussion and analysis (MD&A) of Green 2 Blue Energy Corp. (Formerly Brigade Resource Corp.) is the responsibility of management and covers the three month period ended June 30, 2017. The MD&A takes into account information available up to and including July 31, 2017 and should be read together with the consolidated audited financial statements and accompanying notes for the period ended June 30, 2017. Throughout this document the terms we, us, our, the Company and G2BE refer to Green 2 Blue Energy Corp. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of August 31 2017, the date the Board of Directors approved the consolidated financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Readers are encouraged to read the Company's public information filings on SEDAR at [www.sedar.com](http://www.sedar.com)

### Forward-Looking Statements

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

### Reserves and Resources

National Instrument 43-101 ("43-101") of the Canadian Securities Administrators – Standards of Disclosure for Mineral Projects – requires that each category of mineral reserves and mineral resources be reported separately.

### Description of Business

The Company is a natural resource company engaged in the acquisition and exploration of resource properties. The Company is actively searching for new projects. On July 21, 2017, the Company announced its change of corporate name from "Brigade Resource Corp." to "Green 2 Blue Energy Corp."

### Exploration Summary

During the year, the Company entered into option agreements to acquire the Brooks Lake, Surprise Lake and Boyer Lake properties located in Kenora, Ontario, and the Joyce Lake property located in Red Lake, Ontario.



The Company previously entered into a purchase option agreement with Voltaire to acquire the Paterson Property located in the District of Kenora, Ontario, for a total consideration of \$150,000 and the issuance of 460,000 common shares payable in five installment payments. The purchase option agreement was terminated by mutual agreement of the parties. The Company had paid 12,500 and issued 340,000 common shares upon the execution of the option agreement. On March 14, 2016, Voltaire returned the 400,000 common shares to the Company with 60,000 common shares as settlement for the cash of \$12,500 paid. The Company cancelled and returned the common shares to treasury. During the year ended March 31, 2017, management decided not to continue with the Brooks Lake, Surprise Lake, Boyer Lake, Patterson Lake and Joyce Lake Properties and wrote-off the balance of \$70,000 to the statement of operations.

## Selected Financial Information

The financial information as at and for the period ended June 30, 2017 has been prepared in accordance with IFRS.

Period ended	June 30, 2017	June 30, 2016
Total income	\$ -	\$ -
Comprehensive loss for the period	40,384	56,566
Basic and diluted loss per share	0.01	0.02
Total assets	200,472	175,052
Working capital (deficiency)	(99,709)	(67,047)

## Results of Operations

During the period ended June 30, 2017, the Company incurred a comprehensive loss of \$40,384 (2016 - \$56,566) Significant individual items contributing to the comprehensive loss are as follows:

- Management fees increased to \$28,250 (2016 - \$23,250) relating to fees for the CEO, CFO, Corporate Secretary and director.
- Office and administrative fees decreased to \$2,374 (2016 - \$17,043) primarily relating to fees for computer supplies and transfer agent.
- Professional fees decreased to \$2,582 (2016 - \$2,631) as the Company completed acquisition.

## Summary of Quarterly Results

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Total assets	\$ 36,814	\$ 158,102	\$ 36,814	\$ 45,279
Working capital (deficiency)	(99,709)	(80,593)	(90,157)	(159,269)
Shareholder's equity	(99,709)	(80,593)	(90,157)	(159,269)
Comprehensive loss	40,384	24,039	92,821	157,540
Loss per share	0.01	0.01	0.02	0.00

	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Total assets	\$ 175,052	\$ 186,664	\$ 257,477	\$ 334,167
Working capital (deficiency)	(67,047)	(20,581)	149,185	218,080
Shareholder's equity	2,953	49,419	249,185	318,080
Comprehensive loss	56,566	139,366	83,895	6,017,455
Loss per share	0.02	0.03	0.00	0.74

The increase in comprehensive loss in the quarter ended June 30, 2017 is primarily due to the filing fees.

## Liquidity and Capital Resources

Brigade's exploration and evaluation asset activities do not provide a source of income and the Company therefore has a history of losses and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of our valuation.

The Company has financed its operations to date primarily through the issuance of common shares. The Company will continue to seek capital through the issuance of common shares.

*Operating activities:* The Company does not generate any revenues and generally does not receive any cash from operating activities. Net cash used in operating activities during the period ended June 30, 2017 was \$19,849.

*Investing activities:* Net cash used by investing activities during the period ended June 30, 2017 was \$48,817 due to a loan to Green 2 Blue Energy Corp compared to proceeds received of \$334,155 from the acquisition of Brigadier in fiscal 2016.

*Financing activities:* Net cash provided by investing activities during the period ended June 30, 2017 was \$59,500 primarily due to the loans received and subscriptions received in advance.

The condensed consolidated interim financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

## Contractual Obligations

On February 1, 2016, the Company entered into a lease agreement with Brian Boyle for a monthly rent of \$4,500. In December 2016, the Company cancelled the lease.

## Off Statement of Financial Position Arrangements

At June 30, 2017, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## Capital Resources

The Company will continue to seek capital through public markets by issuing common shares pursuant to private placements. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## Outstanding Share Data

As at the date of the report the Company had 53,570,402 common shares issued and outstanding.

The following incentive stock options were outstanding at the date of this report:

Number Of shares	Exercise Price	Weighted remaining life (years)	Average contractual life (years)	Expiry Date
160,000	\$1.00	2.89		May 31, 2020
100,000	\$1.00	3.33		October 28, 2020
<u>260,000</u>				

The following warrants were outstanding at June 30, 2017:

Number Of warrants	Exercise Price	Weighted remaining life (years)	Average contractual life (years)	Expiry Date
2,238,400	\$0.10	1.46		December 16, 2018
<u>2,238,400</u>				

## Related Party Transactions

These consolidated financial statements include the financial statements of the Company and its 100% owned subsidiary Brigadier Exploration Corp.

During the period ended June 30, 2017, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	Nature of transaction
Glenn Little	Management fees for services provided by the CEO.
Red Fern Consulting Ltd. ("RFC")	Management fees for services provided by the CFO and supporting staff.
Jon Sherron	Management fees for services provided by the director.

Due to related parties at June 30, 2017 is \$31,545 (March 31, 2017 - \$9,675) owing to directors of the Company or companies controlled by related parties and RFC.

During the period ended June 30, 2017, the Company:

- a) Paid or accrued management fees of \$15,000 (2016 - \$nil) to the CEO and Director of the Company.
- b) Paid or accrued management fees of \$6,750 (2016 - \$6,750) to RFC for CFO of the Company.
- c) Paid or accrued management fees of \$1,500 (2016 - \$1,500) to a director of the Company.

## **SUBSEQUENT EVENT**

On July 21, 2017 Subsequent to June 30, 2017, the Company completed the acquisition of G2BE Canada Inc. pursuant to a share exchange agreement dated January 16, 2017. In accordance with the terms of the Agreement, the Company acquired all the issued and outstanding shares of G2BE Canada Inc. (each a "G2BE Canada Share") in consideration and in exchange for common shares in the capital of the Company (each a "Company Share") at a deemed price of \$0.10 per share.

In conjunction with the RTO, the Company announced a non-brokered private placement whereby up to 7,500,000 units will be issued at a value of \$0.10 per unit for gross proceeds up to \$750,000. Each unit will consist of one common share and one share purchase warrant exercisable at \$0.10 for 12 months and thereafter \$0.20 for an additional 12 months.

## **Proposed Transactions**

The Company has no planned or proposed transactions as of the date of this report.

## **Financial Risk Factors**

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

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its 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 June 30, 2017, the Company had a cash balance of \$4,953 (March 31, 2017 - \$12,118) to settle current liabilities of \$100,763 (March 31, 2017 - \$80,091).

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings.

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

## a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and restricted cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

## b) Price risk

The resource industry is heavily dependent upon the market price of the resources being extracted. There is no assurance that, even if commercial quantities of resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be extracted at a profit. Factors beyond control of the Company may affect the marketability of any resources discovered. The price of oil has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the Company's control. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**Risk Factors**

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

**New standards, interpretations and amendments adopted****New standard not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9, Financial Instruments (New).
- IFRS 2, Share-based Payments (Amended).
- IFRS 7, Financial Instruments: Disclosures (Amended).

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

## Critical Accounting Policies and Estimates

The Company's accounting policies are described in Notes 2 of its condensed consolidated interim financial statements for the period ended June 30, 2017. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our condensed consolidated interim financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

### Use of estimates and significant judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

#### *Critical Accounting Estimates*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

#### *Critical Accounting Judgments*

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the condensed consolidated interim financial statements.

**SCHEDULE "C"**

**TargetCo Audited Financial Statements for the financial years ended  
June 30, 2017, June 30, 2016 and June 30, 2015**

See attached.

**GREEN 2 BLUE ENERGY CORP.**

Consolidated Financial Statements

June 30, 2017

(Expressed in Canadian dollars)



## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Green 2 Blue Energy Corp.

We have audited the accompanying consolidated financial statements of Green 2 Blue Energy Corp. which comprise the consolidated statements of financial position as at June 30, 2017 and 2016, and the consolidated statements of operations and comprehensive 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 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 audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Green 2 Blue Energy Corp. as at June 30, 2017 and 2016 and the results of its operations 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 2(d) of the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Green 2 Blue Energy Corp. to continue as a going concern.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

November 17, 2017

**GREEN 2 BLUE ENERGY CORP.**

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	June 30, 2017 \$	June 30, 2016 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	38,958	5,244
Accounts receivable (Note 5)	74,096	18,920
Due from related parties (Note 12)	19,585	–
Inventory (Note 6)	10,974	7,871
Prepaid expenses	22,774	11,985
<b>Total current assets</b>	<b>166,387</b>	<b>44,020</b>
<b>Non-current assets</b>		
Property and equipment (Note 7)	322,235	398,230
<b>Total assets</b>	<b>488,622</b>	<b>442,250</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 12)	712,065	463,466
Current portion of loans payable (Note 8)	300,309	32,830
Convertible debt - related party, net of unamortized discount of \$nil and \$22,073, respectively (Note 10)	–	24
Due to related parties (Note 12)	2,384	5,160
Current portion of obligations under finance lease (Note 9)	81,206	29,674
Derivative liabilities (Note 11)	–	26,085
<b>Total current liabilities</b>	<b>1,095,964</b>	<b>557,239</b>
<b>Non-current liabilities</b>		
Loans payable (Note 8)	118,106	32,042
Obligations under finance lease (Note 9)	283,026	341,117
<b>Total liabilities</b>	<b>1,497,096</b>	<b>930,398</b>
<b>Shareholders' deficit</b>		
Share capital	1,659,637	1,304,137
Share-based payment reserve	376,846	376,846
Deficit	(3,002,013)	(2,160,069)
Accumulated other comprehensive income (loss)	(43,327)	(9,846)
<b>Total Green 2 Blue Energy Corp. shareholders' deficit</b>	<b>(1,008,857)</b>	<b>(488,932)</b>
Non-controlling interest	383	784
<b>Total shareholders' deficit</b>	<b>(1,008,474)</b>	<b>(488,148)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>488,622</b>	<b>442,250</b>

Going concern (Note 2(d))

Commitments (Note 15)

Subsequent events (Note 20)

Approved and authorized for issuance by the Board of Directors on November 17, 2017:

/s/ "Slawomir Smulewicz"

Slawomir Smulewicz, Director

/s/ "Michael Young"

Michael Young, Director

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

**GREEN 2 BLUE ENERGY CORP.**

## Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Year Ended June 30, 2017 \$	Year Ended June 30, 2016 \$
Sales	454,880	201,018
Cost of sales	(420,705)	(180,020)
Gross profit	34,175	20,998
Operating Expenses		
Consulting and management fees (Note 12)	269,630	513,000
Depreciation	54,347	98,196
Foreign exchange gain	(5,488)	(29,524)
General and administrative	366,706	305,036
Professional fees	155,400	52,478
Travel	23,127	9,213
Wages and benefits	16,505	78,017
Total operating expenses	880,227	1,026,416
Net loss before other income (expense)	(846,052)	(1,005,418)
Other income (expense)		
Accretion of discount on convertible debt (Note 10)	(22,073)	(244,130)
Change in fair value of derivative liabilities (Note 11)	26,085	87,451
Gain on disposal of G2BE Services PTE Ltd. (Note 4)	33,483	–
Gain on disposal of equipment (Note 7)	21,823	–
Loss on settlement of debt	–	(292,962)
Interest expense	(55,611)	(67,698)
Total other income (expense)	3,707	(517,339)
Net loss for the year	(842,345)	(1,522,757)
Less: net loss attributable to the non-controlling interest	401	20,855
Net loss attributable to Green 2 Blue Energy Corp.	(841,944)	(1,501,902)
Comprehensive loss		
Foreign currency translation adjustments	(33,481)	(16,226)
Comprehensive loss attributable to Green 2 Blue Energy Corp.	(875,425)	(1,518,128)
Basic and diluted loss attributable to Green 2 Blue Energy Corp.	(0.04)	(0.10)
Weighted average number of common shares outstanding used in the calculation of net loss attributable to Green 2 Blue Energy Corp. per common share basic and diluted	21,967,376	14,573,389

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

## GREEN 2 BLUE ENERGY CORP.

Consolidated Statements of Changes in Shareholders' Deficit  
(Expressed in Canadian dollars)

	Share Capital		Share-based Payment Reserve \$	Deficit \$	Accumulated Other Comprehensive Income (Loss) \$	Non-controlling Interest \$	Total Shareholders' Deficit \$
	Number of Shares	Amount \$					
Balance, June 30, 2015	7,700,001	270,000	–	(658,167)	6,380	(119,561)	(501,348)
Issuance of common shares for cash	1,645,000	164,500	–	–	–	–	164,500
Issuance of common shares for services	3,450,000	345,000	–	–	–	–	345,000
Issuance of common shares for settlement of related party debt	550,000	55,000	–	–	–	–	55,000
Conversion of convertible debt and derivative liabilities to common shares	6,100,000	610,000	376,846	–	–	–	986,846
Issuance of common shares to acquire non-controlling interest	3,000,000	(140,363)	–	–	–	140,363	–
Cancellation of founder's shares	(2,500,000)	–	–	–	–	–	–
Contribution from non-controlling interest	–	–	–	–	–	837	837
Net loss	–	–	–	(1,501,902)	–	(20,855)	(1,522,757)
Foreign currency translation loss	–	–	–	–	(16,226)	–	(16,226)
Balance, June 30, 2016	19,945,001	1,304,137	376,846	(2,160,069)	(9,846)	784	(488,148)
Issuance of common shares for cash	623,700	62,370	–	–	–	–	62,370
Issuance of common shares for settlement of related party debt	1,865,000	186,500	–	–	–	–	186,500
Issuance of common shares for settlement of debt	1,066,300	106,630	–	–	–	–	106,630
Net loss	–	–	–	(841,944)	–	(401)	(842,345)
Foreign currency translation loss	–	–	–	–	(33,481)	–	(33,481)
<b>Balance, June 30, 2017</b>	<b>23,500,001</b>	<b>1,659,637</b>	<b>376,846</b>	<b>(3,002,013)</b>	<b>(43,327)</b>	<b>383</b>	<b>(1,008,474)</b>

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

**GREEN 2 BLUE ENERGY CORP.**Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)

	Year Ended June 30, 2017 \$	Year Ended June 30, 2016 \$
Operating activities		
Net loss	(842,345)	(1,522,757)
Items not affecting cash:		
Accretion of discount on convertible debt	22,073	244,130
Change in fair value of derivative liabilities	(26,085)	(87,451)
Depreciation	54,347	98,196
Gain on disposal of equipment	(21,823)	–
Gain on disposal of G2BE Services PTE Ltd.	(33,483)	–
Loss on settlement of debt	–	292,962
Share-based compensation	–	345,000
Changes in non-cash operating working capital:		
Accounts receivable	(55,176)	30,514
Inventory	(3,103)	50,198
Prepaid expenses	(10,789)	5,091
Accounts payable and accrued liabilities	391,663	294,865
Due to related parties	143,642	40,000
Net cash used in operating activities	(381,079)	(209,252)
Investing activities		
Proceeds from sale of property and equipment	27,693	–
Purchase of property and equipment	–	(29,927)
Net cash used in investing activities	27,693	(29,927)
Financing activities		
Repayment of finance lease obligations	(31,681)	(25,566)
Proceeds from loans payable	391,452	78,989
Repayment of loans payable	(28,394)	(14,117)
Proceeds from convertible debt to a related party	–	51,079
Repayment of convertible debt to a related party	(2,033)	(10,092)
Proceeds from common shares issued	62,370	164,500
Net cash provided by financing activities	391,714	244,793
Effects of foreign exchange rate changes on cash	(4,614)	(16,226)
Change in cash	33,714	(10,612)
Cash, beginning of year	5,244	15,856
Cash, end of year	38,958	5,244

Supplemental Cash Flow Information (Note 17)

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

## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### **1. Corporate Information**

Green 2 Blue Energy Corp. (the "Company") was incorporated on May 30, 2014 under the laws of British Columbia. The Company manufactures, markets, and distributes softwood pellets and shavings for consumer and industrial customers and arranges transactions between buyers and sellers of alternative energy products. The Company's registered office is located at Suite 1170, 1040 West Georgia Street, Vancouver, BC.

### **2. Basis of Presentation**

#### **(a) Statement of Compliance and Principles of Consolidation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

These consolidated financial statements include the accounts of the Company and its subsidiaries: (i) Green 2 Blue Energy Europe Sp. z.o.o. ("G2BE Europe"), incorporated in Poland in October 2014 and is 99.5% owned by the Company; (ii) G2BE Services PTE Ltd. ("G2BE Services"), incorporated in Singapore and is wholly owned by the Company; and (iii) G2BE Poland Sp z o.o. ("G2BE Poland"), incorporated in Poland and is owned 99% by G2BE Europe. The Company sold its interest in G2BE Services on March 27, 2017.

All significant intercompany transactions have been eliminated on consolidation.

#### **(b) Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. The Company's functional currency is Canadian dollars. G2BE Europe's and G2BE Poland's functional currency is Polish zloty. G2BE Services' functional currency is US dollars.

#### **(c) Use of Estimates and Judgments**

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting 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 factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities.

Significant areas of estimation include the collectability of accounts receivable, useful lives and recoverability of property and equipment, measurement of provisions, valuation of inventory, fair value of derivative liabilities, valuation of convertible debt, fair value of share-based payments, and deferred income tax asset valuation allowances.

## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### **2. Basis of Presentation** (continued)

#### (c) Use of Estimates and Judgments (continued)

The Company's policy for property and equipment requires judgment in determining whether the present value of future expected economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits related to its operations. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of capitalized cost is unlikely, the capitalized cost is written off to the consolidated statement of operations.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

#### (d) Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2017, the Company had a negative cash flow from operations, had a working capital deficit of \$929,577, and had an accumulated deficit of \$3,002,013. Furthermore, the Company incurred a net loss of \$842,345 during the year ended June 30, 2017. To obtain future profitability, the Company will need to increase the volume of production and sales, and is reliant on the co-operation of creditors to pay outstanding amounts on a timely basis. Management believes that the proceeds from additional equity financing activities that it is currently pursuing, combined with revenue that the Company expects to generate in subsequent periods, will provide the Company with sufficient working capital to satisfy its liabilities and commitments as they become due for the foreseeable future. There can be no assurances that sufficient equity can be raised on a timely basis or on terms that are acceptable to the Company. These factors, current market conditions, and inability to secure new assets to date, however, indicate the existence of a material uncertainty that casts significant doubt on the ability of the Company to continue as a going concern or in its present form. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

### **3. Summary of Significant Accounting Policies**

#### (a) 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.

#### (b) Accounts Receivable

Accounts receivable is comprised of amounts due from customers for purchases of the Company's products and is recorded net of allowance for doubtful accounts. Factors such as current economic conditions, historical information, and reasons for any accounts being past due are all considered when determining whether to write off accounts receivable.

#### (c) Inventory

Inventory is comprised of raw material and finished goods, which are valued at the lower of cost and net realizable value. Costs are determined using the weighted average basis for raw materials and manufactured goods and first-in-first-out for goods purchased for resale. Net realizable value is determined on the basis of anticipated sales proceeds less the estimated selling expenses. Inventory is reviewed at least annually for impairment due to slow moving or obsolescence.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 3. Summary of Significant Accounting Policies (continued)

#### (d) Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment charges, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be reliably measured. All other expenditures are charged to operating expenses as incurred.

When major components of property and equipment have different useful lives, they are accounted for as separate items. Depreciation of property and equipment is based on the estimated useful lives of the assets using the following rates:

Forklifts	14% declining balance
Furniture and fixtures	5 years straight-line
Technical equipment and machinery	5 years straight-line
Vehicles	4 years straight-line

#### (e) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life;
- an intangible asset not yet available for use; and
- goodwill acquired in a business combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### **3. Summary of Significant Accounting Policies** (continued)

#### (f) Leases

The Company leases assets for administrative purposes. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment by the Company of whether the arrangement conveys a right to use the asset. Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. Otherwise, leases are classified as operating leases.

Operating lease expense is recognized on a straight-line basis over the lease term.

Finance lease payments are recorded at the present value at the inception of the lease and apportioned at each disbursement date between financing costs and the lease liability using the implicit interest rate of the lease.

#### (g) Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, loans payable, amounts due from and to related parties, convertible debt to related parties, derivative liabilities, and obligations under finance lease.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- (i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized at fair value and subsequently carried at fair value. Gains and losses arising from changes in fair value are recorded in the consolidated statement of operations in the period in which they arise. Cash is classified as fair value through profit or loss.

- (ii) 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. The Company does not have any assets classified as held-to-maturity investments.

- (iii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale investments are recognized at fair value and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. The Company does not have any assets classified as available-for-sale.

## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### **3. Summary of Significant Accounting Policies** (continued)

#### (g) Financial Instruments (continued)

(iv) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses. Amounts due from related parties and accounts receivable are classified as loans and receivables.

(v) Non-derivative financial liabilities: The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, loans payable, amounts due to related parties, convertible debt to related parties, and obligations under finance lease.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(vi) Financial liabilities designated at fair value through profit or loss include derivatives, including separated derivatives are also classified as held for trading and recognized at fair value with change in fair value recognized in earnings unless they are designate as effective hedging instruments. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in the consolidated statement of operations. The Company's financial liabilities designated at fair value through profit or loss include derivative liabilities.

#### (h) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

#### (i) Revenue Recognition

Revenue is recognized when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions, the sales price to the customer is fixed and determinable, and collection of the resulting receivable is reasonably assured. Gross revenue is reduced by discounts, credits, allowances, and product returns. Generally, revenue is recognized when the risks and rewards are transferred to the customer based on shipping terms negotiated in sales contracts.

#### (j) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### **3. Summary of Significant Accounting Policies** (continued)

#### (k) Income Taxes

Income tax comprises current and deferred income tax. Current income tax and deferred income tax are recognized in the consolidated statement of operations except to the extent that they relate to a business combination, or items recognized directly in equity or in the other comprehensive loss.

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

Deferred income tax assets and liabilities are recognized where the carrying amounts of an asset or liability differs from its tax base, except for the taxable 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 the consolidated statement of operations.

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

#### (l) Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. As at June 30, 2017, the Company has no (2016 – 441,938) potentially dilutive shares outstanding.

#### (m) Comprehensive Income (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. For the years ended June 30, 2017 and 2016, comprehensive income (loss) consists of foreign currency translation gains and losses.

#### (n) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation 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 do 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 of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 3. Summary of Significant Accounting Policies (continued)

#### (o) Accounting Standards Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after July 1, 2016 or later periods.

The following new standards have not been early adopted in these consolidated financial statements and the Company is currently assessing the impact that the standards will have on the Company's consolidated financial statements:

- i) IFRS 9, *Financial Instruments* (New; to replace IAS 39 and IFRIC 9);
- ii) IFRS 15, *Revenue from Contracts with Customers* (New); and
- iii) IFRS 16, *Leases* (New).

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. Sale of G2BE Services PTE Ltd.

On March 27, 2017, the Company sold its interest in G2BE Services to the President of the Company for consideration of \$1. As a result, the Company recorded a gain on disposal of \$33,483 related to its interest.

### 5. Accounts Receivable

	June 30, 2017 \$	June 30, 2016 \$
Trade accounts receivable	33,259	8,764
GST and VAT receivable	40,837	10,156
	<u>74,096</u>	<u>18,920</u>

### 6. Inventory

	June 30, 2017 \$	June 30, 2016 \$
Raw materials	10,974	4,512
Finished goods	—	3,359
	<u>10,974</u>	<u>7,871</u>

**GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

**7. Property and Equipment**

	Assets Under Construction \$	Forklift \$	Furniture and Fixtures \$	Technical Equipment and Machinery \$	Vehicles \$	Total \$
Cost:						
Balance, June 30, 2015	–	3,511	–	518,249	19,122	540,882
Additions	27,167	–	2,760	–	–	29,927
Dispositions	–	–	–	–	(18,898)	(18,898)
Foreign currency translation adjustments	–	(41)	–	(6,086)	(224)	(6,351)
Balance, June 30, 2016	27,167	3,470	2,760	512,163	–	545,560
Additions	914	–	–	1,402	–	2,316
Foreign currency translation adjustments	1,841	235	–	34,701	–	36,777
Dispositions	(4,876)	–	–	–	–	(4,876)
Balance, June 30, 2017	25,046	3,705	2,760	548,266	–	579,777
Accumulated depreciation:						
Balance, June 30, 2015	–	205	–	54,598	1,088	55,891
Additions	–	507	138	96,517	4,111	101,273
Disposals	–	–	–	–	(5,112)	(5,112)
Foreign currency translation adjustments	–	(25)	–	(4,610)	(87)	(4,722)
Balance, June 30, 2016	–	687	138	146,505	–	147,330
Foreign currency translation adjustments	–	48	–	9,925	–	9,973
Additions	–	519	552	99,168	–	100,239
Balance, June 30, 2017	–	1,254	690	259,558	–	257,542
Carrying amounts:						
Balance, June 30, 2016	27,167	2,783	2,622	365,658	–	398,230
Balance, June 30, 2017	25,046	2,451	2,070	292,668	–	322,235

As at June 30, 2017, included in technical equipment and machinery are assets under finance lease with an original cost of \$527,785 (2016 - \$494,297) and accumulated depreciation of \$245,965 (2016 - \$140,408). During the year ended June 30, 2017, the Company sold equipment with a carrying value of \$4,663 for proceeds of \$26,486 which resulted in a gain on the sale of equipment of \$21,823.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 8. Loans Payable

- (a) As at June 30, 2017, the Company owed \$25,000 (2016 - \$nil) to an unrelated third party, which is unsecured, bears interest at the greater of \$2,500 or 10% per annum, and due on demand.
- (b) .As at June 30, 2017, the Company owed \$1,754 (PLN\$5,000) (2016 - \$16,415 (PLN\$50,000)) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and is due on demand.
- (c) As at June 30, 2017, the Company owed \$nil (PLN\$nil) (2016 - \$16,415 (PLN\$50,000)) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and due on demand.
- (d) As at June 30, 2017, the Company owed \$8,763 (PLN\$25,000) (2016 - \$8,207 (PLN\$25,000)) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and due on October 31, 2017.
- (e) As at June 30, 2017, the Company owed \$184,372 (2016 - \$nil) to Brigade Resources Corp., which is unsecured, bears interest at 5% per annum, and due on December 22, 2017.
- (f) As at June 30, 2017, the Company owed \$57,524 (PLN\$164,100) (2016 - \$27,118 (PLN\$82,600)) to the President of G2BE Europe, which is unsecured, bears interest at 5% per annum, and due on December 31, 2017.
- (g) As at June 30, 2017, the Company owed \$8,763 (PLN\$25,000) (2016 - \$nil) to the President of G2BE Europe, which is unsecured, bears interest at 5% per annum, and due on December 31, 2017.
- (h) As at June 30, 2017, the Company owed \$14,133 (PLN\$40,318) (2016 - \$nil) to the President of G2BE Europe, which is unsecured, bears interest at 5% per annum, and due on December 31, 2017.
- (i) As at June 30, 2017, the Company owed \$63,105 (PLN\$180,000) (2016 - \$nil) to an unrelated third party, which is secured by 600,000 shares of the Company that were pledged by a shareholder, bears interest at 4.81% per annum, and due on July 31, 2018.
- (j) As at June 30, 2017, the Company owed \$55,001 (PLN\$156,923) (2016 - \$nil) to an unrelated third party, which is secured by 600,000 shares of the Company that were pledged by a shareholder, bears interest at 4.81% per annum, and due on July 31, 2018.

### 9. Obligations Under Finance Lease

On October 1, 2014, the Company entered into an agreement to lease machinery used in the production of pellets. The equipment lease is classified as a finance lease. The interest rate underlying the obligation in the finance lease is 26% per annum.

The following is a schedule by years of future minimum lease payments under the remaining finance lease together with the present value of the net minimum lease payments as of June 30, 2017:

Year ending June 30:	\$
2018	104,608
2019	104,608
2020	104,608
2021	52,453
<hr/>	
Net minimum lease payments	366,277
Residual value	52,772
Less: amount representing interest payments	(54,817)
<hr/>	
Present value of net minimum lease payments	364,232
Less: current portion	(81,206)
<hr/>	
Non-current portion	283,026

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 10. Convertible Debt – Related Party

On October 13, 2014, the Company entered into a loan agreement with the President of the Company. Pursuant to the agreement, the President of the Company will advance up to \$300,000 to the Company. Advances will bear interest at 5% per annum and mature on October 30, 2016 or such later date at the sole discretion of the President of the Company. The loan is convertible at the holder's option at any time prior to the maturity date at the lower of: (i) \$0.05 per share; or (ii) the price of the common shares most recently issued by the Company. On February 9, 2015, the parties entered into an amendment to the loan agreement whereby the credit limit referred to in the loan agreement was increased by \$100,000 to \$400,000.

The conversion feature failed to meet equity classification and was accounted for as a derivative liability and accounted for separately from the host instrument. The principal balance was accounted for at amortized cost, and the embedded derivative liability was measured at fair value with changes in value recorded in the consolidated statement of operations.

On January 31, 2016, the Company issued 6,100,000 common shares with a fair value of \$610,000 to the President of the Company and the spouse of the President of the Company upon the conversion of \$305,000 of the convertible debt, resulting in a loss on settlement of debt of \$305,000. On March 30, 2016, the Company issued 200,000 common shares with a fair value of \$20,000 to the President of the Company to settle \$20,000 of the convertible debt.

On October 30, 2016, the note matured and the remaining outstanding balance was transferred to a non-interest bearing, due on demand related party advance.

During the year ended June 30, 2017, the Company recognized accretion expense of \$22,073 (2016 - \$234,044). As at June 30, 2017, the Company had \$nil (2016 - \$22,097) of convertible debt outstanding, net of discount of \$nil (2016 - \$22,073) resulting in a carrying value of \$nil (2016 - \$24).

### 11. Derivative Liabilities

The conversion feature described in Note 10 failed to meet equity classification and, as a result, was accounted for as a derivative liability separately from the host debt instrument. The fair value of the conversion feature (derivative liability) was revalued at each reporting date and the fair value changes recorded in the consolidated statement of operations.

The table below sets forth a summary of changes in the fair value of the Company's Level 3 financial liabilities:

	Year Ended June 30, 2017 \$	Year Ended June 30, 2016 \$
Balance at the beginning of period	26,085	451,341
Original discount limited to proceeds of notes	–	51,079
Conversion of derivative liabilities	–	(376,846)
Extinguishment of derivative liabilities upon settlement of convertible debt	–	(12,038)
Change in fair value of derivative liabilities	(26,085)	(87,451)
Balance at the end of the period	–	26,085

During the year ended June 30, 2017, the Company recorded a gain on the change in fair value of the derivative liabilities of \$26,085 (2016 – \$87,451).

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 11. Derivative Liabilities (continued)

The Company uses the Black-Scholes option pricing model to calculate the fair values of the derivative liabilities. The following table shows the weighted average assumptions used in the calculations:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
As at issuance date	168%	0.97%	0%	2.05
As at June 30, 2016	168%	0.49%	0%	0.33
As at June 30, 2017	—	—	—	—

### 12. Related Party Transactions

- (a) As at June 30, 2017, the Company was owed \$19,585 (PLN\$55,872) (2016 - \$nil) from the President of G2BE Europe. The amount owed is unsecured, non-interest bearing, and due on demand.
- (b) As at June 30, 2017, the Company owed \$9,179 (2016 - \$142,537) to the President of the Company, of which \$6,795 (2016 - \$141,540) was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.
- (c) As at June 30, 2017, the Company owed \$67 (2016 - \$33,717) to the Chief Financial Officer of the Company, of which \$67 (2016 - \$28,717) was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.
- (d) As at June 30, 2017, the Company owed \$nil (2016 - \$2,312 (PLN\$7,041)) to a director of G2BE Europe, which was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.
- (e) During the year ended June 30, 2017, the Company incurred consulting and management fees of \$13,000 (2016 - \$85,500) to the President of the Company and \$nil (2016 - \$48,000) to the Chief Financial Officer of the Company.
- (f) During the year ended June 30, 2017, the Company incurred management fees of \$63,000 (2016 - \$nil) to a company, which is controlled by the Chief Financial Officer of the Company. As at June 30, 2017, \$63,000 (2016 \$nil) was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and is due at the earlier of December 31, 2018 or when the Company generates \$450,000 of annual revenues.
- (g) During the year ended June 30, 2017, the Company recorded unpaid management fees of \$87,000 (2016 - \$nil) to a company where the President of the Company is a director. The amount owing is unsecured, non-interest bearing, and is due at the earlier of December 31, 2018 or when the Company generates \$450,000 of annual revenues.

### 13. Share Capital

#### Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

*Issued during the year ended June 30, 2017:*

- (a) On September 29, 2016, the Company issued 100,000 common shares at a price of \$0.10 per share for proceeds of \$10,000.
- (b) On November 30, 2016, the Company issued 250,000 common shares at a price of \$0.10 per share for proceeds of \$25,000.
- (c) On December 6, 2016, the Company issued 1,650,000 common shares with a fair value of \$165,000 to the President of the Company to settle debt of \$165,000.



## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 13. Share Capital (continued)

*Issued during the year ended June 30, 2017: (continued)*

- (d) On December 6, 2016, the Company issued 215,000 common shares with a fair value of \$21,500 to the Chief Financial Officer of the Company to settle debt of \$21,500.
- (e) On December 6, 2016, the Company issued 1,066,300 common shares with a fair value of \$106,630 to settle debt of \$106,630.
- (f) On December 15, 2016, the Company issued 273,700 common shares for proceeds of \$27,370.

*Issued during the year ended June 30, 2016:*

- (g) On August 14, 2015, the Company issued 800,000 common shares with a fair value of \$80,000, of which 600,000 common shares with a fair value of \$60,000 was issued to the President of G2BE Europe and 200,000 common shares with a fair value of \$20,000 was issued to a director of G2BE Europe, for the provision of services.
- (h) On August 14, 2015, the Company issued 3,000,000 common shares of the Company with a fair value of \$300,000 pursuant to a share exchange agreement. Pursuant to the agreement, the Company received 39 common shares of the issued and outstanding shares of the Company's subsidiary, G2BE Europe.
- (i) On August 21, 2015, the Company issued 500,000 common shares at \$0.10 per share for proceeds of \$50,000.
- (j) On September 16, 2015, the Company issued 400,000 common shares at \$0.10 per share for proceeds of \$40,000.
- (k) On January 31, 2016, the Company issued a total of 6,100,000 common shares with a fair value of \$610,000 to the President of the Company and the spouse of the President of the Company upon the conversion of \$305,000 of the convertible debt described in Note 10.
- (l) On March 1, 2016, the Company issued 1,500,000 common shares with a fair value of \$150,000 for the provision of services by the Chief Financial Officer of the Company.
- (m) On March 1, 2016, the Company cancelled 2,500,000 common shares of the Company held by the President of the Company for no consideration as a result of a repricing of common shares issued to the President on June 9, 2014 for \$0.01 per share.
- (n) On March 4, 2016, the Company issued 1,050,000 common shares with a fair value of \$105,000 of which 800,000 common shares with a fair value of \$80,000 was issued to the President of G2BE Europe and 250,000 common shares with a fair value of \$25,000 was issued to a director of G2BE Europe, for the provision of services.
- (o) On March 30, 2016, the Company issued a total of 200,000 common shares with a fair value of \$20,000 to the President of the Company and the spouse of the President of the Company upon the settlement of \$20,000 of the convertible debt described in Note 10.
- (p) On March 31, 2016, the Company issued 350,000 common shares with a fair value of \$35,000 to settle \$35,000 of advances outstanding to the Chief Financial Officer of the Company.
- (q) On April 29, 2016, the Company issued 705,000 common shares at \$0.10 per share for proceeds of \$70,500, of which 150,000 common shares for proceeds of \$15,000 were issued to the Chief Financial Officer of the Company.
- (r) On May 4, 2016, the Company issued 100,000 common shares with a fair value of \$10,000 for the provision of services.
- (s) On June 30, 2016, the Company issued 40,000 common shares at \$0.10 per share for proceeds of \$4,000.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 14. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2016.

### 15. Commitments

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters other than disclosed below. Management services provided are on a month-to-month basis.

- (a) The Company has entered into a lease for equipment until December 31, 2020. The Company's future minimum lease payments for the equipment leases are as follows:

	\$
Fiscal year ending June 30, 2018	104,608
Fiscal year ending June 30, 2019	104,608
Fiscal year ending June 30, 2020	104,608
Fiscal year ending June 30, 2021	52,453
<b>Total:</b>	<b>366,277</b>

- (b) On November 2, 2016, the Company entered into an agreement to lease equipment until August 1, 2020. The Company made an initial payment of \$5,860 (PLN\$16,718) and agreed to pay \$2,820 (PLN\$8,387) per month. The lease is secured by a cash deposit of \$21,030 (PLN\$60,000) together with a promissory note guaranteed by a shareholder of the Company.
- (c) Commencing on January 1, 2017, the Company entered into an agreement to lease property for an indefinite period in exchange for PLN\$25,000 per month plus VAT and utilities. The lease is secured by equipment owned by the Company's subsidiary and a vehicle owned by a shareholder.
- (d) Commencing on January 1, 2017, the Company entered into an agreement for the purchase of electricity for the period of one year. Pursuant to the agreement, the Company will purchase an estimated total of 4000 MWh at a price of PLN\$210.90/MWh.
- (e) On January 17, 2017, the Company entered into a share exchange agreement (the "Agreement") with Brigade Resource Corp. ("Brigade"). Under the terms of the Agreement, Brigade will acquire all of the issued and outstanding common shares of the Company in exchange for 47,000,002 common shares of Brigade. As the shareholders of the Company will hold a majority of the common shares of Brigade and will continue its existing business, the Company is considered to have acquired Brigade on an accounting basis, and the transaction will be accounted for as a reverse takeover.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 16. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

#### (a) Fair Values

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement.

	Fair Value Measurements Using			Balance, June 30, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	38,958	–	–	38,958

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, loans payable, amounts due from and to related parties, convertible debt to related parties, and obligations under finance lease, 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 fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is in its cash and accounts receivable. Cash is held with major banks in Canada, which are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

Accounts receivable consists of trade receivables and input tax credits. The following table represents the customers that represented 10% or more of total trade receivables as of:

	June 30, 2017	June 30, 2016
Customer A	0%	65%
Customer B	77%	0%
Customer C	14%	0%

The following table represents the customers that represented 10% or more of total revenue for the year ended June 30:

	2017	2016
Customer A	99%	25%
Customer B	0%	20%
Customer C	0%	11%
Customer D	0%	11%

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 16. Financial Instruments and Risk Management (continued)

#### (c) Foreign Currency Risk

The Company's functional currencies are the Canadian dollar (the Company), US dollar (G2BE Services), and Polish zloty (G2BE Europe and G2BE Poland). Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's head office and some operating expenses are denominated in Canadian dollars. The Company's revenue and a large portion of operating expenses are denominated in Polish zloty. If the Polish zloty depreciates compared to the Canadian dollar, revenue would decrease in Canadian dollars. A 10% change in the foreign currency exchange rate would have an approximate impact of \$30,000 on net loss. The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relies on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Significant balances as expressed in Polish zloty are as follows:

	June 30, 2017 PLN\$	June 30, 2016 PLN\$
Cash	38,658	14,099
Accounts receivable	184,559	26,695
Due from related parties	55,872	–
Prepaid expenses	44,372	19,852
Accounts payable and accrued liabilities	(1,244,442)	(705,578)
Loans payable	(628,207)	–
Obligations under finance lease	(1,039,053)	(1,129,430)
<b>Net Polish zloty liabilities</b>	<b>(2,588,241)</b>	<b>(1,774,362)</b>

#### (d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of the Company's cash is not significantly affected by changes in short-term interest rates. The income earned from the bank accounts and short-term term deposits is subject to movements in interest rates.

#### (e) Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Management maintains sufficient cash to satisfy short-term liabilities in highly liquid investments.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1 -5 Years \$
As at June 30, 2017				
Trade and other payables	712,065	712,065	712,065	–
Obligations under finance lease	364,232	364,232	81,206	283,026
	1,076,297	1,076,297	793,271	283,026

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 17. Supplemental Cash Flow Information

	2017 \$	2016 \$
Non-cash investing and financing activities:		
Shares issued to settle accounts payable and accrued liabilities	106,630	–
Shares issued to settle convertible debt	–	610,000
Shares issued to settle related party debt	186,500	55,000
Supplemental disclosures:		
Interest paid	40,027	9,908
Income taxes paid	–	–

### 18. Segmented Information

The Company has one operating segment which is manufacturing, marketing, and distributing softwood pellets and shavings for consumer and industrial customers. The Company has operations in Canada and Poland. The geographic distribution of non-current assets is as follows:

	Canada \$	Poland \$	Total \$
<b>June 30, 2017</b>			
Property and equipment	2,070	320,165	322,235
<b>June 30, 2016</b>			
Property and equipment	2,622	395,608	398,230

All of the Company's revenue during the years ended June 30, 2017 and 2016 was generated in Poland.

### 19. Income Taxes

The Company operates in Canada, Singapore, and Poland and is subject to statutory income tax rates of 26%, 17%, and 19%, respectively. The income tax provision differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to net income (loss) before taxes as follows:

	2017 \$	2016 \$
Statutory income tax rate	26%	26%
Income tax recovery at statutory rate	(219,010)	(390,495)
Tax effect of:		
Permanent differences and other	8,413	231,677
Change in substantively enacted tax rates	11,798	–
Difference in tax rates between foreign jurisdictions	22,558	22,202
Change in unrecognized deferred income tax assets	176,241	136,616
Income tax provision	–	–

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

(Expressed in Canadian dollars)

### 19. Income Taxes (continued)

The significant components of the Company's deferred income taxes are as follows:

	2017	2016
	\$	\$
Deferred income tax assets		
Non-capital losses carried forward	432,654	266,058
Property and equipment	38,812	29,167
Total deferred income tax assets	471,466	295,225
Unrecognized deferred income tax assets	(471,466)	(295,225)
Net deferred income tax assets	–	–

As at June 30, 2017, the Company has non-capital losses carried forward of \$1,968,597 in Canada, Singapore, and Poland which are available to offset future years' taxable income. These losses expire as follows:

	\$
2035	638,799
2036	539,499
2037	790,299
	1,968,597

### 20. Subsequent Events

- (a) On July 12, 2017, the Company closed the Agreement with Brigade as described in Note 15(f). Pursuant to the Agreement, Brigade acquired all of the issued and outstanding common shares of the Company in exchange for 47,000,002 common shares of Brigade. As the shareholders of the Company hold a majority of the common shares of Brigade and will continue its existing business, the Company is considered to have acquired Brigade on an accounting basis, and the transaction will be accounted for as a reverse takeover.

In conjunction with the closing of the Agreement, the amounts owed described in Note 8(e) were forgiven.

- (b) On August 16, 2017, the Company entered into an agreement to lease a vehicle for 35 months in exchange for a PLN\$463 down payment and monthly payments of PLN\$1,071.
- (c) On November 10, 2017, the Company closed a non-brokered private placement of 10,436,700 units at \$0.10 per unit for proceeds of \$1,043,670. Each unit is comprised of one common share of the Company and one share purchase warrant which is exercisable into one additional common share of the Company for a period of two years at \$0.10 per share until November 10, 2018 and \$0.20 per share thereafter. The private placement is subject to finder's fees equal to 8% of the gross proceeds raised which is paid in units with the same terms as the private placement.

**GREEN 2 BLUE ENERGY CORP.**

Consolidated Financial Statements  
Years Ended June 30, 2016 and 2015  
(Expressed in Canadian dollars)

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Green 2 Blue Energy Corp.

We have audited the accompanying consolidated financial statements of Green 2 Blue Energy Corp. which comprise the statements of financial position as at June 30, 2016 and 2015, and the consolidated statements of operations and comprehensive 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 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 audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Green 2 Blue Energy Corp. as at June 30, 2016 and 2015 and the results of its operations 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 2(d) of the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Green 2 Blue Energy Corp. to continue as a going concern.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

May 4, 2017



**GREEN 2 BLUE ENERGY CORP.**

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	June 30, 2016 \$	June 30, 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	5,244	15,856
Accounts receivable (Note 5)	18,920	49,434
Inventory (Note 6)	7,871	58,069
Prepaid expenses	11,985	17,076
<b>Total current assets</b>	<b>44,020</b>	<b>140,435</b>
<b>Non-current assets</b>		
Property and equipment (Note 7)	398,230	484,991
<b>Total assets</b>	<b>442,250</b>	<b>625,426</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 8 and 12)	463,466	168,601
Current portion of loans payable (Note 8)	32,830	–
Convertible debt - related party, net of unamortized discount of \$22,073 and \$nil, respectively (Note 10)	24	–
Due to related parties (Note 12)	5,160	997
Current portion of obligations under finance lease (Note 9)	29,674	56,426
Derivative liabilities (Note 11)	26,085	451,341
<b>Total current liabilities</b>	<b>557,239</b>	<b>677,365</b>
<b>Non-current liabilities</b>		
Loans payable (Note 8)	32,042	–
Obligations under finance lease (Note 9)	341,117	358,423
Convertible debt - related party, net of unamortized discount of \$nil and \$215,124, respectively (Note 10)	–	90,986
<b>Total liabilities</b>	<b>930,398</b>	<b>1,126,774</b>
<b>Shareholders' deficit</b>		
Share capital	1,304,137	270,000
Share-based payment reserve	376,846	–
Deficit	(2,160,069)	(658,167)
Accumulated other comprehensive income (loss)	(9,846)	6,380
<b>Total Green 2 Blue Energy Corp. shareholders' deficit</b>	<b>(488,932)</b>	<b>(381,787)</b>
Non-controlling interest	784	(119,561)
<b>Total shareholders' deficit</b>	<b>(488,148)</b>	<b>(501,348)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>442,250</b>	<b>625,426</b>

Going concern (Note 2(c))

Commitment (Note 15)

Subsequent events (Note 20)

Approved and authorized for issuance by the Board of Directors on May 4, 2017:

/s/ "Slawomir Smulewicz"

Slawomir Smulewicz, Director

/s/ "Michael Young"

Michael Young, Director

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

**GREEN 2 BLUE ENERGY CORP.**Consolidated Statements of Operations and Comprehensive Loss  
(Expressed in Canadian dollars)

	Year Ended June 30, 2016 \$	Year Ended June 30, 2015 \$
Sales	201,018	80,229
Cost of sales	(180,020)	(71,109)
Gross profit	20,998	9,120
Operating Expenses		
Consulting and management fees (Note 12)	513,000	102,000
Depreciation	98,196	54,785
Foreign exchange loss (gain)	(29,524)	9,871
General and administrative	305,036	202,156
Professional fees	52,478	41,636
Travel	9,213	56,243
Wages and benefits	78,017	53,133
Total operating expenses	(1,026,416)	(519,824)
Net loss before other income (expense)	(1,005,418)	(510,704)
Other income (expense)		
Accretion of discount on convertible debt (Note 10)	(244,130)	(70,923)
Change in fair value of derivative liabilities (Note 11)	87,451	(231,986)
Gain (loss) on settlement of debt	(292,962)	66,692
Interest expense	(67,698)	(24,183)
Total other income (expense)	(517,339)	(260,400)
Net loss for the year	(1,522,757)	(771,104)
Less: net loss attributable to the non-controlling interest	20,855	120,225
Net loss attributable to Green 2 Blue Energy Corp.	(1,501,902)	(650,879)
Foreign currency translation adjustments	(16,226)	6,380
Comprehensive loss attributable to Green 2 Blue Energy Corp.	(1,518,128)	(644,499)
Basic and diluted loss attributable to Green 2 Blue Energy Corp.	(0.10)	(0.10)
Weighted average number of common shares outstanding used in the calculation of net loss attributable to Green 2 Blue Energy Corp. per common share basic and diluted	14,573,389	6,352,878

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

## GREEN 2 BLUE ENERGY CORP.

Consolidated Statements of Changes in Shareholders' Equity (Deficit)  
(Expressed in Canadian dollars)

	Common Shares		Share-based Payment Reserve \$	Deficit \$	Accumulated Other Comprehensive Income (Loss) \$	Non-controlling Interest \$	Total Shareholders' Deficit \$
	Number	Amount \$					
Balance June 30, 2014	5,000,001	50,000	–	(7,288)	–	–	42,712
Issuance of common shares for cash	2,000,000	150,000	–	–	–	–	150,000
Issuance of common shares for services	700,000	70,000	–	–	–	–	70,000
Contribution from non-controlling interest	–	–	–	–	–	664	664
Net loss	–	–	–	(650,879)	–	(120,225)	(771,104)
Other comprehensive income	–	–	–	–	6,380	–	6,380
Balance, June 30, 2015	7,700,001	270,000	–	(658,167)	6,380	(119,561)	(501,348)
Issuance of common shares for cash	1,645,000	164,500	–	–	–	–	164,500
Issuance of common shares for services	3,450,000	345,000	–	–	–	–	345,000
Issuance of common shares for settlement of related party debt	550,000	55,000	–	–	–	–	55,000
Conversion of convertible debt and derivative liabilities to common shares	6,100,000	610,000	376,846	–	–	–	986,846
Issuance of common shares to acquire non-controlling interest	3,000,000	(140,363)	–	–	–	140,363	–
Cancellation of founder's shares	(2,500,000)	–	–	–	–	–	–
Contribution from non-controlling interest	–	–	–	–	–	837	837
Net loss	–	–	–	(1,501,902)	–	(20,855)	(1,522,757)
Other comprehensive loss	–	–	–	–	(16,226)	–	(16,226)
Balance, June 30, 2016	19,945,001	1,304,137	376,846	(2,160,069)	(9,846)	784	(488,148)

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

**GREEN 2 BLUE ENERGY CORP.**

## Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Year Ended June 30, 2016 \$	Year Ended June 30, 2015 \$
Operating activities		
Net loss	(1,522,757)	(771,104)
Items not affecting cash:		
Accretion of discount on convertible debt	244,130	70,923
Change in fair value of derivative liabilities	(87,451)	231,986
Depreciation	98,196	54,785
Gain (loss) on settlement of debt	292,962	(66,692)
Share-based compensation	345,000	70,000
Changes in non-cash operating working capital:		
Accounts receivable	30,514	(49,434)
Inventory	50,198	(58,069)
Prepaid expenses	5,091	(7,076)
Accounts payable and accrued liabilities	294,865	165,601
Due to related parties	40,000	(12,882)
Net cash used in operating activities	(209,252)	(371,962)
Investing activities		
Purchase of property and equipment	(29,927)	(20,485)
Net cash used in investing activities	(29,927)	(20,485)
Financing activities		
Repayment of finance lease obligations	(25,566)	(104,442)
Contributions from non-controlling interest	–	664
Proceeds from loans payable	78,989	–
Repayment of loans payable	(14,117)	–
Proceeds from convertible debt to a related party	51,079	346,110
Repayment of convertible debt to a related party	(10,092)	(40,000)
Proceeds from common shares issued	164,500	150,000
Net cash provided by financing activities	244,793	352,332
Effects of exchange rate changes on cash	(16,226)	6,380
Decrease in cash	(10,612)	(33,735)
Cash, beginning of year	15,856	49,591
Cash, end of year	5,244	15,856

Supplemental Cash Flow Information (Note 16)

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

# GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

## 1. Corporate Information

Green 2 Blue Energy Corp. (the "Company") was incorporated on May 30, 2014 under the laws of British Columbia. The Company manufactures, markets and distributes softwood pellets and shavings for consumer and industrial customers and arranges transactions between buyers and sellers of alternative energy products. The address of the Company's registered office is at Suite 415, 1040 West Georgia Street, Vancouver, BC.

## 2. Basis of Presentation

### (a) Statement of Compliance and Principles of Consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

These consolidated financial statements include the accounts of the Company and its subsidiaries: (i) Green 2 Blue Energy Europe Sp. z.o.o. ("G2BE Europe"), incorporated in Poland in October 2014 and is 99.5% owned by the Company; (ii) G2BE Services PTE Ltd. ("G2BE Services"), incorporated in Singapore and is wholly owned by the Company; and (iii) G2BE Poland Sp z o.o. ("G2BE Poland"), incorporated in Poland and is owned 49% by the Company and 51% by the President of the G2BE Europe.

All significant intercompany transactions have been eliminated on consolidation.

### (b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. The Company's functional currencies are:

Green 2 Blue Energy Corp.	Canadian dollars
G2BE Europe	Polish zloty
G2BE Services	US dollars
G2BE Poland	Polish zloty

### (c) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting 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 factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities.

Significant areas of estimation include the allowance for doubtful accounts, useful life and recoverability of property and equipment, measurement of provisions, valuation of inventory, fair value of derivative liabilities, fair value of share-based payments, and deferred income tax asset valuation allowances.

# GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

## 1. Corporate Information

Green 2 Blue Energy Corp. (the "Company") was incorporated on May 30, 2014 under the laws of British Columbia. The Company manufactures, markets and distributes softwood pellets and shavings for consumer and industrial customers and arranges transactions between buyers and sellers of alternative energy products. The address of the Company's registered office is at Suite 415, 1040 West Georgia Street, Vancouver, BC.

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Significant areas of estimation include the allowance for doubtful accounts, useful life and recoverability of property and equipment, measurement of provisions, valuation of inventory, fair value of derivative liabilities, fair value of share-based payments, and deferred income tax asset valuation allowances.

## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### **2. Basis of Presentation (continued)**

#### (c) Use of Estimates and Judgments (continued)

The Company's policy for property and equipment requires judgment in determining whether the present value of future expected economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits related to its operations. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of capitalized cost is unlikely, the capitalized cost is written off to the consolidated statement of operations.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

#### (d) Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2016, the Company had negative cash flows from operations, had a working capital deficit of \$513,219, and had an accumulated deficit of \$2,160,069. Furthermore, the Company defaulted on a lease obligation and incurred a net loss of \$1,501,902 during the year ended June 30, 2016. To obtain future profitability, the Company will need to increase the volume of production and sales, and is reliant on the co-operation on creditors to pay outstanding amounts on a timely basis. These factors, among others, create substantial doubt as to the ability of the Company to continue as a going concern. Management believes that the proceeds from additional equity financing activities that it is currently pursuing, combined with revenue that the Company expects to generate in subsequent periods, will provide the Company with sufficient working capital to satisfy its liabilities and commitments as they become due for the foreseeable future. There can be no assurances that sufficient equity can be raised on a timely basis or on terms that are acceptable to the Company. These factors, current market conditions, and inability to secure new assets to date, however, indicate the existence of a material uncertainty that casts significant doubt on the ability of the Company to continue as a going concern or in its present form. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

### **3. Summary of Significant Accounting Policies**

#### (a) 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.

#### (b) Accounts Receivable

Accounts receivable is comprised of amounts due from customers for purchases of the Company's products and is recorded net of allowance for doubtful accounts. Factors such as current economic conditions, historical information, and reasons for any accounts being past due are all considered when determining whether to write off accounts receivable.

#### (c) Inventory

Inventory is comprised of raw material and finished goods, which are valued at the lower of cost and net realizable value. Costs are determined using the weighted average basis for raw materials and manufactured goods and first-in-first-out for goods purchased for resale. Net realizable value is determined on the basis of anticipated sales proceeds less the estimated selling expenses. Inventory is reviewed at least annually for impairment due to slow moving or obsolescence.



## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 3. Summary of Significant Accounting Policies (continued)

#### (d) Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment charges, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be reliably measured. All other expenditures are charged to operating expenses as incurred.

When major components of property and equipment have different useful lives, they are accounted for as separate items. Depreciation of property and equipment is based on the estimated useful lives of the assets using the following rates:

Forklifts	14% declining balance
Furniture and fixtures	5 years straight-line
Technical equipment and machinery	5 years straight-line
Vehicles	4 years straight-line

#### (e) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life;
- an intangible asset not yet available for use; and
- goodwill acquired in a business combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### **3. Summary of Significant Accounting Policies (continued)**

#### **(f) Leases**

The Company leases assets for administrative purposes. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment by the Company of whether the arrangement conveys a right to use the asset. Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. Otherwise, leases are classified as operating leases.

Operating lease expense is recognized on a straight-line basis over the lease term.

Finance lease payments are recorded at the present value at the inception of the lease and apportioned at each disbursement date between financing costs and the lease liability using the implicit interest rate of the lease. They are presented in property and equipment, and obligations under finance lease in the consolidated statement of financial position.

#### **(g) Financial Instruments**

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, loans payable, amounts due to related parties, convertible debt to related parties, derivative liabilities, and obligations under finance lease.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- (i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized at fair value and subsequently carried at fair value. Gains and losses arising from changes in fair value are recorded in the consolidated statement of operations in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except if they are expected to be realized beyond 12 months of the consolidated statement of financial position date, where they are classified as non-current. Cash is classified as fair value through profit or loss.

- (ii) 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. The Company does not have any assets classified as held-to-maturity investments.

- (iii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale investments are recognized at fair value and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. Available-for-sale investments are classified as current except if they are expected to be realized beyond 12 months of the consolidated statement of financial position date, where they are classified as non-current. The Company does not have any assets classified as available-for-sale.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 3. Summary of Significant Accounting Policies (continued)

#### (g) Financial Instruments (continued)

(iv) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses. Accounts receivable are classified as loans and receivables.

(v) Non-derivative financial liabilities: The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, loans payable, amounts due to related parties, convertible debt to related parties, and obligations under finance lease.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(vi) Financial liabilities designated at fair value through profit or loss include derivatives, including separated derivatives are also classified as held for trading and recognized at fair value with change in fair value recognized in earnings unless they are designate as effective hedging instruments. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in the consolidated statement of operations. The Company's financial liabilities designated at fair value through profit or loss include derivative liabilities.

#### (h) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

#### (i) Revenue Recognition

Revenue is recognized when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions, the sales price to the customer is fixed and determinable and collection of the resulting receivable is reasonably assured. Revenue is measured based on the customer's sales price. Gross revenue is reduced by discounts, credits, allowances, and product returns. Generally, revenue is recognized when the risks and rewards are transferred to the customer based on shipping terms negotiated in sales contracts.

#### (j) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### **3. Summary of Significant Accounting Policies (continued)**

#### **(k) Income Taxes**

Income tax comprises current and deferred income tax. Current income tax and deferred income tax are recognized in the consolidated statement of operations except to the extent that they relate to a business combination, or items recognized directly in equity or in the other comprehensive loss.

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

Deferred income tax assets and liabilities are recognized where the carrying amounts of an asset or liability differs from its tax base, except for the taxable 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 the consolidated statement of operations.

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

#### **(l) Loss per Share**

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, the exercise of stock options and share purchase warrants is considered to be anti-dilutive and basic and diluted loss per share are the same. As at June 30, 2016, the Company has 441,938 (2015 – 6,122,202) potentially dilutive shares.

#### **(m) Comprehensive Income (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. For the years ended June 30, 2016 and 2015, comprehensive income (loss) consists of foreign currency translation gains and losses.

#### **(n) Share-based Payments**

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation 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 do 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 of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 3. Summary of Significant Accounting Policies (continued)

#### (o) Accounting Standards Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after July 1, 2016 or later periods.

The following new IFRSs that have not been early adopted in these consolidated financial statements will not have a material effect on the Company's future results and financial position:

- i) IFRS 9, *Financial Instruments* (New; to replace IAS 39 and IFRIC 9);
- ii) IFRS 15, *Revenue from Contracts with Customers* (New); and
- iii) IFRS 16, *Leases* (New).

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

### 4. Green 2 Blue Energy Europe Sp. z.o.o.

On October 13, 2014, Green 2 Blue Energy Europe Sp. z.o.o. ("G2BE Europe") was incorporated and 100 shares were issued. The Company acquired 60 shares of G2BE Europe for \$997 (PLN\$3,000) while the President of G2BE Europe owned 16 shares and two unrelated individuals owned the remaining 24 shares. On July 3, 2015, the President of G2BE Europe and the two unrelated individuals sold all of their shares in G2BE Europe to a company controlled by the President of G2BE Europe.

On August 14, 2015, the Company acquired an additional 39 shares of G2BE Europe from a company controlled by the President of G2BE Europe in exchange for 3,000,000 common shares of the Company. Refer to Note 13(b). Upon the acquisition of the additional 39 shares, G2BE Europe became a 99% owned subsidiary of the Company. The Company recorded the fair value of the shares issued of \$300,000 and debited the Company's equity for the consideration paid over the carrying amount of non-controlling interest of \$440,363.

On September 30, 2015, G2BE Europe converted debt of \$443,437 (PLN\$1,250,000) owed to the Company into 100 newly issued common shares of G2BE Europe. Of this amount, \$1,774 (PLN\$5,000) was converted to shares and the remaining \$441,663 (PLN\$1,245,000) was converted into Reserve Capital. As at June 30, 2016, there are 200 common shares of G2BE Europe outstanding, of which 199 common shares are owned by the Company and 1 common share is owned by a company controlled by the President and a director of G2BE Europe. All intercompany amounts have been eliminated.

### 5. Accounts Receivable

	June 30, 2016 \$	June 30, 2015 \$
Trade accounts receivable	8,764	30,296
GST and VAT receivable	10,156	12,831
Related party receivable (Note 12)	—	6,307
	<u>18,920</u>	<u>49,434</u>

**GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

**6. Inventory**

	June 30, 2016 \$	June 30, 2015 \$
Raw materials	4,512	11,246
Finished goods	3,359	46,823
	<u>7,871</u>	<u>58,069</u>

**7. Property and Equipment**

	Fixed Assets Under Construction \$	Forklift \$	Furniture and Fixtures \$	Technical Equipment and Machinery \$	Vehicles \$	Total \$
Cost:						
Balance, June 30, 2014	–	–	–	–	–	–
Additions	–	3,504	–	517,189	19,083	539,776
Foreign currency translation adjustments	–	7	–	1,060	39	1,106
Balance, June 30, 2015	–	3,511	–	518,249	19,122	540,882
Additions	27,167	–	2,760	–	–	29,927
Dispositions	–	–	–	–	(18,898)	(18,898)
Foreign currency translation adjustments	–	(42)	–	(6,085)	(224)	(6,351)
Balance, June 30, 2016	<u>27,167</u>	<u>3,469</u>	<u>2,760</u>	<u>512,164</u>	<u>–</u>	<u>545,560</u>
Accumulated depreciation:						
Balance, June 30, 2014	–	–	–	–	–	–
Additions	–	208	–	55,384	1,104	56,696
Foreign currency translation adjustments	–	(3)	–	(786)	(16)	(805)
Balance, June 30, 2015	–	205	–	54,598	1,088	55,891
Additions	–	507	138	96,517	4,111	101,273
Disposals	–	–	–	–	(5,112)	(5,112)
Foreign currency translation adjustments	–	(25)	–	(4,610)	(87)	(4,722)
Balance, June 30, 2016	<u>–</u>	<u>687</u>	<u>138</u>	<u>146,505</u>	<u>–</u>	<u>147,330</u>
Carrying amounts:						
Balance, June 30, 2015	–	3,306	–	463,651	18,034	484,991
Balance, June 30, 2016	<u>27,167</u>	<u>2,782</u>	<u>2,622</u>	<u>365,659</u>	<u>–</u>	<u>398,230</u>

During the year ended June 30, 2016, depreciation of \$3,077 (2015 - \$1,911) was included in inventory. As at June 30, 2016, included in technical equipment and machinery are assets under finance lease with an original cost of \$494,297 (2015 - \$500,169) and accumulated amortization of \$140,408 (2015 - \$52,045). During the year ended June 30, 2016, amortization expense includes \$88,974 (2015 - \$52,045) related to assets under finance leases.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 8. Loans Payable

- (a) As at June 30, 2016, the Company owed \$16,415 (PLN\$50,000) (2015 - \$nil) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and due on July 31, 2016. As at June 30, 2016, accrued interest of \$1,007 (PLN\$3,066) (2015 - \$nil) was included in accounts payable and accrued liabilities.
- (b) As at June 30, 2016, the Company owed \$16,415 (PLN\$50,000) (2015 - \$nil) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and due on May 31, 2017. As at June 30, 2016, accrued interest of \$89 (PLN\$270) (2015 - \$nil) was included in accounts payable and accrued liabilities.
- (c) As at June 30, 2016, the Company owed \$8,207 (PLN\$25,000) (2015 - \$nil) to an unrelated third party, which is unsecured, bears interest at 10% per annum, and due on October 31, 2017. As at June 30, 2016, accrued interest of \$353 (PLN\$1,075) (2015 - \$nil) was included in accounts payable and accrued liabilities.
- (d) As at June 30, 2016, the Company owed \$23,835 (PLN\$72,600) (2015 - \$nil) to the President of G2BE Europe, which is unsecured, bears interest at 5% per annum, and due on December 31, 2017. As at June 30, 2016, accrued interest of \$293 (PLN\$894) (2015 - \$nil) was included in accounts payable and accrued liabilities.

### 9. Obligations Under Finance Lease

	June 30, 2016 \$	June 30, 2015 \$
Impuls-Leasing Polska Sp. z o.o., equipment lease repayable in monthly installments, due in December 2020, secured by specific technical equipment and machinery. The interest rate underlying the obligation in the finance lease is 26% per annum. As at June 30, 2016, the Company was in violation of the terms of the lease. Subsequent to June 30, 2016, the Company entered into an amended lease agreement.	370,791	396,873
Impuls-Leasing Polska Sp. z o.o., vehicle lease repayable in monthly installments, due in March 2019, secured by the vehicle. The interest rate underlying the obligation in the finance lease is 5% per annum. During the year ended June 30, 2016, the lease was terminated and the vehicle was returned to the lessor.	–	17,976
	370,791	414,849
Less: current portion	(29,674)	(56,426)
Non-current portion	341,117	358,423

### 10. Convertible Debt – Related Party

On October 13, 2014, the Company entered into a loan agreement with the President of the Company. Pursuant to the agreement, the President of the Company will advance up to \$300,000 to the Company. Advances will bear interest at 5% per annum and mature on October 30, 2016 or such later date at the sole discretion of the President of the Company. The loan is convertible at the holder's option at any time prior to the maturity date at the lower of: (i) \$0.05 per share; and (ii) the price of the common shares most recently issued by the borrower. On February 9, 2015, the parties entered into an amendment to the loan agreement whereby the credit limit referred to in the loan agreement was increased by \$100,000 to \$400,000.



## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 10. Convertible Debt – Related Party (continued)

The conversion feature failed to meet equity classification and will be accounted for as a derivative liability and accounted for separately from the host instrument. The principal balance will be accounted for at amortized cost, and the embedded derivative liability is measured at fair value with changes in value being recorded in the consolidated statement of operations.

During the year ended June 30, 2016, the Company received advances of \$51,079 (2015 - \$346,110). The Company recorded a derivative liability related to the convertible debt equal to the estimated fair value of the conversion feature of \$51,079 (2015 - \$286,047) with an equivalent discount on the convertible debenture. During the year ended June 30, 2016, the Company repaid \$10,092 (2015 - \$40,000) of the convertible debt and \$9,908 (2015 - \$nil) of interest.

On January 31, 2016, the Company issued 6,100,000 common shares with a fair value of \$610,000 to the President of the Company and the wife of the President of the Company upon the conversion of \$305,000 of the convertible debt, resulting in a loss on settlement of debt of \$305,000. On March 30, 2016, the Company issued 200,000 common shares with a fair value of \$20,000 to the President of the Company to settle \$20,000 of the convertible debt.

During the year ended June 30, 2016, the Company recognized accretion expense of \$244,130 (2015 - \$70,923). As at June 30, 2016, the Company had \$22,097 (2015 - \$306,110) of convertible debt outstanding, net of discount of \$22,073 (2015 - \$215,124) resulting in a carrying value of \$24 (2015 - \$90,896).

### 11. Derivative Liabilities

The conversion feature described in Note 10 failed to meet equity classification and, as a result, is accounted for as a derivative liability separately from the host debt instrument. The fair value of the conversion feature (derivative liability) is revalued at each reporting date and the fair value changes will be recorded in the consolidated statement of operations.

The table below sets forth a summary of changes in the fair value of the Company's Level 3 financial liabilities:

	June 30, 2016 \$	June 30, 2015 \$
Balance at the beginning of year	451,341	–
Original discount limited to proceeds of notes	51,079	286,047
Conversion of derivative liabilities	(376,846)	–
Extinguishment of derivative liabilities upon settlement of convertible debt	(12,038)	(66,692)
Change in fair value of derivative liabilities	(87,451)	231,986
Balance at the end of the year	26,085	451,341

During the year ended June 30, 2016, the Company recorded a gain of \$87,451 (2015 – loss of \$231,986) on the change in fair value of the derivative liabilities.

The Company uses the Black-Scholes option pricing model to calculate the fair values of the derivative liabilities. The following table shows the weighted average assumptions used in the calculations:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
As at issuance date	168%	0.97%	0%	2.05
As at June 30, 2015	149%	0.53%	0%	1.34
As at June 30, 2016	168%	0.49%	0%	0.33

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 12. Related Party Transactions

During the year ended June 30, 2016, the Company was engaged in the following related party transactions:

- (a) During the year ended June 30, 2016, the Company recorded consulting and management fees of \$85,500 (2015 - \$42,000) to the President of the Company and \$48,000 (2015 - \$nil) to the Chief Financial Officer of the Company.
- (b) As at June 30, 2016, the Company owed \$142,537 (2015 - \$45,997) to the President of the Company, of which \$141,540 (2015 - \$45,000) was included in accounts payable and accrued liabilities.
- (c) As at June 30, 2016, the Company owed \$33,717 (2015 - \$nil) to the Chief Financial Officer of the Company, of which \$28,717 (2015 - \$nil) was included in accounts payable and accrued liabilities.
- (d) As at June 30, 2016, the Company was owed \$nil (2015 - \$6,307 (PLN\$18,983)) from the President of G2BE Europe, which was included in accounts receivable.
- (e) As at June 30, 2016, the Company owed \$2,312 (PLN\$7,041) (2015 - \$1,095 (PLN\$3,296)) to a director of G2BE Europe, which was included in accounts payable and accrued liabilities.

### 13. Share Capital

#### Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

*Issued during the year ended June 30, 2016:*

- (a) On August 14, 2015, the Company issued 800,000 common shares with a fair value of \$80,000, of which 600,000 common shares with a fair value of \$60,000 was issued to the President of G2BE Europe and 200,000 common shares with a fair value of \$20,000 was issued to a director of G2BE Europe, for the provision of services.
- (b) On August 14, 2015, the Company issued 3,000,000 common shares of the Company with a fair value of \$300,000 pursuant to a share exchange agreement. Pursuant to the agreement, the Company received 39 common shares of the issued and outstanding shares of the Company's subsidiary, G2BE Europe.
- (c) On August 21, 2015, the Company issued 500,000 common shares at \$0.10 per share for proceeds of \$50,000.
- (d) On September 16, 2015, the Company issued 400,000 common shares at \$0.10 per share for proceeds of \$40,000.
- (e) On January 31, 2016, the Company issued a total of 6,100,000 common shares to the President of the Company and the wife of the President of the Company upon the conversion of \$305,000 of the convertible debt described in Note 10.
- (f) On March 1, 2016, the Company issued 1,500,000 common shares with a fair value of \$150,000 for the provision of services by the Chief Financial Officer of the Company.
- (g) On March 1, 2016, the Company cancelled 2,500,000 common shares of the Company held by the President of the Company for no consideration as a result of a repricing of common shares issued to the President on June 9, 2014 for \$0.01 per share.
- (h) On March 4, 2016, the Company issued 1,050,000 common shares with a fair value of \$105,000 of which 800,000 common shares with a fair value of \$80,000 was issued to the President of G2BE Europe and 250,000 common shares with a fair value of \$25,000 was issued to a director of G2BE Europe, for the provision of services.



## **GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

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### **13. Share Capital (continued)**

*Issued during the year ended June 30, 2016 (continued):*

- (i) On March 30, 2016, the Company issued a total of 200,000 common shares to the President of the Company and the wife of the President of the Company upon the settlement of \$20,000 of the convertible debt described in Note 10.
- (j) On March 31, 2016, the Company issued 350,000 common shares to settle \$35,000 of advances outstanding to the Chief Financial Officer of the Company.
- (k) On April 29, 2016, the Company issued 705,000 common shares at \$0.10 per share for proceeds of \$70,500, of which 150,000 common shares for proceeds of \$15,000 were issued to the Chief Financial Officer of the Company.
- (l) On May 4, 2016, the Company issued 100,000 common shares with a fair value of \$10,000 for the provision of services.
- (m) On June 30, 2016, the Company issued 40,000 common shares at \$0.10 per share for proceeds of \$4,000.

*Issued during the year ended June 30, 2015:*

- (n) On October 30, 2014, the Company issued 1,000,000 common shares at \$0.05 per share for proceeds of \$50,000 to the President of the Company.
- (o) On January 31, 2015, the Company issued 1,000,000 common shares at \$0.10 per share for proceeds of \$100,000.
- (p) On February 6, 2015, the Company issued 700,000 common shares with a fair value of \$70,000 for the provision of services, of which 100,000 common shares with a fair value of \$10,000 was issued to the wife of the President of the Company, 100,000 common shares with a fair value of \$10,000 was issued to the former CFO of the Company, 100,000 common shares with a fair value of \$10,000 to the President of G2BE Europe, and 50,000 common shares with a fair value of \$5,000 to a director of G2BE Europe for services rendered.

### **14. Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2015.

### **15. Commitment**

The Company had no significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements, or other matters other than disclosed below. Management services provided are on a month-to-month basis.

- (a) On June 30, 2016, the Company entered into a credit agreement to secure a revolving credit facility of up to \$2,000,000. Subsequent to June 30, 2016, the agreement was terminated and no funding was received. The Company had provided a non-refundable deposit of \$13,030, which as of the date of these consolidated financial statements has not been returned and has been expensed as incurred.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 15. Commitment (continued)

- (b) The Company has entered into a lease for equipment until December 31, 2020. The Company's future minimum lease payments for the equipment leases are as follows:

	\$
Fiscal year ending June 30, 2017	67,166
Fiscal year ending June 30, 2018	97,983
Fiscal year ending June 30, 2019	97,983
Fiscal year ending June 30, 2020	97,983
Fiscal year ending June 30, 2021	48,991
Total:	410,106

### 16. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

#### (a) Fair Values

The Company categorizes its financial assets measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement. As at June 30, 2016, the Company has financial instruments in Level 1 and Level 3 as follows:

	Fair Value Measurements Using			Balance, June 30, 2016 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	5,244	–	–	5,244
Derivative liabilities	–	–	(26,085)	(26,085)
	5,244	–	(26,085)	(20,841)

There were no transfers between levels during the year.

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities with active markets.

Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, loans payable, amounts due to related parties, convertible debt to related parties, amounts due to related parties, and obligations under finance lease, 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 fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is in its cash and accounts receivable. Cash is held with major banks in Canada, which are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

### 16. Financial Instruments and Risk Management (continued)

#### (b) Credit Risk (continued)

Amounts receivable consists of trade receivables and input tax credits. The following table represents the customers that represented 10% or more of total trade receivables as of June 30:

	2016	2015
Customer A	65%	59%
Customer B	0%	18%
Customer C	0%	16%

The following table represents the customers that represented 10% or more of total revenue for the year ended June 30:

	2016	2015
Customer A	11%	33%
Customer B	6%	16%
Customer C	20%	14%
Customer D	25%	0%
Customer E	11%	0%

#### Currency Risk

The Company's functional currencies are the Canadian dollar, US dollar, and Polish zloty. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's head office and some operating expenses are denominated in Canadian dollars. The Company's revenue and a large portion of operating expenses are denominated in Polish zloty. If the Polish zloty depreciates compared to the Canadian dollar, revenue would decrease in Canadian dollars. A 10% change in the foreign currency exchange rate would have an impact of \$29,200 on net loss. The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relies on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Significant balances as expressed in Polish zloty are as follows:

	June 30, 2016 PLN\$	June 30, 2015 PLN\$
Cash	14,099	24,726
Accounts receivable	26,695	148,795
Prepaid expenses	19,852	13,122
Accounts payable and accrued liabilities	(705,578)	(267,733)
Obligations under finance lease	(1,129,430)	(1,248,795)
Net Polish zloty liabilities	(1,774,362)	(1,329,885)

#### (d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of the Company's cash is not significantly affected by changes in short-term interest rates. The income earned from the bank accounts and short-term term deposits is subject to movements in interest rates.

#### (e) Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Management maintains sufficient cash to satisfy short-term liabilities in highly liquid investments.

**GREEN 2 BLUE ENERGY CORP.**

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

**16. Financial Instruments and Risk Management (continued)**

## (e) Liquidity and Funding Risk (continued)

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

As at June 30, 2016	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1 - 5 years \$
Trade and other payables	463,446	463,446	463,446	—
Obligations under finance lease	370,791	410,105	67,166	342,939
	834,237	873,551	530,612	342,939

**17. Supplemental Cash Flow Information**

	2016 \$	2015 \$
Non-cash investing and financing activities:		
Beneficial conversion feature on convertible debt	—	286,047
Property and equipment financed under capital lease	—	519,291
Shares issued to settle convertible debt	610,000	—
Shares issued to settle related party debt	55,000	—
Supplemental disclosures:		
Interest paid	9,908	—
Income taxes paid	—	—

**18. Segmented Information**

The Company has one operating segment which is manufacturing, marketing, and distributing softwood pellets and shavings for consumer and industrial customers. The Company has operations in Canada and Poland.

The geographic distribution of non-current assets is as follows:

	Canada \$	Poland \$	Total \$
<b>June 30, 2016</b>			
Property and equipment	2,622	395,608	398,230
<b>June 30, 2015</b>			
Property and equipment	—	484,991	484,991

All of the Company's revenue during years ended June 30, 2016 and 2015 was generated in Poland.

## GREEN 2 BLUE ENERGY CORP.

Notes to the Consolidated Financial Statements

Years Ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

### 19. Income Taxes

The Company operates in Canada, Singapore, and Poland and is subject to statutory income tax rates of 26%, 17%, and 19%, respectively. The income tax provision differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to net income (loss) before taxes as follows:

	2016	2015
	\$	\$
Statutory income tax rate	26%	26%
Income tax recovery at statutory rate	(390,495)	(169,229)
Tax effect of:		
Permanent differences and other	231,677	(7,478)
Difference in tax rates between foreign jurisdictions	22,202	18,098
Change in unrecognized deferred income tax assets	136,616	158,609
Income tax provision	–	–

The significant components of the Company's deferred income taxes are as follows:

	2016	2015
	\$	\$
Deferred income tax assets		
Non-capital losses carried forward	266,058	147,990
Property and equipment	29,167	10,619
Total deferred income tax assets	295,225	158,609
Unrecognized deferred income tax assets	(295,225)	(158,609)
Net deferred income tax assets	–	–

As at June 30, 2016, the Company has non-capital losses carried forward of \$1,178,298 in Canada, Singapore, and Poland which are available to offset future years' taxable income. These losses expire as follows:

	\$
2035	638,799
2036	539,499
	1,178,298

### 20. Subsequent Events

- On September 29, 2016, the Company issued 100,000 common shares at \$0.10 per share for proceeds of \$10,000.
- On December 7, 2016, the Company and the President sold their interests in G2BE Poland to the Company's wholly-owned subsidiary, G2BE Europe. At that time, G2BE Poland became wholly-owned by the Company's wholly-owned subsidiary. On March 6, 2017, G2BE Europe acquired an additional 50% interest in G2BE Poland.
- On November 30, 2016, the Company issued 250,000 common shares at \$0.10 per share for proceeds of \$25,000.
- On January 17, 2017, the Company entered into a share exchange agreement (the "Agreement") with Brigade Resource Corp. ("Brigade"). Under the terms of the Agreement, Brigade will acquire all of the issued and outstanding common shares of the Company in exchange for 47,000,002 common shares of Brigade. As the shareholders of the Company will hold a majority of the common shares of Brigade and will continue its existing business, the Company is considered to have acquired Brigade on an accounting basis, and the transaction will be accounted for as a reverse takeover.

**SCHEDULE "D"**

**TargetCo Management's Discussion and Analysis for the financial years ended  
June 30, 2017, and June 30, 2016**

See attached.

## **TargetCo Management Discussion and Analysis for the financial year ended June 30, 2017.**

### **Introduction**

This management's discussion and analysis (MD&A) of TargetCo is the responsibility of management and covers the year ended June 30, 2017. The MD&A takes into account information available up to and including November 20, 2017 and should be read together with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2017.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied in the consolidated financial statements are based on IFRS issued and outstanding as of November 20, 2017, the date the Board of Directors approved the consolidated financial statements. All amounts are expressed in Canadian dollars unless otherwise noted.

### **Forward-Looking Statements**

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

### **Description of Business**

TargetCo was incorporated on May 30, 2014 under the laws of British Columbia. The Company manufactures, markets and distributes softwood pellets and shavings for consumer and industrial customers and arranges transactions between buyers and sellers of alternative energy products.

	<b>Year Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Revenue	\$ 454,880	\$ 201,018
Cost of goods sold	420,705	180,020
Operating expenses		
Consulting	\$ 269,630	\$ 513,000
General and administrative	366,706	305,036
Professional fees	155,400	52,478
Other income (expense)		
Accretion of discount on convertible debt	(22,073)	(244,130)
Change in fair value of conversion feature	26,085	87,451
(Loss) gain on settlement of debt	–	(292,962)
Interest expense	(55,611)	(67,698)
Net loss attributable to Green 2 Blue Energy	(841,944)	(1,501,902)
Basic and diluted loss per share	(0.04)	(0.10)
Total current assets	166,387	44,020
Total assets	488,622	442,250
Total current liabilities	1,095,964	557,239
Total liabilities	1,497,096	930,398
Cash dividends	–	–

### **Results of Operations for the Years Ended June 30, 2017 and 2016**

Revenues for the year ended June 30, 2017 were \$454,880, compared to \$201,018 for the year ended June 30, 2016. This increase was the result of an increase in operations.

Cost of sales for the year ended June 30, 2017 were \$420,705, compared to \$180,020 for the year ended June 30, 2016. This increase was the result of an increase in revenues and production.

Operating expenses for the year ended June 30, 2017 were \$880,227, compared to \$1,026,416 for the year ended June 30, 2016. The significant differences in expenditures were as follows:

- Consulting expenses were \$269,630 during the year ended June 30, 2017, compared to \$513,000 during the year ended June 30, 2016. Consulting expenditures were higher in 2016 as the Company's increased operations and activity resulted in an increase in the number of consultants providing services for both cash and share based compensation. Less share transactions were completed during the year resulting in lower consulting expenses.
- General and administrative expenses were \$366,706 during the year ended June 30, 2017, compared to \$305,036 during the year ended June 30, 2016. This decrease was a result of a period of decreased operations in 2017 which resulted in a decrease salary and overhead costs.
- Professional fees expenses were \$155,400 during the year ended June 30, 2017, compared to \$52,478 during the year ended June 30, 2016. This increase was a result of the share exchange agreement that was entered into on January 17, 2017 with Brigade Resource Corp.

During the years ended June 30, 2017 and 2016, TargetCo charged accretion expense in respect to a convertible note to the consolidated statement of operations in the amount of \$22,073 and \$244,130, respectively. The decrease in accretion expense was the result of the convertible note being settled during the year ended June 30, 2017. The convertible note was outstanding for the full year ended June 30, 2016.

During the years ended June 30, 2017 and 2016, TargetCo recorded a gain on the change in the fair value of a derivative liability associated with a conversion feature on a convertible note in the amount of \$26,085 and \$87,451 respectively.

During the years ended June 30, 2017 and 2016, TargetCo incurred interest expense of \$55,611 compared to \$67,698 during the year ended June 30, 2016. The decrease in interest expense was the result of a convertible note being outstanding for the full year ended June 30, 2016 as opposed to part of the year for the year ended June 30, 2017.



During the year ended June 30, 2016, the Company incurred a \$292,962 loss on settlement of debt as a result of repaying \$10,092 of principal and issuing 6,100,000 common shares with a fair value of \$610,000 to the President of the Company and the wife of the President of the Company upon the conversion of \$305,000 of principal of a convertible loan.

As a result of the foregoing, TargetCo recorded a comprehensive loss for the year ended June 30, 2017 of \$875,425, as compared to a comprehensive loss of \$1,518,128 for the year ended June 30, 2016.

### **Outstanding Share Data**

As of the date of this MD&A, TargetCo has 23,500,001 common shares issued and outstanding.

### **Capital Resources**

TargetCo manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of TargetCo consists of cash and equity comprised of issued share capital, and share-based payment reserve.

TargetCo manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

TargetCo is not subject to externally imposed capital requirements.

### **Liquidity**

Since our inception, we have incurred significant operating losses. We anticipate that we will continue to incur losses for at least the next several years. As a result, we will need additional capital to fund our operations, which we may obtain from additional financings, debt and operations revenue or other sources. To date, we have financed our operations primarily through the issuance of our common shares, notes and loans payable and advances from related parties.

As at June 30, 2017, we had total assets of \$488,622 compared with \$442,250 as at June 30, 2016. The increase in assets is attributed to an increase in current assets of \$122,367 which is primarily from an increase in cash and receivables, offset by a decrease in property and equipment of \$75,995. TargetCo had a cash balance of \$38,958 and a working capital deficit of \$929,577 at June 30, 2017, compared with a cash balance of \$5,244 and a working capital deficit of \$513,219 at June 30, 2016.

*Operating Activities:* Net cash used in operating activities were \$381,079 during the year ended June 30, 2017 as compared to \$209,252 during the year ended June 30, 2016.

*Investing Activities:* Net cash provided by investing activities during the year ended June 30, 2017 was \$27,693 for the proceeds from the sale of property and equipment. Net cash used in investing activities during the year ended June 30, 2016 was \$29,927 for the purchase of property and equipment.

*Financing Activities:* Net cash provided by financing activities during the year ended June 30, 2017 was \$391,714 as compared to \$244,793 during the year ended June 30, 2016. TargetCo raised proceeds from loans and convertible debt of \$391,452 and repaid \$30,427 during the year ended June 30, 2017 as compared to proceeds of \$130,068 and repayments of \$24,209 during the year ended June 30, 2016. TargetCo also repaid finance lease obligations of \$31,681 during the year ended June 30, 2017 compared with \$25,566 during the year ended June 30, 2016. During the year ended June 30, 2017, TargetCo received cash proceeds of \$62,370 from the issuance of common shares as compared to \$164,500 during the year ended June 30, 2016.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2017, the Company had a negative cash flow from operations, had a working capital deficit of \$929,577, and had an accumulated deficit of \$3,002,013. Furthermore, the Company incurred a net loss of \$841,944 during the year ended June 30, 2017. To obtain future profitability, the Company will need to increase the volume of production and sales, and is reliant on the co-operation of creditors to pay outstanding amounts on a timely basis. These factors, among others, create substantial doubt as to the ability of the Company to continue as a going concern. TargetCo's strategy is to mitigate risks and uncertainties and to execute a business plan aimed at revenue growth and managing operating expenses and working capital requirements. Failure to implement this plan could have a material adverse effect on TargetCo's financial condition and results of operations.

## Related Party Transactions

During the years ended June 30, 2017 and 2016, TargetCo was engaged in the following related party transactions:

- a) As at June 30, 2017, the Company was owed \$19,585 (PLN\$55,872) (2016 - \$nil) from the President of G2BE Europe. The amount owed is unsecured, non-interest bearing, and due on demand.
- b) As at June 30, 2017, TargetCo owed \$9,179 (2016 - \$142,537) to the President of TargetCo, of which \$6,795 (2016 - \$141,540) was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.
- c) As at June 30, 2017, TargetCo owed \$67 (2016 - \$33,717) to the Chief Financial Officer of TargetCo, of which \$67 (2016 - \$28,717) was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.
- d) As at June 30, 2017, TargetCo owed \$nil (2016 - \$2,312 (PLN7,041)) to a director of G2BE Europe, which was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and due on demand.
- e) During the year ended June 30, 2017, TargetCo incurred consulting and management fees of \$13,000 (2016 - \$85,500) to the President of TargetCo and \$nil (2016 - \$48,000) to the Chief Financial Officer of TargetCo.
- f) During the year ended June 30, 2017, the Company incurred management fees of \$63,000 (2016 - \$nil) to a company, which is controlled by the Chief Financial Officer of the Company. As at June 30, 2017, \$63,000 (2016 \$nil) was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing, and is due at the earlier of December 31, 2018 or when the Company generates \$450,000 of annual revenues.
- g) During the year ended June 30, 2017, the Company recorded unpaid management fees of \$87,000 (2016 - \$nil) to a company, which is controlled by the spouse of the President of the Company where the President of the Company is a director. The amount owing is unsecured, non-interest bearing, and is due at the earlier of December 31, 2018 or when the Company generates \$450,000 of annual revenues..

## Off Balance Sheet Arrangements

TargetCo has no material off Balance Sheet arrangements.

## Financial Instruments and Risk Management

TargetCo is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

### (a) Fair Values

TargetCo categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement.

	Fair Value Measurements Using			Balance, June 30, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	38,958	-	-	38,958

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, loans payable, amounts due from and to related parties, convertible debt to related parties, and obligations under finance lease, 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 fail to discharge an obligation and cause the other party to incur a financial loss. TargetCo's exposure to credit risk is in its cash and accounts receivables. Cash is held with major banks in Canada, which are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

Amounts receivable consist of trade receivables and input tax credits. The following table represents the customers that represented 10% or more of total trade receivables as of June 30:

	2017	2016
Customer A	0%	65%
Customer B	77%	0%
Customer C	14%	0%

The following table represents the customers that represented 10% or more of total revenue for the year ended June 30:

	2017	2016
Customer A	99%	25%
Customer B	0%	20%
Customer C	0%	11%
Customer D	0%	11%

(c) Currency Risk

TargetCo's functional currencies are the Canadian dollar, US dollar, and Polish Zloty. Currency risk is the risk that the fair value of TargetCo's financial instruments will fluctuate because of changes in foreign currency exchange rates. TargetCo's head office and some operating expenses are denominated in Canadian dollars. TargetCo's revenue and a large portion of operating expenses are denominated in Polish Zloty. If the Polish Zloty depreciates compared to the Canadian dollar, revenue would decrease in Canadian dollars. A 10% change in the foreign currency exchange rate would have an impact of \$30,000 on net loss. TargetCo manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relies on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Significant balances as expressed in Polish Zloty are as follows:

		June 30, 2017		June 30, 2016
Cash	PLN	38,658	PLN	14,099
Accounts receivable		184,559		26,695
Due from related parties		55,872		-
Prepaid expenses		44,372		19,852
Accounts payable and accrued liabilities		(1,244,442)		(705,578)
Loans payable		(628,207)		-
Obligations under finance lease		(1,039,053)		(1,129,430)
Net Polish zloty liabilities	PLN	(2,588,241)	PLN	(1,774,362)

(d) Interest Rate Risk

TargetCo's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of TargetCo's cash is not significantly affected by changes in short-term interest rates. The income earned from the bank accounts and short-term term deposits is subject to movements in interest rates.

(e) Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. TargetCo's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Management maintains sufficient cash to satisfy short-term liabilities in highly liquid investments.

Funding risk is the risk that market conditions will impact TargetCo's ability to raise capital through equity markets under acceptable terms and conditions.

As at June 30, 2017	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1 -5 Years \$
Trade and other payables	712,065	712,065	712,065	–
Obligations under finance lease	364,232	364,232	81,206	283,026
	1,076,297	1,076,297	793,271	283,026

### Critical Accounting Estimates

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities.

Significant areas of estimation include:

- i) The useful life and recoverability of long-lived assets:

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of TargetCo's property and equipment in the future.

The assessment of any impairment of property and equipment, including intangible assets, is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions, timing of cash flows, the useful lives of assets, and their related salvage values.

- ii) Allowance for doubtful accounts:

TargetCo's method of establishing an allowance for doubtful accounts is estimated and recorded based upon management's assessment both of historical data as well as other pertinent information relative to the receivables in question. The information gathered will result in a specific bad debt expense for accounts which management considers being uncollectible and recorded in the period in which this determination is made.

- iii) Provisions:

Management's judgment is required to determine amounts to be recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions. Provisions are the best estimate of the expenditure required to settle the obligation at the reporting date.

- iv) Inventory valuation:

In order to determine whether the inventory is properly stated at the lower of cost or net realizable value, management reviews the amount of inventory on hand, the product life and estimates the time required to sell such inventory taking into account current and expected market conditions and competition. A reserve for inventory, if recorded, primarily consists of all or a portion of the inventory which is not expected to be sold, based on the specific facts and circumstances.

- v) Recognition of deferred income tax assets:

Related deferred income tax assets and deferred income tax liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their respective tax basis based on the enacted or substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and the expected usage of existing tax pools and credits, and accordingly can affect the amount of the deferred income tax assets and liabilities calculated at a point in time. These differences could materially impact earnings.

vi) The valuation of share-based payments:

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation 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 do 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 of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

vii) The inputs used in the valuation of derivative liabilities:

The fair value of derivative liabilities related to conversion features are measured using a Black-Scholes model. Measurement inputs include share price on measure date, conversion price of the note, expected volatility, actual and expected life of the debt, expected dividends based on the dividend yield at the date of the valuation, and the risk-free interest rate. The expected life of the debt is based on the stated term of the debt.

### **Significant Accounting Policies**

TargetCo's significant accounting policies are summarized in Note 3 to the audited consolidated financial statements for the years ended June 30, 2017 and 2016.

### **Future Changes Accounting Policies**

#### Accounting Standards Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after July 1, 2016 or later periods.

The following new IFRSs that have not been early adopted in these consolidated financial statements will not have a material effect on TargetCo's future results and financial position:

- i) IFRS 9, *Financial Instruments* (New; to replace IAS 39 and IFRIC 9);
- ii) IFRS 15, *Revenue from Contracts with Customers*; and
- iii) IFRS 16, *Leases*.

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 TargetCo's financial statements.

## **TargetCo Management Discussion and Analysis for the financial year ended June 30, 2016.**

### **Introduction**

This management's discussion and analysis (MD&A) of TargetCo is the responsibility of management and covers the year ended June 30, 2016. The MD&A takes into account information available up to and including May 12, 2017 and should be read together with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2016.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied in the consolidated financial statements are based on IFRS issued and outstanding as of May 12, 2017, the date the Board of Directors approved the consolidated financial statements. All amounts are expressed in Canadian dollars unless otherwise noted.

### **Forward-Looking Statements**

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Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

### **Description of Business**

TargetCo was incorporated on May 30, 2014 under the laws of British Columbia. The Company manufactures, markets and distributes softwood pellets and shavings for consumer and industrial customers and arranges transactions between buyers and sellers of alternative energy products.

## Selected Annual Information

	Year Ended June 30,	
	2016	2015
Revenue	\$ 201,018	\$ 80,229
Cost of goods sold	180,020	71,109
Operating expenses		
Consulting	\$ 513,000	\$ 102,000
General and administrative	305,036	202,156
Other income (expense)		
Accretion of discount on convertible debt	(244,130)	(70,923)
Change in fair value of conversion feature	87,451	(231,986)
(Loss) gain on settlement of debt	(292,962)	66,692
Interest expense	(67,698)	(24,183)
Net loss attributable to Green 2 Blue Energy	(1,501,902)	(650,879)
Basic and diluted loss per share	(0.10)	(0.10)
Total current assets	44,020	140,435
Total assets	442,250	625,426
Total current liabilities	557,239	677,365
Total liabilities	930,398	1,126,774
Cash dividends	—	—

### Results of Operations for the Years Ended June 30, 2016 and 2015

Revenues for the year ended June 30, 2016 were \$201,018, compared to \$80,229 for the year ended June 30, 2015. This increase was the result of an increase in operations.

Cost of sales for the year ended June 30, 2016 were \$180,020, compared to \$71,109 for the year ended June 30, 2015. This increase was the result of an increase in revenues and production.

Operating expenses for the year ended June 30, 2016 were \$1,026,416, compared to \$519,824 for the year ended June 30, 2015. The significant differences in expenditures were as follows:

- Consulting expenses were \$513,000 during the year ended June 30, 2016, compared to \$102,000 during the year ended June 30, 2015. Consulting expenditures increased as a result of an increased number of consultants receiving shares for services.
- General and administrative expenses were \$305,036 during the year ended June 30, 2016, compared to \$202,156 during the year ended June 30, 2015. This increase was a result of a general increase in operations.

During the years ended June 30, 2016 and 2015, TargetCo charged accretion expense in respect to a convertible note to the consolidated statement of operations in the amount of \$244,130 and \$70,923, respectively. The increase in accretion expense was the result of a convertible note being outstanding for the full year ended June 30, 2016 as opposed to part of the year for the year ended June 30, 2015.

During the year ended June 30, 2016, TargetCo recorded a gain on the change in the fair value of a derivative liability associated with a conversion feature on a convertible note in the amount of \$87,451 compared to a loss on the change in the fair value of the conversion feature of \$231,986 during the year ended June 30, 2015.

During the year ended June 30, 2016, TargetCo incurred interest expense of \$67,698 compared to \$24,183 during the year ended June 30, 2015. The increase in interest expense was the result of a convertible note being outstanding for the full year ended June 30, 2016 as opposed to part of the year for the year ended June 30, 2015.

As a result of the foregoing, TargetCo recorded a comprehensive loss for the year ended June 30, 2016 of \$1,518,128, as compared to a comprehensive loss of \$644,499 for the year ended June 30, 2015.

## **Outstanding Share Data**

As of the date of this MD&A, TargetCo has 23,500,001 common shares issued and outstanding.

## **Capital Resources**

TargetCo manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of TargetCo consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve and deficit.

TargetCo manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

TargetCo is not subject to externally imposed capital requirements.

## **Liquidity**

Since our inception, we have incurred significant operating losses. We anticipate that we will continue to incur losses for at least the next several years. As a result, we will need additional capital to fund our operations, which we may obtain from additional financings, debt and operations revenue or other sources. To date, we have financed our operations primarily through the issuance of our common shares, notes and loans payable and advances from related parties.

As at June 30, 2016, we had total assets of \$442,250 compared with \$625,426 as at June 30, 2015. The decrease in assets is attributed to a decrease in current assets of \$96,415 which is primarily from a decrease in receivables and inventory, together with a decrease in property and equipment of \$86,761. TargetCo had a cash balance of \$5,244 and a working capital deficit of \$513,219 at June 30, 2016, compared with a cash balance of \$15,856 and a working capital deficit of \$536,930 at June 30, 2015.

*Operating Activities:* Net cash used in operating activities were \$209,252 during the year ended June 30, 2016 as compared to \$371,962 during the year ended June 30, 2015.

*Investing Activities:* Net cash used in investing activities during the year ended June 30, 2016 was \$29,927 for the purchase of property and equipment, which is comparable to the net cash used in investing activities during the year ended June 30, 2015 of \$20,485 for the purchase of property and equipment.

*Financing Activities:* Net cash provided by financing activities during the year ended June 30, 2016 was \$244,793 as compared to \$352,332 during the year ended June 30, 2015. TargetCo raised proceeds from loans and convertible debt of \$130,068 and repaid \$24,209 during the year ended June 30, 2016 as compared to proceeds of \$346,110 and repayments of \$40,000 during the year ended June 30, 2015. TargetCo also repaid finance lease obligations of \$25,566 during the year ended June 30, 2016 compared with \$104,442 during the year ended June 30, 2015. During the year ended June 30, 2016, TargetCo received cash proceeds of \$164,500 from the issuance of common shares as compared to \$150,000 during the year ended June 30, 2015.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2016, the Company had a negative cash flow from operations, had a working capital deficit of \$513,219, and had an accumulated deficit of \$2,160,069. Furthermore, the Company defaulted on a lease obligation, and incurred a net loss of \$1,501,902 during the year ended June 30, 2016. To obtain future profitability, the Company will need to increase the volume of production and sales, and is reliant on the co-operation on creditors to pay outstanding amounts on a timely basis. These factors, among others, create substantial doubt as to the ability of the Company to continue as a going concern. TargetCo's strategy is to mitigate risks and uncertainties and to execute a business plan aimed at revenue growth and managing operating expenses and working capital requirements. Failure to implement this plan could have a material adverse effect on TargetCo's financial condition and results of operations.



## Related Party Transactions

During the years ended June 30, 2016 and 2015, TargetCo was engaged in the following related party transactions:

- a) During the year ended June 30, 2016, TargetCo recorded consulting and management fees of \$85,500 (2015 - \$42,000) to the President of TargetCo and \$48,000 (2015 - \$nil) to the Chief Financial Officer of TargetCo.
- b) As at June 30, 2016, TargetCo owed \$142,537 (2015 - \$45,997) to the President of TargetCo, of which \$141,540 (2015 - \$45,000) was included in accounts payable and accrued liabilities.
- c) As at June 30, 2016, TargetCo owed \$33,717 (2015 - \$nil) to the Chief Financial Officer of TargetCo, of which \$28,717 (2015 - \$nil) was included in accounts payable and accrued liabilities.
- d) As at June 30, 2016, TargetCo was owed \$nil (2015 - \$6,307 (PLN18,983)) from the President of G2BE Europe, which was included in accounts receivable.
- e) As at June 30, 2016, TargetCo owed \$2,312 (PLN7,041) (2015 - \$1,095 (PLN3,296)) to a director of G2BE Europe, which was included in accounts payable and accrued liabilities.

## Off Balance Sheet Arrangements

TargetCo has no material off Balance Sheet arrangements.

## Financial Instruments and Risk Management

TargetCo is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

### (a) Fair Values

TargetCo categorizes its financial assets measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement.

As at June 30, 2016, TargetCo has financial instruments in Level 1 and Level 3 as follows:

	Fair Value Measurements Using			Balance, June 30, 2016 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	5,244	–	–	5,244
Derivative liabilities	–	–	(26,085)	(26,085)
	5,244	–	(26,085)	(20,841)

There were no transfers between levels during the periods.

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities with active markets.

Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, loans payable, amounts due to related parties, convertible debt to related parties, and obligations under finance lease, 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 fail to discharge an obligation and cause the other party to incur a financial loss. TargetCo's exposure to credit risk is in its cash and accounts receivable. Cash is held with major banks in Canada, which are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

Amounts receivable consists of trade receivables and input tax credits. The following table represents the customers that represented 10% or more of total trade receivables as of June 30:

	2016	2015
Customer A	65%	59%
Customer B	0%	18%
Customer C	0%	16%

The following table represents the customers that represented 10% or more of total revenue for the year ended June 30:

	2016	2015
Customer A	11%	33%
Customer B	6%	16%
Customer C	20%	14%
Customer D	25%	0%
Customer E	11%	0%

(c) Currency Risk

TargetCo's functional currencies are the Canadian dollar, US dollar, and Polish Zloty. Currency risk is the risk that the fair value of TargetCo's financial instruments will fluctuate because of changes in foreign currency exchange rates. TargetCo's head office and some operating expenses are denominated in Canadian dollars. TargetCo's revenue and a large portion of operating expenses are denominated in Polish Zloty. If the Polish Zloty depreciates compared to the Canadian dollar, revenue would decrease in Canadian dollars. A 10% change in the foreign currency exchange rate would have an impact of \$29,200 on net loss. TargetCo manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relies on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk. Significant balances as expressed in Polish Zloty are as follows:

		June 30, 2016		June 30, 2015
Cash	PLN	14,099	PLN	24,726
Accounts receivable		26,695		148,795
Prepaid expenses		19,852		13,122
Accounts payable and accrued liabilities		(705,578)		(267,733)
Finance leases		(1,129,430)		(1,248,795)
Net Polish liabilities	PLN	(1,774,362)	PLN	(1,329,885)

(d) Interest Rate Risk

TargetCo's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of TargetCo's cash is not significantly affected by changes in short-term interest rates. The income earned from the bank accounts and short-term term deposits is subject to movements in interest rates.

(e) Liquidity and Funding Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. TargetCo's objective in managing liquidity risk is to maintain sufficient readily available

capital in order to meet its liquidity requirements. Management maintains sufficient cash to satisfy short-term liabilities in highly liquid investments.

Funding risk is the risk that market conditions will impact TargetCo's ability to raise capital through equity markets under acceptable terms and conditions.

As at June 30, 2016	Carrying amount \$	Contractual cash flows \$	1 year or less \$	1 -5 Years \$
Trade and other payables	463,446	463,446	463,446	–
Obligations under finance lease	370,791	410,105	67,166	342,939
	834,237	873,551	530,612	342,939

### Critical Accounting Estimates

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities.

Significant areas of estimation include:

- i) The useful life and recoverability of long-lived assets:

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of TargetCo's property and equipment in the future.

The assessment of any impairment of property and equipment, including intangible assets, is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions, timing of cash flows, the useful lives of assets, and their related salvage values.

- ii) Allowance for doubtful accounts:

TargetCo's method of establishing an allowance for doubtful accounts is estimated and recorded based upon management's assessment both of historical data as well as other pertinent information relative to the receivables in question. The information gathered will result in a specific bad debt expense for accounts which management considers being uncollectible and recorded in the period in which this determination is made.

- iii) Provisions:

Management's judgment is required to determine amounts to be recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions. Provisions are the best estimate of the expenditure required to settle the obligation at the reporting date.

- iv) Inventory valuation:

In order to determine whether the inventory is properly stated at the lower of cost or net realizable value, management reviews the amount of inventory on hand, the product life and estimates the time

required to sell such inventory taking into account current and expected market conditions and competition. A reserve for inventory, if recorded, primarily consists of all or a portion of the inventory which is not expected to be sold, based on the specific facts and circumstances.

v) Recognition of deferred income tax assets:

Related deferred income tax assets and deferred income tax liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their respective tax basis based on the enacted or substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and the expected usage of existing tax pools and credits, and accordingly can affect the amount of the deferred income tax assets and liabilities calculated at a point in time. These differences could materially impact earnings.

vi) The valuation of share-based payments:

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation 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 do 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 of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

vii) The inputs used in the valuation of derivative liabilities:

The fair value of derivative liabilities related to conversion features are measured using a Black-Scholes model. Measurement inputs include share price on measure date, conversion price of the note, expected volatility, actual and expected life of the debt, expected dividends based on the dividend yield at the date of the valuation, and the risk-free interest rate. The expected life of the debt is based on the stated term of the debt.

### **Significant Accounting Policies**

TargetCo's significant accounting policies are summarized in Note 3 to the audited consolidated financial statements for the years ended June 30, 2016 and 2015.

### **Future Changes Accounting Policies**

#### **Accounting Standards Issued But Not Yet Effective**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after July 1, 2016 or later periods.

The following new IFRSs that have not been early adopted in these consolidated financial statements will not have a material effect on TargetCo's future results and financial position:

- i) IFRS 9, *Financial Instruments* (New; to replace IAS 39 and IFRIC 9)
- ii) IFRS 15, *Revenue from Contracts with Customers*
- iii) IFRS 16, *Leases*

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 TargetCo's financial statements.

**SCHEDULE "E"**

**Company Pro Forma Financial Statements as at June 30, 2017**

See attached.

# **GREEN 2 BLUE ENERGY CORP.**

**PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017**

**(UNAUDITED – PREPARED BY MANAGEMENT)**

(Expressed in Canadian Dollars)

**GREEN 2 BLUE ENERGY CORP.**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2017 (UNAUDITED)**

*(expressed in Canadian Dollars)*

	<b>BRIGADE RESOURCE CORP.</b>	<b>GREEN 2 BLUE ENERGY CORP.</b>	<b>PRO FORMA ADJUSTMENTS</b>	<b>NOTE 3</b>	<b>PRO FORMA COMBINED</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 4,953	\$ 38,958	\$ 1,043,670	(a)	\$ 1,087,581
Accounts receivable	10,202	74,096	-		84,298
Due from related parties	-	19,585	-		19,585
Loan receivable	185,317	-	(185,317)	(d)	-
Prepaid expenses	-	22,774	-		22,774
Inventory	-	10,974	-		10,974
	200,472	166,387	858,353		1,225,212
<b>Non-Current Assets</b>					
Property, plant and equipment	-	322,235	-		322,235
<b>Total Assets</b>	<b>\$ 200,472</b>	<b>\$ 488,622</b>	<b>\$ 858,353</b>		<b>\$ 1,547,447</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	\$ 100,763	\$ 712,065	\$ 100,000	(c)	\$ 912,828
Due to related parties	-	2,384	-		2,384
Current portion of loans payable	-	300,309	(185,317)	(d)	114,992
Obligations under finance lease	-	81,206	-		81,206
	100,763	1,095,964	(85,317)		1,111,410
<b>Non-Current</b>					
Loans payable	-	118,106	-		118,106
Obligations under finance lease	-	283,026	-		283,026
<b>Total Liabilities</b>	<b>100,763</b>	<b>1,497,096</b>	<b>(85,317)</b>		<b>1,512,542</b>
<b>Shareholders' Equity</b>					
Common shares	4,546,202	1,659,637	(2,945,492)	(a), (b), (c)	3,260,347
Contributed surplus	2,036,405	376,846	(2,036,405)	(b)	376,846
Share subscriptions received	266,120	-	(266,120)	(b)	-
Deficit	(6,749,018)	(3,002,013)	6,191,687	(b)	(3,559,344)
Accumulated and other comprehensive loss	-	(43,327)	-		(43,327)
Total Green 2 Blue Energy stockholders' equity	99,709	(1,008,857)	943,670		34,522
Non-controlling interest	-	383	-		383
	99,709	(1,008,474)	943,670		34,905
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 200,472</b>	<b>\$ 488,622</b>	<b>\$ 858,353</b>		<b>\$ 1,547,447</b>

LC088585-1 The accompanying notes are an integral part of these pro forma condensed consolidated financial statements

**GREEN 2 BLUE ENERGY CORP.**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2017 (UNAUDITED)**

(expressed in Canadian Dollars)

	<b>BRIGADE RESOURCE CORP.</b>	<b>GREEN 2 BLUE ENERGY CORP.</b>	<b>PRO FORMA ADJUSTMENTS</b>	<b>NOTE 3</b>	<b>PRO FORMA COMBINED</b>
Sales	\$ -	\$ 454,880	\$ -		\$ 454,880
Cost of sales	-	(420,705)	-		420,705
	-	34,175	-		34,175
<b>OPERATING EXPENSES</b>					
Consulting and management	108,000	269,630	-		377,630
Depreciation	-	54,347	-		54,347
Foreign exchange (gain) loss	-	(5,488)	-		(5,488)
General and administrative expenses	59,423	366,706	-		426,129
Legal and professional fees	34,511	155,400	-		189,911
Listing expense	-	-	557,331	(b)	557,331
Travel	-	23,127	-		23,127
Wages and benefits	-	16,505	-		16,505
<b>Total loss before other items</b>	<b>(201,934)</b>	<b>(846,052)</b>	<b>(557,331)</b>		<b>(1,605,317)</b>
<b>OTHER</b>					
Interest expense	(4,160)	(55,611)	-		(59,771)
Impairment of deposit	(97,372)	-	-		(97,372)
Write-down of exploration and evaluation asset	(70,000)	-	-		(70,000)
Accretion expense	-	(22,073)	-		(22,073)
Change in fair value of derivative	-	26,085	-		26,085
Gain on disposal of investments	-	33,483	-		33,483
Gain on disposal of property, plant and equipment	-	21,823	-		21,823
<b>Net loss</b>	<b>(373,466)</b>	<b>(842,345)</b>	<b>(557,331)</b>		<b>(1,773,142)</b>
<b>Less: net loss attributable to NCI</b>	<b>-</b>	<b>401</b>	<b>-</b>		<b>401</b>
<b>Net loss attributable to Green 2 Blue Energy Corp.</b>	<b>(373,466)</b>	<b>(841,944)</b>	<b>(557,331)</b>		<b>(1,772,741)</b>
<b>Other Comprehensive Income</b>					
Foreign currency translation	-	(33,481)	-		(33,481)
<b>Total comprehensive loss</b>	<b>\$ (373,466)</b>	<b>\$ (875,425)</b>	<b>\$ (557,331)</b>		<b>\$ (1,806,222)</b>
<b>Basic and diluted loss per share</b>					<b>\$(0.03)</b>
<b>Weighted average number of shares outstanding (note 5)</b>					<b>60,070,630</b>



*(expressed in Canadian dollars)*

## **1. Proposed Transaction**

Brigade Resource Corp. ("Brigade") and Green 2 Blue Energy Corp. ("G2B") entered into a share exchange agreement dated January 17, 2017 (the "Transaction"), pursuant to which Brigade acquired all of the issued and outstanding capital stock, being 47,000,002 common shares, of G2B in consideration for the issuance of 47,000,002 common shares of Brigade.

On closing of the Transaction on July 21, 2017, Brigade had 53,570,402 common shares outstanding, and the former shareholders of G2B now hold 87.74% of Brigade. Accordingly, G2B is considered to have acquired Brigade with the transaction being accounting for as a reverse takeover of Brigade by G2B shareholders (the "RTO").

Closing of the Transaction was subject to a number of conditions, including regulatory acceptance, shareholder approval, completion of the Brigade share consolidation and appointment of new directors and officers of Brigade.

## **2. Basis of Presentation**

The unaudited pro forma condensed consolidated financial statements ("pro forma financial statements") of Brigade give effect to the Transaction as described above. In substance, the Transaction involves G2B shareholders obtaining control of Brigade. The pro forma financial statements give effect to the acquisition of G2B outstanding common shares by Brigade as a reverse takeover that does not constitute a business for accounting purposes. G2B is deemed to be the acquiring company and its assets, liabilities, equity and historical operating results are included at their historical carrying values. The net assets of Brigade will be recorded at fair value as at the Transaction date with any excess recorded as a listing expense. All of Brigade's deficit and other equity balances prior to the Transaction are eliminated.

The pro forma financial statements are not intended to reflect the financial position that will exist following the Transaction, nor the statement of loss and comprehensive loss that may be obtained in the future. Actual amounts recorded when the Transaction closed will likely differ from those recorded in the pro forma financial statements. Any potential synergies that may be realized and integration costs that may be incurred upon consummation of the Transaction have been excluded from the pro forma financial statements.

The pro forma financial statements are presented in Canadian dollars. The accompanying pro forma condensed consolidated financial statements have been compiled from and include:

- (a) An unaudited pro forma consolidated statement of financial position as at June 30, 2017, combining the unaudited consolidated interim statement of financial position of Brigade as at June 30, 2017, with the audited consolidated statement of financial position of G2B as at June 30, 2017, giving effect to the transaction as if it occurred on June 30, 2017; and
- (b) an unaudited pro forma consolidated statement of loss and comprehensive loss combining the unaudited consolidated statement of loss and comprehensive loss of Brigade for the twelve months ended June 30, 2017 with the audited consolidated statement of comprehensive loss of G2B for the year ended June 30, 2017, giving effect to the transaction as if it occurred on July 1, 2016. The unaudited interim consolidated statement of comprehensive loss of Brigade for the twelve months ended June 30, 2017, was compiled from addition of the unaudited interim consolidated statement of comprehensive loss of Brigade for the three months ended June 30, 2017, and the audited consolidated statement of comprehensive loss of Brigade for the year ended March 31, 2017, less the unaudited interim consolidated statement of comprehensive loss of Brigade for the three months ended June 30, 2016.

*(expressed in Canadian dollars)*

The unaudited pro forma consolidated statement of financial position and statements of loss and comprehensive loss have been presented on the above basis to ensure that the unaudited pro forma consolidated financial statements reflect the RTO financial statements for a period that is no more than 93 days from Brigade's period end, as required pursuant to pro forma presentation requirements contained in Canadian securities legislation. These unaudited pro forma consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. These pro forma financial statements do not contain all of the information required for annual financial statements. Accordingly, they should be read in conjunction with the most recent annual and interim financial statements of both Brigade and G2B. The accounting policies used in the preparation of the pro forma financial statements are those set out in the audited financial statements of Brigade for the year ended March 31, 2017. In preparing the pro forma financial statements, a review was undertaken to identify differences between Brigade's accounting policies and those of G2B that could have a material impact of the pro forma financial statements. No material differences were noted. On closing of the Transaction, Brigade adopted the accounting policies set out G2B's financial statements. The pro forma adjustments and allocations of the purchase price of Brigade by G2B as a reverse takeover are based in part on estimates of the fair value of the assets acquired and liabilities assumed. The final allocation will be completed after asset and liability valuations are finalized. The final valuation will be based on the actual assets and liabilities of Brigade that exists as of the date of completion of the acquisition.

### **3. Pro Forma Adjustments and Assumptions**

The pro forma financial statements incorporate the following pro forma assumptions:

- (a) As required under the Transaction, Brigade completed a non-brokered private placement of 10,436,700 units at \$0.10 per unit for gross proceeds of \$1,043,670. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share for a period of two years, at \$0.10 per share for the first twelve months, and at \$0.20 per share for the following twelve months. In connection with the offering, the Company issued 146,800 Finders' Fee units with the same terms as noted above.
- (b) As consideration for the outstanding shares of G2B, Brigade issued 47,000,002 common shares to G2B shareholders valued at \$657,040. As a result of the RTO, the pro-forma condensed consolidated statement of financial position has been adjusted for the elimination of Brigade's share capital, reserves and accumulated deficit within shareholders' equity, and a listing expense of \$557,331 has been recognized. This reflects the difference between the estimated fair value of G2B shares to Brigade shareholders less the fair value of net assets of Brigade acquired.

The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

<b>Purchase Price</b>	
47,000,002 common shares	\$ 657,040
<b>Total Purchase Price</b>	<b>\$ 657,040</b>
<b>Allocation of Purchase Price</b>	
Cash	\$ 4,953
Loan receivable	185,317
Taxes recoverable	10,202
Accounts and accrued liabilities	(100,763)
Charge related to public company listing	557,331
	<b>\$ 657,040</b>

The pro forma adjustments and allocations of the estimated consideration transferred are based in part on estimates of the fair value of assets to be acquired and liabilities to be assumed. The final determination of the consideration transferred and the related allocation of the fair value of the Brigade net assets to be acquired pursuant to the Transaction will ultimately be determined after the closing of the transaction. It is likely that the final determination of the consideration transferred and the related allocation of the fair value of the assets acquired and liabilities assumed will vary from the amounts present in the unaudited pro-forma condensed consolidated financial information and that those differences may be material.

**GREEN 2 BLUE ENERGY CORP.**  
**NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 (UNAUDITED)**

(expressed in Canadian dollars)

**3. Pro Forma Adjustments and Assumptions (continued)**

(c) The total cash transaction costs which are expected to be incurred for the reverse asset acquisition amounts to \$100,000 which includes accounting, legal, and regulatory fees. These costs have been accrued and allocated to share issuance costs.

(d) The \$185,317 advance from Brigade to G2B is eliminated upon consummation of the Transaction.

(e)

**4. Pro Forma Share Capital**

As a result of the Transaction, the share capital as at June 30, 2017, in the pro forma financial statements is comprised of the following:

**Authorized**

Unlimited common shares, without par value

	Note	Number of Shares	Share Capital	Share Subscriptions Received	Contributed Surplus
<b>Opening balance of Brigade</b>		6,570,400	\$ 4,546,202	\$ 266,120	\$ 2,036,405
Shares issued for cash at \$0.10	3(a)	10,583,500	1,043,670	-	-
Common stock of G2B	3(b)	47,000,002	1,659,637	-	376,846
Equity issued per reverse takeover of Brigade	3(b)	47,000,002	657,040	-	-
Elimination of pre-acquisition share capital amounts of Brigade and common stock of G2B	3(b)	(47,000,002)	(4,546,202)	(266,120)	(2,036,405)
Share issuance costs	3(c)	-	(100,000)	-	-
<b>Pro Forma Share Capital</b>		<b>64,153,902</b>	<b>\$ 3,260,347</b>	<b>\$ -</b>	<b>\$ 376,846</b>

**5. Pro Forma Loss Per Share**

The following table sets forth the computation of pro forma basic and diluted loss per share for the year ended June 30, 2017:

	Year Ended June 30, 2017
<b>Numerator</b>	
Pro-Forma net loss for the period	\$ (1,772,741)
<b>Denominator</b>	
Basic and Diluted – weighted average number of shares outstanding	60,070,630
<b>Pro-Forma Loss Per Share – Basic and Diluted</b>	<b>\$(0.03)</b>

**SCHEDULE "F"**

**Audit Committee Charter**

See attached.

## AUDIT COMMITTEE CHARTER

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company's audit committee, or its Board of Directors in lieu thereof (the "**Audit Committee**"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

### 1. **Composition**

- (a) *Number of Members.* The Audit Committee must be comprised of a minimum of three directors of the Company.
- (b) *Chair.* If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the "**Chair**") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) *Financial Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

### 2. **Meetings**

- (a) *Quorum.* The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (b) *Agenda.* The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.
- (c) *Notice to Auditors.* The Company's auditors (the "Auditors") will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.
- (d) *Minutes.* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

### 3. **Roles and Responsibilities**

The roles and responsibilities of the Audit Committee include the following:

## External Auditor

The Audit Committee will:

- (a) *Selection of the external auditor.* Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company's accounts, controls and financial statements.
- (b) *Scope of Work.* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.
- (c) *Compensation.* Recommend to the Board the compensation to be paid to the external auditors.
- (d) *Replacement of Auditor.* If necessary, recommend the replacement of the Auditor to the Board of Directors.
- (e) *Approve Non-Audit Related Services.* Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.
- (f) *Responsibility for Oversight.* Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) *Resolution of Disputes.* Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

## Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) *Review of Interim Financial Statements.* Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.
- (c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

## Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) *Internal Control.* Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) *Accounting Policies and Practices.* Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.
- (d) *Litigation.* Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements.
- (e) *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

### Complaints

- (a) *Accounting, Auditing and Internal Control Complaints.* The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- (b) *Employee Complaints.* The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

### **4. Authority**

- (a) *Auditor.* The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.
- (b) *Independent Advisors.* The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

### **5. Reporting**

The Audit Committee will report to the Board on:

- (a) the Auditor's independence;

- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.



**CERTIFICATE OF THE COMPANY**

Dated: November 20, 2017

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia and Alberta.

*"Slawomir Smulewicz"*

\_\_\_\_\_  
SLAWOMIR SMULEWICZ  
President and Chief Executive Officer

*"Michael Young"*

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MICHAEL YOUNG  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF  
THE COMPANY**

*"Glenn Little"*

\_\_\_\_\_  
GLENN LITTLE  
Director

*"Jon Sherron"*

\_\_\_\_\_  
JON SHERRON  
Director

**PROMOTERS**

*"Slawomir Smulewicz"*

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SLAWOMIR SMULEWICZ

*"Michael Young"*

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MICHAEL YOUNG