Izotropic Corporation

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended April 30, 2018
(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Izotropic Corporation:

We have audited the accompanying consolidated financial statements of Izotropic Corporation (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2018 and 2017, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended April 30, 2018 and the period from May 19, 2016 to 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2018 and 2017, and its financial performance and its cash flows for the year ended April 30, 2018 and the period from May 19, 2016 to April 30, 2017 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 describes certain conditions that indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
August 28, 2018

IZOTROPIC CORPORATION

Consolidated Statements of Financial Position
As at April 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
ASSETS		
Current		
Cash	$ 471,945	$ 149,441
Amounts receivable (Note 3)	6,500	247
Prepaid expense	112	-
	478,557	149,688
Equipment (Note 4)	13,080	-
TOTAL ASSETS	$ 491,637	$ 149,688
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 5,8)	$ 83,874	$ 24,085
Promissory note (Note 6)	-	190,274
Total liabilities	83,874	214,359
Shareholders' equity (deficiency)		
Share capital (Note 7)	1,160,000	-
Reserves (Note 7)	42,563	33,648
Deficit	(794,800)	(98,319)
Total shareholder's equity (deficiency)	407,763	(64,671)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	$ 491,637	$ 149,688

Approved on behalf of the Board:

"Bob Thast"
Bob Thast Director

Subsequent Events (Note 14)

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

IZOTROPIC CORPORATION

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended April 30, 2018	From the period of incorporation on May 19, 2016 to April 30, 2017
Operating expenses		
Amortization (Note 4)	$ 4,537	$ -
Consulting (Note 8)	68,960	22,000
Donation (Note 10)	106,496	-
Finder's Fee	200,000	-
Incorporation	-	1,632
Interest expense (Note 6)	24,725	23,999
Office	34,071	14,127
Patent Maintenance Costs (Note 9)	33,929	-
Professional fees (Note 8)	206,263	26,238
Share-based payments (Notes 7 and 8)	42,563	-
Travel	8,585	4,500
Website	-	5,823
Loss and comprehensive loss	$ 730,129	$ 98,319
Loss per share – basic and diluted	$ (0.05)	$ (98,319)
Weighted average number of common shares outstanding – basic and diluted	13,691,233	1

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

IZOTROPIC CORPORATION

Consolidated Statement of Changes in Shareholder's Equity (Deficiency)
For the year ended April 30, 2018 and the Period of Incorporation on May 19, 2016 to April 30, 2017
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	Amount	Reserves	Deficit	Total
Balance at May 19, 2016	**1**	**$ -**	**$ -**	**$ -**	**$ -**
Discount recognized upon issuance of promissory note (Note 6)	-	-	33,648	-	33,648
Loss for the period	-	-	-	(98,319)	(98,319)
Balance at April 30, 2017	**1**	**-**	**33,648**	**(98,319)**	**(64,671)**
Private Placements (Note 7)	20,499,998	1,160,000	-	-	1,160,000
Share-based payments (Note 7)	-	-	42,563	-	42,563
Promissory note settlement (Note 6)	-	-	(33,648)	33,648	-
Loss for the year	-	-	-	(730,129)	(730,129)
Balance at April 30, 2018	**20,499,999**	**$ 1,160,000**	**$ 42,563**	**$ (794,800)**	**$ 407,763**

IZOTROPIC CORPORATION

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended April 30, 2018	From the period of incorporation on May 19, 2016 to April 30, 2017
Operating activities		
Loss for the period	$ (730,129)	$ (98,319)
Item not affecting cash:		
Amortization	4,537	-
Interest expense	24,726	23,923
Share-based payments	42,563	-
Changes in non-cash working capital items:		
Amounts receivable	(6,253)	(247)
Accounts payable and accrued liabilities	59,789	24,084
Prepaid expense	(112)	-
Cash flows used in operating activities	(604,879)	(50,559)
Investing activities		
Purchases of equipment	(17,617)	-
Cash flows used in financing activities	(17,617)	-
Financing activities		
Proceeds from private placements	1,160,000	-
Proceeds from promissory note	-	200,000
Repayment of promissory note	(200,000)	-
Repayment of interest on promissory note	(15,000)	-
Cash flows provided by financing activities	945,000	200,000
Increase in cash	322,504	149,441
Cash, beginning	149,441	-
Cash, ending	$ 471,945	$ 149,441

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Izotropic Corporation (the "Company") was incorporated in the Province of British Columbia on May 19, 2016, under the Business Corporations Act of British Columbia. The Company's head office is located at 15718 39A Avenue, Surrey, British Columbia, Canada. The Company is a research and development company specializing in cancer research and early detection for breast cancer.

On April 25, 2017, the Company entered into an agreement with the Regents of the University of California (the "Regents") for an Exclusive License Agreement related to breast cancer detection and treatment (Note 9).

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 financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify proper technologies or inventions that will be successful, and even if so identified and warranted, it may not be able to finance such technologies within the requisite time period. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated interim financial statements. These consolidated interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements of the Company 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 consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2018.

Basic of measurement
These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation
The consolidated financial statements include the accounts of the Company and its controlled entity. The controlled entity is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. Inter-company balances and transactions have been eliminated upon consolidation.

Use of estimates
The preparation of these consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of 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 can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the going concern of operations and the recoverability of deferred tax assets.

Presentation and functional currency
The functional and presentation currency, as determined by management, of the Company and its subsidiary is Canadian dollar.

Financial instruments
The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Financial liabilities:	Classification:
Accounts payable	Other financial liabilities
Promissory note	Other financial liabilities

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized 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 method, less any impairment losses.

Other financial liabilities
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of comprehensive 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 through the consolidated statement of loss and comprehensive loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments recorded at fair value
Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significant of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs on the than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Income taxes
Income tax comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized for unused tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non–discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Foreign Currency Translation
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign exchange gains and losses are included in the statement of comprehensive loss.

At the end of each reporting period, assets and liabilities of the Company’s subsidiaries which have different functional currencies are translated at the rate of exchange at the statement of financial position date. 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 reflected in other comprehensive income or loss for the period.

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards issued but not yet effective

Accounting standards issued but not yet applied by the Company at the date of the approval of the consolidated financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. AMOUNTS RECEIVABLE

	April 30, 2018		April 30, 2017	
GST receivable	$	6,500	$	247
Total	$	6,500	$	247

4. EQUIPMENT

		Computer Equipment
Cost:		
At April 30, 2017	$	-
Additions during the year		17,617
At April 30, 2018	$	17,617
Amortization:		
At April 30, 2017	$	-
Change for the year		4,537
At April 30, 2018	$	4,537
Net book value:		
At April 30, 2017	$	-
At April 30, 2018	$	13,080

(Expressed in Canadian Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2018		April 30, 2017	
Accounts payable	$	69,874	$	15,785
Accrued liabilities		14,000		8,300
Total	$	83,874	$	24,085

6. PROMISSORY NOTE

On April 25, 2016, the Company entered into a secured promissory note for a principal amount of $200,000, bearing interest at a rate of 5%. The proceeds were received on May 30, 2016 and is due on demand after May 30, 2018. As security for the promissory note, the Company provided an assignment agreement, exercisable at the sole discretion of the lender, to transfer 1,000,000 escrow shares of the Company, as collateral. Upon full repayment of the promissory note and accrued interest, the assignment agreement will be cancelled.

On issuance, the estimated fair value of the promissory note was determined to be $166,352, resulting the recognition of a discount of $33,648 upon issuance, which was recorded as promissory note reserve and amortized over the term of the promissory note.

On October 12, 2017, the Company fully repaid the promissory note and accrued interest of $215,000. During the year ended April 30, 2018, the Company recognized interest and accretion of $24,726 (2017: $23,922), which has been recorded as interest expense. On settlement, the Company reclassified the amount originally recorded to the reserve to deficit.

7. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value.

Issued share capital during the year ended April 30, 2018

On July 17, 2017, the Company issued 1,800,000 common shares at $0.01 per share for gross proceeds of $18,000.

On July 18, 2017, the Company issued 5,200,000 common shares at $0.01 per share for gross proceeds of $52,000.

On August 22, 2017, the Company closed a private placement of 6,499,998 units at a price of $0.06 per unit for gross proceeds of $390,000. Each unit consists of one common share and half of one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share for a period of 12 months after the date common shares of the Company

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

are listed for trading on a stock exchange.

Issued share capital during the year ended April 30, 2018 (continued)

On October 12, 2017, the Company closed a private placement of 5,000,000 units at a price of $0.10 per unit for gross proceeds of $500,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share for a period of 12 months after the date common shares of the Company are listed for trading on a stock exchange (the "First Trading Day") and at $0.20 per share from the date that is 12 months and a day from the First Trading Day until the date that is 24 months from the First Trading Day.

On October 31, 2017, the Company closed a private placement of 2,000,000 units at a price of $0.10 per unit for gross proceeds of $200,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share for a period of 12 months after the First Trading Day and at $0.20 per share from the date that is 12 months and a day from the First Trading Day until the date that is 24 months from the First Trading Day.

Stock Options
As at April 30, 2018, the Company had the following options outstanding and exercisable:

Date of Grant	Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
September 20, 2017	September 20, 2022	$ 0.10	1,750,000	437,500
October 20, 2017	October 20, 2022	$ 0.10	200,000	50,000
			1,950,000	487,500

A continuity of the Company's options is as follows:

	April 30, 2018	
	Number of options	**Weighted average exercise price**
Options outstanding, beginning of year	-	$ -
Options granted	2,150,000	0.10
Option cancelled	(200,000)	0.10
Options outstanding, end of year	1,950,000	$ 0.10

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock Options

On September 20, 2017, the Company granted 1,950,000 stock options to the consultants, directors and employee of the Company at an exercise price of $0.10 per share at any time until September 20, 2022. The stock options vest and become exercisable over three years (25% on the grant date and 25% on each anniversary of the grant date). On October 20, 2017, the Company cancelled 200,000 stock options granted to the director.

On October 20, 2017, the Company granted 200,000 stock options to an independent consultant at an exercise price of $0.10 per share at any time until October 20, 2022. The stock options vest and become exercisable over three years (25% on the grant date and 25% on each anniversary of the grant date).

The fair value of stock options granted for the year ended April 30, 2018 was $79,449, estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 5 years, volatility of 100%, dividend yield of 0% and risk-free interest rate of 1.82%. During the year ended April 30, 2018, the Company recognized share-based compensation of $42,563.

Share purchase warrants

As at April 30, 2018, the Company had the following warrants outstanding:

Date issued	Expiry date	Exercise price		Number of warrants outstanding
August 22, 2017	June 4, 2019	$	0.10	3,249,999
October 12, 2017	June, 4, 2020	$	0.10	5,000,000
October 31, 2017	June 4, 2020	$	0.10	2,000,000
				10,249,999

A continuity of the Company's warrants is as follows:

	April 30, 2018		
	Number of Common Shares Issuable	Weighted Average Exercise Price	
Warrants outstanding, beginning	-	$	-
Warrants issued	10,249,999		0.10
Warrants outstanding, ending	10,249,999	$	0.10

7. SHARE CAPITAL (continued)

Reserves
Reserves include the discount recognized upon the issuance of the promissory note (Note 6) and items recognized as share-based payment and other stock compensation payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. RELATED PARTY TRANSACTIONS

During the year ended April 30, 2018, the Company paid VP Marketing $28,000 (2017: $18,000) in consulting fees, $15,976 (2017: $Nil) in administration fees to a party related to a director and recorded share-based payments of $30,738 (2017: $Nil) to the directors. As at April 30, 2018, included in accounts payable and accrued liabilities is $1,859 (2017: $2,305) due to the CEO and $4,000 ($2017: $2,305) due to the VP Marketing. The amounts are non-interest bearing, unsecured and have no set repayment terms.

9. LICENSING AGREEMENT

On April 25, 2017, the Company entered into a licensing agreement with the Regents granting the Company an exclusive worldwide license for the Biopsy Systems for breast computed tomography patent and other related patents.

In consideration for this license, the Company agreed to the following terms:

- cash payment of USD $10,000 (CDN $13,971) due within 30 days (paid);
- cash payment of USD $200,000 due 30 days of the earlier of the following:
    - change of control transaction (“Change of Control”), which means the acquisition, merger, reorganization or other transactions where the Company transfers more than 50% of the voting power of the Company is transferred to a third party; and,
    - licensee financing which means the issuance of debt or equity securities of the Company, in a bona fide financing transactions with cumulative proceeds of USD $3,000,000.
- cash payment of 2% of total consideration received by the Company within 30 days of the completion of a Change of Control;
- 3% of net sales from the first 15 commercial sales of all licensed products, in any country; and,
- 1% royalty of net sales of all licensed services.
- Reimbursement of 1/3 of $79,871.80 patent costs incurred prior to agreement effective date on or before the 1st anniversary of agreement effective date.
    - Reimbursement of the second 1/3 of patent costs on or before 2nd anniversary.
    - Reimbursement of the third 1/3 of patent costs on or before 3rd anniversary.

9. LICENSING AGREEMENT (continued)

The Company is obligated to further develop, manufacture, and market the licensed products and services to meet market demand (“Milestones”) as follows:

- to submit an application covering a licensed product or licensed services to the U.S. Food and Drug Administration (“FDA”) or equivalent foreign agency by June 30, 2018;
- to obtain FDA or equivalent foreign agency approval by December 31, 2021; and,
- to achieve commercial sale and fill the market demand by June 30, 2022.

If the Company is unable to meet the above Milestones, the Company has the right to extend the target date of any Milestones for 1 year for USD $10,000. The Company has a further right to extend the target date of any Milestone for an additional 1 year upon a payment of USD $15,000.

10. DONATION

During the year ended April 30, 2018, the Company donated USD $85,000 (CDN $106,497) to the Regents of the University of California for breast cancer research.

11. CAPITAL MANAGEMENT

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company’s objectives when managing capital is to safeguard the Company’s ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any external restrictions on its capital.

12. FINANCIAL RISK MANAGEMENT

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

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 primary exposure to credit risk is on its cash. Cash is held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

12. FINANCIAL RISK MANAGEMENT (continued)

Liquidity 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 reserves in order to meet its liquidity requirements. The Company's sole source of funding will be the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. During the year ended April 30, 2017, the Company entered into a licensing agreement denominated in US dollars. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company has net financial liabilities of US $22,300. If the US dollar had changed against the Canadian dollar by 10 basis points on April 30, 2018, the Company’s net loss would increase by approximately $2,800.

Interest rate risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash earn interest income at variable rates. The fair value of cash is minimally affected by changes in short term interest rates.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		2018		2017
Loans and receivables:				
Cash	$	471,945	$	149,441
Receivables		6,500		-
	$	478,445	$	-

Financial liabilities included in the statement of financial position are as follows:

		2018		2017
Non-derivative financial liabilities:				
Accounts payable	$	69,874	$	24,085
Promissory note		-		190,274
	$	69,874	$	214,359

Fair value

The fair value of the Company’s financial assets and liabilities approximates the carrying amount.

(Expressed in Canadian Dollars)

13. INCOME TAXES

The income tax provisions differ from the expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		2018		2017
Net loss	$	(730,129)	$	
Statutory tax rate		26%		26%
Expected income tax recovery		(189,834)		(25,563)
Permanent differences		11,493		256
Increase in unrecognized deferred assets		166,258		25,307
Other		12,083		
Income tax recovery	$	-		$

The Company's tax-effected future income tax assets and liabilities are estimated as follows:

		2018		2017
Deferred income tax assets				
Non-capital loss carry-forwards	$	191,565	$	25,307
Less: Valuation allowance		(191,565)		(25,307)
Net deferred income tax assets	$	-	$	-

The Company has non-capital losses of $735,565 (2017: $25,307) available for carry-forward to reduce future years' income for income tax purposes. These losses expire beginning in 2037.

14. SUBSEQUENT EVENTS

Subsequent to the year ended April 30, 2018, the Company completed its initial public offering through the issuance of 2,000,000 common shares for total proceeds of $160,125. On June 4, 2018, the Company's common shares began trading on the Canadian Securities Exchange under the symbol "IZO".