MONTEREY MINERALS INC.

Vancouver, BC

CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

For the Year Ended April 30, 2018

(Expressed in Canadian dollars)

Monterey Minerals Inc.
Index to Consolidated Financial Statements
As at April 30, 2018

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Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Monterey Minerals Inc.

I have audited the accompanying consolidated financial statements of Monterey Minerals Inc. (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2018 and April 30, 2017, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and statement of changes in equity for the years ended April 30, 2018 and April 30, 2017, and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2018 and April 30, 2017, and its financial performance and its cash flow for the years ended April 30, 2018 and April 30, 2017 in accordance with International Financial Reporting Standards.

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

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Burnaby, British Columbia
July 10, 2018

MONTEREY MINERALS INC.
Consolidated Statements of Financial Positions
As at
(Expressed in Canadian dollars)

	Note	April 30, 2018 $	April 30, 2017 $
Assets			
Current Assets:			
Cash		**143,364**	—
Loan receivable	12	**1,500**	—
Prepaid expenses		**11,441**	—
Total Assets		**156,305**	—
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities		**26,926**	26,712
Loans payable	8	**26,593**	4,319
Deposit	9	**-**	1,000
Preferred shares	5	**4,000**	-
Total Liabilities		**57,519**	32,031
Shareholders' Equity (Deficit)			
Share Capital	4	**1,000**	1
Shares subscribed	4	**202,938**	-
Deficit		**(105,152)**	(32,032)
Total Shareholders' Equity (Deficit)		**98,786**	(32,031)
Total Liabilities and Shareholders' Equity (Deficit)		**156,305**	—

Nature and Continuance of Operations (Note 1)
Commitments and Plans of Arrangement (Note 10 and 12)
Subsequent event (Note 13)

Approved and authorized for dissemination by the Board of Directors on July 10, 2018:

/s/ Gary Handley

Gary Handley, Director

The accompanying notes are integral to these consolidated financial statements.

MONTEREY MINERALS INC.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended April 30, 2018 and April 30, 2017
(Expressed in Canadian dollars)

	2018	2017
	$	$
Operating Expenses		
Consulting	**29,471**	3,000
Bank charges and interest	**187**	—
Graphic design	**2,100**	—
Professional fees	**24,690**	5,439
Rent and utilities	**2,955**	—
Transfer Agent & Filing Fees	**8,495**	853
Travel and entertainment	**1,222**	—
Loss and total comprehensive loss for the year	**(69,120)**	(9,292)
Basic and diluted loss per common share	**$ (0.92)**	$ (9,292)
Weighted average and fully diluted common shares outstanding	**74,753**	1

The accompanying notes are integral to these consolidated financial statements.

MONTEREY MINERALS INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars except the number of shares)

	Note	Common Shares			
		Number	Share Capital and Shares subscribed $	Deficit $	Total $
Balance, April 30, 2016		1	1	(22,740)	(22,739)
Net loss for the year		—	—	(9,292)	(9,292)
Balance, April 30, 2017		1	1	(32,032)	(32,031)
Balance, April 30, 2017		1	1	(32,032)	(32,031)
Common shares issued under arrangement with Evitrade	10	**1,010,549**	**1,000**	**—**	**1,000**
Cancellation of incorporation share	10	**(1)**	**(1)**	**—**	**(1)**
Plan of arrangement	12	**-**	**-**	**(4,000)**	**(4,000)**
Shares subscribed for cash		**-**	**202,938**	**—**	**202,938**
Net loss for the year		**—**	**—**	**(69,120)**	**(69,120)**
Balance, April 30, 2018		**1,010,549**	**203,938**	**(105,152)**	**98,786**

The accompanying notes are integral to these consolidated financial statements.

MONTEREY MINERALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended April 30, 2018 $	Year Ended, April 30, 2017 $
Net loss for the year	**(69,120)**	(9,292)
Operating activities:		
Accounts payable & accrued liabilities	**214**	7,598
Prepaid expenses	**(11,441)**	—
Cash flows used in operating activities	**(80,347)**	(1,694)
Investing activities:		
Loan receivable	**(1,500)**	—
Cash flows provided by operating	**(1,500)**	
Financing activities:		
Common shares subscribed for cash	**202,937**	-
Loans payable	**22,274**	1,694
Cash flows provided by Financing operating	**225,211**	1,694
Cash flows used in operating activities being increase in cash and cash equivalents	**143,364**	—
Cash & cash equivalents, beginning of the year	**—**	—
Cash & cash equivalents, end of the year	**143,364**	—
Supplemental information:		
Interest paid	**—**	—
Income taxes paid	**—**	—

The accompanying notes are integral to these consolidated financial statements.

1. Nature and Continuance of Operations:

Monterey Minerals Inc. (the "Company") was incorporated on May 9, 2014 under the laws of British Columbia, Canada. Its head office is located at 890-1140 West Pender Street, Vancouver, BC V6E 2R9, Canada.

On October 19, 2016, the Company incorporated four wholly-owned subsidiaries: 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) ("Subcos") setup for proposed arrangement transactions. The Company has set the share distribution record date of a plan of an arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company (Note 12). The Subcos remained inactive as of April 30, 2018. The Company is a reporting issuer in the Province of British Columbia.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully develop its business.

The development of its business may take many years to be in successful and the amount of resulting income, if any, is difficult to determine with any certainty. On April 30, 2018, the Company had not yet achieved profitable operations, had no profit, a deficit of $105,152 and expects to incur losses in the development of its business, all of which casts material uncertainty about the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation:

Statement of Compliance and consolidation - The consolidated financial statements for the year ended April 30, 2018 were prepared in accordance with the International Financial Reporting Standards ("IFRS") and their interpretation by the IASB as of April 30, 2018.

The consolidated financial statements include the financial statements of the Company and of the entities it controls, its wholly-owned subsidiaries, 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. All significant inter-company balances and transactions have been eliminated.

3. Significant Accounting Policies:

The accounting policies set out below are in effect in the annual consolidated financial statements for the year ended April 30, 2018 and have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

a) Basis of Measurement -

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. These consolidated financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

b) Significant Accounting Judgments and Estimates -

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 year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax amounts. Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

<u>Income taxes</u>
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

c) Financial Instruments -

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Financial assets and liabilities are classified into one of the following categories based on the purpose for which they were acquired:

- Financial asset or financial liability at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets; and
- Other financial liabilities

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset and liability. All transactions related to financial instruments are recorded on a settlement date basis.

Financial asset or financial liability at fair value through profit or loss ("FVTPL")

A financial asset or liability classified at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets and liabilities are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-Maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset 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 investments, including impairment losses, are recognized in the profit or loss.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses.

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-Sale Financial

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

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

The Company has classified cash and cash equivalents as FVTPL, investments in equity instruments as available-for-sale financial assets, receivables as loans and receivables, and accounts payable and accrued liabilities as other liabilities.

Effective Interest Method

The effective interest method calculates the amortized cost of a financial asset or a financial liability and allocates interest income or interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, to the net carrying amount of the financial asset or financial liability.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

Derecognition of Financial Liabilities

The Company derecognizes a financial liability when its obligations are discharged, cancelled or expired.

d) Offsetting of Financial Instruments -

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e) Impairment of Financial Assets -

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Financial Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to receivables, a provision for impairment is made and an impairment loss is recognized in income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

3. Significant Accounting Policies (Continued):

e) Impairment of Financial Assets -

Available-for-Sale Financial Assets
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

f) 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 shareholder and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period.

Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholder's equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

g) Loss Per Share -

Basic loss per share is computed by dividing the net loss available to common shareholder by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h) Provisions -

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation.

3. Significant Accounting Policies (Continued):

h) Provisions (continued) -

The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

i) Future Changes in Accounting Policies -

The IASB issued a number of new and revised International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), amendments and related interpretations. At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards and interpretations, which could be applicable to the Company and are not yet effective for the relevant reporting periods.

IFRS 9, “Financial Instruments”

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both *IAS 39, "Financial Instruments: Recognition and Measurement"* and *IFRIC 9, "Reassessment of Embedded Derivatives"*. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing what impact the application of these standards.

4. Share Capital and Reserves:

Authorized – unlimited Common shares without par value
Unlimited Series A preferred shares, without par value (Note 5)

Issued and Outstanding

One (1) common share was issued by the Company for $1 on May 9, 2014 to the incorporator Evitrade Health Systems Corp. (formerly Auxellence Health Corporation) ("Evitrade"), the Company's parent company at the time. The incorporator share was subsequently transferred to the sole director of the Company, Ron Ozols, on November 18, 2014. On April 3, 2018, 1,010,549 common shares were issued to Evitrade shareholders of record pursuant to the plan of arrangement and the incorporator share was returned to treasury and cancelled (Note 10). 2,899,100 common shares were subscribed for gross proceeds of $202,938, but not yet issued as at April 30, 2018, which were subsequently issued on May 17, 2018.

5. Redeemable Preferred Shares:

(a) Authorized - unlimited preferred shares
(b) Issued: Preferred shares, Class A

	April 30, 2018		April 30, 2017	
	Shares	**Amount, $**	Shares	Amount, $
Preferred shares, Class A:				
Balance, beginning of year	—	—	—	—
Issued – Plan of Arrangement	**4,042,196**	**4,000**	—	—
Redeemed	—	—	—	—
Closing balance	**4,042,196**	**4,000**	—	—

The Preferred shares, Class A, with an average redemption price of $0.0009896 each for a total value of $4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the 2016 Plan of Arrangement (Note 12). As at April 30, 2018, 4,042,196 convertible Series A preferred shares were outstanding with a $4,000 value (April 30, 2017: Nil; $Nil value) and will be redeemed once the spin-out transactions are completed under the Company's 2016 Plan of Arrangement. (Notes 12)

6. Capital Disclosures:

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned business and pay for administrative costs, the Company will need to raise additional funds. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

7. Financial and Capital Risk Management:

The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair values of loan receivable, accounts payable and loans payable approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at April 30, 2018 as follows:

		Level 1	Level 2	Level 3	Total
Financial Assets					
Cash	$	143,364	-	-	$ 143,364
		$ 143,364-	-	-	$ 143,364-

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign exchange risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Credit risk
The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

7. Financial and Capital Risk Management: (Continued)

Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

8. Loans Payable:

The Company has demand loans payable of $26,593 owing as at April 30, 2018 (2017: $4,319). The amounts owed are due to non-related parties without interest and due on demand without specified terms of repayment.

9. Related Party Transactions:

As at April 30, 2018, included in deposits is $nil (2017 - $1,000) owing to Evitrade, with one director in common, for shares that are to be issued as a part of the Plan of Arrangement (Note 10).

Refer to Note 12 for 2016 PoA.

10. Commitments:

The Company entered into a plan of arrangement (the "Arrangement") on June 13, 2014 with Evitrade, and Evitrade's wholly-owned subsidiaries. Pursuant to the Arrangement, the Company was to issue 1,010,549 shares (the "Arrangement Shares") to the shareholders of Evitrade which equals the number of issued and outstanding common shares of Evitrade at the time of the share distribution date.

On April 3, 2018, Evitrade completed the push out of the Company through which the Company issued 1,010,549 shares of the Company.

11. Income Taxes:

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

	2018 $	2017 $
Loss before income taxes	(69,120)	(14,739)
Statutory rates	27.00%	26.00%
Expected income tax recovery at statutory rates	18,662	3,832
(Increase) Decrease in unrecognized deferred taxes	(18,662)	(3,832)
Deferred income tax recovery	—	—

Details of deferred income tax assets are as follows:

	April 30, 2018 $	April 30, 2017 $
Deferred income tax assets:		
Non-capital losses carried forward	27,311	5,912
Capital losses carried forward	—	—
Total deferred income tax assets	27,311	5,912
Less: unrecognized deferred tax assets	(27,311)	(5,912)
Deferred income tax assets	—	—

Estimated taxable income for the period is $Nil. Deferred tax assets have not be recognized because it is not probable that future taxable income will be available against which the company can utilize the benefits from the deductible temporary differences and unused tax losses.

Non-Capital Losses –

As at April 30, 2018, the Company has non-capital losses of approximately $101,152 (2017: $32,032) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

YEAR	$
2035	8,001
2036	14,739
2037	9,292
2038	69,120

12. Arrangement Agreement:

On September 30, 2016, the Company signed letters of intent (“LOIs”) with each of Landsdown Holdings Ltd., GCK Forestry Ltd., 2265040 Ontario Inc. (o/a EVI Tech Group) and Railhead Resources Ltd. (the “Purchasers”) to form four (4) wholly owned subsidiaries (“Subcos”) to effect transactions in which Subcos would purchase all of the issued and outstanding capital stock from each of the respective Purchasers’ shareholders (the “2016 PoA”)

On November 29, 2016, the Company received court approval for its Arrangement Agreement (the “Arrangement”) with each of its four wholly-owned subsidiaries 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) (the “Subcos”), pursuant to which, amongst other things, will result in transfer the Letters of Intent and $1,000 (the “Assets”) to each of 1093681, 1093682, 1093683, and 1093684 in consideration for shares of each Subcos.

The Company has set the share distribution record date of the Arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company.

On June 12, 2018, the spin out of Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) (“Blue Aqua”) from the Company was completed through the authorization of the issuance of 1,010,549 common shares of Blue Aqua to Monterey shareholders. No other Subcos spinouts were completed under the 2016 Arrangement as of April 30, 2018 or to a date of auditor’s report.

The Company has a loan receivable of $1,500 from GCK Forestry Ltd. as at April 30, 2018 (2017: $nil). The amounts are without interest and due on demand without specified terms of repayment.

13. Subsequent Event:

The Company issued 4,903,929 common shares of the Company for cash proceeds at a price of $0.07 on May 17, 2018.