

**10557536 CANADA CORP.**

**Interim Financial Statements**

**Three Month Period Ended March 31, 2018**

*(Stated in \$CAD)*

**(Unaudited - Prepared by Management)**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's external auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

**10557536 CANADA CORP.**

**Interim Balance Sheet**

**As at March 31, 2018**

**(Stated in \$CAD)**

**(Unaudited - Prepared by Management)**

**ASSETS**

**Current:**

Accounts receivable \$ 780

**Long term:**

My Wine Canada Inc. LOI (Note 5) 1  
\$ 781

**LIABILITIES**

**Current:**

Bank overdraft \$ 36  
Accounts payable and accrued liabilities 6,780  
6,816

**SHAREHOLDERS' DEFICIENCY**

Common shares to be issued (Note 6) 1  
Accumulated deficit (6,036)  
(6,035)  
\$ 781

**Going concern** (Note 1(b))

**Subsequent event** (Note 11)

*The accompanying notes form an integral part of these unaudited interim financial statements*

Approved on behalf of the Board:

"Stephen Coates" Director

**10557536 CANADA CORP.**

**Interim Statement of Net Loss and Comprehensive Loss**  
**Period from December 27, 2017 (date of incorporation) to March 31, 2018**  
**(Stated in \$CAD)**

**(Unaudited - Prepared by Management)**

<b>Expenses</b>	
Management fees (Note 10)	\$ 6,000
Office and general	<u>36</u>
<b>Net loss and comprehensive loss</b>	\$ <u>(6,036)</u>
<b>Basic and diluted loss per share (Note 7)</b>	\$ <u>(0.22)</u>

*The accompanying notes form an integral part of these unaudited interim financial statements*

**10557536 CANADA CORP.**  
**Interim Statement of Shareholders' Deficiency**  
**Period from December 27, 2017 (date of incorporation) to March 31, 2018**  
**(Stated in \$CAD)**  
**(Unaudited - Prepared by Management)**

	Note	Common shares to be issued	Amount	Accumulated deficit	Total
		Shares			
<b>As at December 27, 2017</b>		-	\$ -	\$ -	\$ -
Plan of Arrangement re My Wine Canada LOI	6(b)	2,500,000	1	-	1
Net loss and comprehensive loss for period		-	-	(6,036)	(6,036)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>As at March 31, 2018</b>		<b>2,500,000</b>	<b>\$ 1</b>	<b>\$ (6,036)</b>	<b>\$ (6,035)</b>

*The accompanying notes form an integral part of these unaudited interim financial statements*

**10557536 CANADA CORP.**

**Interim Statement of Cash Flows**

**Period from December 27, 2017 (date of incorporation) to March 31, 2018**

*(Stated in \$CAD)*

**(Unaudited - Prepared by Management)**

<b>Operating activities</b>	
<b>Net loss for period</b>	\$ (6,036)
<b>Change in non-cash working capital items</b>	
Accounts receivable	(780)
Accounts payable and accrued liabilities	6,780
	<u>(36)</u>
<b>Decrease in cash</b>	(36)
Cash, beginning of period	<u>-</u>
<b>Bank indebtedness, end of period</b>	<u>\$ (36)</u>
<b>Non-cash transaction:</b>	
Common shares to be issued under Plan of Arrangement re MWC LOI (Note 5)	<u>\$ 1</u>

*The accompanying notes form an integral part of these unaudited interim financial statements*

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 1. NATURE OF OPERATIONS AND GOING CONCERN

#### (a) Nature of operations

10557536 Canada Corp. (the "Company" or "10557536") was incorporated on December 27, 2017 under the Canada Business Corporations Act with its head office located at 401 Bay Street, Suite #2702, Toronto, Ontario, Canada, M5H 2Y4. The Company, as a reporting issuer in the provinces of British Columbia, Alberta and Manitoba, is subject to the rules and regulations of the relative provincial securities commissions, but its shares do not trade on any stock exchange.

The Company has no current active business operations and its principal purpose is the identification and evaluation of assets or businesses for the purpose of completing a transaction ("Qualifying Transaction") such that the Company's shares can be approved for listing and trading on a recognized Canadian stock exchange. Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability obtain additional financing. There is no assurance that the Company will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction.

Under the terms of a Plan of Arrangement approved by the Ontario Superior Court of Justice on March 26, 2018, the Company acquired substantially all the rights and interests in a Letter of Intent ("LOI") between Telferscot Resources Inc. ("Telferscot") and My Wine Canada Inc. ("MWC") (*see note 5*). As consideration for acquisition of this LOI, 10557536 will issue 2,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot.

#### (b) Going concern

The accompanying unaudited interim financial statements have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim financial statements. Such adjustments could be material.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 1. NATURE OF OPERATIONS AND GOING CONCERN, CONTINUED

As at March 31, 2018, the Company has no source of operating cash flow and had an accumulated deficit of \$6,036. Net comprehensive loss for the three months ended March 31, 2018 was \$6,036. The Company also had a working capital deficiency of \$6,036 as at March 31, 2018. These unaudited interim financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern, namely its ability to generate sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period, is dependent upon its ability to arrange future financing, which is largely dependant upon prevailing capital market conditions, the completion of an anticipated "seed capital" private placement after the end of the reporting period (*see note 11*), continued support of its shareholder base and completion of a Qualifying Transaction. These unaudited interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to the preparation of interim financial statements, including International Account Standards 34 (Interim Financial Reporting) as issued by the International Accounting Standards Board ("IASB") and using accounting policies described herein. The unaudited interim financial statements have not been reviewed by the Company's external auditor and were approved by the Board of Directors on May 30, 2018.

#### (b) Basis of measurement

The unaudited interim financial statements have been prepared under the historical cost convention.

#### (c) Functional and presentation currency

The unaudited interim financial statements are presented in Canadian dollars, which is also the functional currency of the corporate offices located in Canada.

#### (d) Cash

Cash consists of deposits held with banks.

#### (e) Accounts receivable

Accounts receivable consist primarily of recoverable HST ITC's.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### (f) Accounts payable and accrued liabilities

These amounts represent liabilities for goods and services provided to the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period end. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (g) Share capital

Common shares issued in exchange for goods and services are recorded at an amount based on the fair market value of the common shares just prior to the date of issuance. Common shares issued in private placements, in conjunction with common share purchase warrants, are recorded using the residual method, whereby the proceeds of the private placement are allocated first to the common shares at the lesser of the common share's fair value and the gross proceeds of the private placement, with any residual amounts then being allocated to the common share purchase warrants. Share issuance expenses are applied against share capital.

#### (h) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Income tax is recognized in profit or loss except to the extent it relates to items recognized in equity, in which case the income tax is also recognized in equity. Current tax assets and liabilities are recognized at the amount expected to be paid or received from tax authorities using rates enacted or substantively enacted at the date of the statement of financial position. Deferred tax assets and liabilities are recognized at the tax rates enacted or substantively enacted at the date of the statement of financial position for the years that an asset is expected to be realized or a liability is expected to be settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be generated and available for the asset to be utilized against.

#### (i) Loss per share

Basic loss per share amounts are calculated by dividing net loss for the reporting period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the net earnings attributable to common shareholders by the weighted average number of shares outstanding during the reporting period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. Diluted loss per share amounts are not presented if anti-dilutive.



**10557536 CANADA CORP.**  
**Notes to Interim Financial Statements**  
**Period from December 27, 2017 (date of incorporation) to March 31, 2018**  
**(Stated in \$CAD)**  
**(Unaudited - Prepared by Management)**

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(j) **Critical accounting estimates and judgements**

The preparation of these unaudited interim financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, revenues and other items in net earnings, and the related disclosure of contingent assets and liabilities, if any. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and other items in net earnings that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

(k) **Financial instruments**

***Financial assets***

Financial assets are classified as either financial assets at fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity investments (“HTM”), or available-for-sale financial assets (“AFS”), as appropriate at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. A financial asset is derecognized when its contractual rights to the asset’s cash flows expire or if substantially all the risks and rewards of the asset are transferred.

***Financial assets at FVTPL***

A financial asset is classified as FVTPL when the financial asset is held for trading or it is designated upon initial recognition as FVTPL. A financial asset is classified as FVTPL if (1) it has been acquired principally for the purpose of selling or repurchasing in the near term; (2) it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short term profit taking; or (3) it is a derivative that is not designated and effective as a hedging instrument. Financial assets at FVTPL are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. Transaction costs are expensed as incurred. The Company has classified cash as FVTPL.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### (k) Financial instruments, continued

##### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost less losses for impairment. The impairment loss of receivables is based on a review of all outstanding amounts at the end of the reporting period. Bad debts are written off during the period in which they are identified. Amortized cost is calculated considering 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 profit or loss when the loans and receivables are derecognized or impaired, as well as through the depreciation process. The Company has classified accounts receivable as loans and receivables.

##### *AFS financial assets*

Non derivative financial assets not included in the above categories are classified as AFS financial assets. They are carried at fair value with changes in fair value generally recognized in other comprehensive income (loss) and accumulated in the AFS reserve. Impairment losses are recognized in profit or loss. Purchases and sales of AFS financial assets are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in the AFS reserve. On sale, the cumulative gain or loss recognized in other comprehensive income (loss) is reclassified from accumulated other comprehensive income to profit or loss. The Company has designated its investment in a private company as AFS.

##### *Impairment of financial assets*

The Company assesses at each reporting date whether 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 the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective rate.

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## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### (k) Financial instruments, continued

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Associated allowances are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. 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 profit or loss.

A provision for impairment is made in relation to accounts receivable, and an impairment loss is recognized in profit or loss when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms. With the exception of AFS equity instruments, if, in a subsequent period, the amount of impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had the impairment not been recognized.

#### *Effective interest method*

The effective interest method calculates the amortized cost of a financial instrument asset or liability and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or liability, or where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

#### *Financial liabilities*

Financial liabilities are classified as FVTPL, or other financial liabilities, as appropriate upon initial recognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to the initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The Company's other financial liabilities include accounts payables and accrued liabilities and refundable proceeds on cancellation of private placement.

Financial liabilities are classified as FVTPL if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments (including separated embedded derivatives) unless they are designated as effective hedging instruments. Gains or losses on liabilities classified as FVTPL are recognized in profit or loss.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

- (a) **IAS 7 "Statement of Cash Flow"** has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted by the Company upon incorporation and have not had a significant impact on these unaudited interim financial statements.
- (b) **IAS 12 "Income Taxes"** was amended by the IASB in January 2016 to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted by the Company upon incorporation and have not had a significant impact on these unaudited interim financial statements.
- (c) **IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities"** was issued by the IASB in July 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The new amendments were adopted by the Company upon incorporation and have not had a significant impact on these unaudited interim financial statements.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
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### 4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at the date of authorization of these unaudited interim financial statements, the IASB has issued the following revised standards which are not yet effective:

- (a) **IFRS 16 "Leases"** was issued by the IASB in January 2016 and will ultimately replace IAS 17, "Leases" and related interpretations. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Company has adopted IFRS 15, Revenue from Contracts with Customers. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all leases contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. If the Company has significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities on adoption of IFRS 16, and material changes to the timing of recognition of expenses associated with the lease arrangements. The Company is analyzing the new standard to determine the impact of adopting this standard.

### 5. MY WINE CANADA INC.

Under the terms of a Plan of Arrangement approved by the Ontario Superior Court of Justice on March 26, 2018 (*see note 1(a)*), the Company acquired substantially all the rights and interests in a Letter of Intent ("LOI") between Telferscot and MWC, and accordingly will assume the position of Telferscot with respect to the LOI. As consideration for its acquisition, 10557536 will issue 2,500,000 common shares to Telferscot, which will then be distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot (*see note 6(b)*). The LOI has been assigned a nominal value of \$1.

	<b>March 31</b>
	<b>2018</b>
	<hr/>
My Wine Canada Inc. LOI	\$ 1
	<hr/>

Telferscot has an agreement with MWC to develop a consumer facing web portal for online sales of Canadian wine and spirits direct from Canadian producers to Canadian consumers. MWC is looking for a joint-venture partner to fund the development and deployment of a new site for the regulated sales of cannabis in Canada.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 6. SHARE CAPITAL

Continuity schedules for the Company's share capital and other equity instruments are disclosed in the unaudited interim statements of changes in shareholders' equity for the three months ended March 31, 2018. The equity transactions in this period are detailed below:

- (a) The Company was incorporated on December 27, 2017. The initial common share issued to the incorporator has been cancelled.
- (b) As a result of the court approval of the Plan of Arrangement on March 26, 2018 (*see note 1(a)*), 10557536 will issue 2,500,000 common shares to Telferscot as consideration for the acquisition of the LOI with MWC (*see note 5*). These "common shares to be issued" were issued to Telferscot on April 5, 2018, and in turn, distributed to the current shareholders of Telferscot pro-rata based on their relative shareholdings of Telferscot on April 12, 2018.

### 7. LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the three months ended March 31, 2018 was 27,778.

As at March 31, 2018, no potentially dilutive equity instruments were outstanding:

### 8. FINANCIAL RISK FACTORS

The Company's financial instruments consist of accounts receivable, which are classified as loans and receivables, bank overdraft and accounts payable and accrued liabilities. These amounts are recognized initially at fair value and subsequently measured at amortized cost. The fair value of these amounts approximates their carrying value.

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### (a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable, which consists of refundable HST ITC's. As at March 31, 2018, bank overdraft of \$36 was held with reputable financial institutions from which management believes the risk of loss to be minimal.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018  
(Stated in \$CAD)

(Unaudited - Prepared by Management)

### 8. FINANCIAL RISK FACTORS, continued

#### (b) Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost (*see note 1(b)*). 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, 2018, the Company had a working capital deficiency of \$6,036. All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

### 9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to maintain head office corporate and administrative functions. The Company considers its capital to be its shareholders' equity. The Company manages its capital structure in an effort to provide sufficient funding for its development projects. Funds are primarily secured through equity capital raised by way of private placements and exercise of warrants.

There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company's 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. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

### 10. RELATED PARTY TRANSACTION

The Company is billed a monthly fee of \$2,000 (plus applicable HST) by a company controlled by a director for management and administrative services, including the corporate secretary, the services of the CFO, office rent and regular administrative functions. During the three months ended March 31, 2018, the Company incurred total fees of \$6,000. As at March 31, 2018, accounts payable and accrued liabilities include \$6,780 in respect of such fees.

# 10557536 CANADA CORP.

## Notes to Interim Financial Statements

Period from December 27, 2017 (date of incorporation) to March 31, 2018

*(Stated in \$CAD)*

**(Unaudited - Prepared by Management)**

### 11. SUBSEQUENT EVENT

- (a) The Company is currently in the process of organizing a non-brokered "seed capital" private placement with a minimum offering of 100,000 units and a maximum offering of 200,000 units. Up to the release date of these unaudited interim financial statements, no subscription agreements have yet been entered into and no cash has yet been received.

The purchase price for each unit is expected to be \$1.20, with each unit expected to consist of:

- (i) 10 common shares valued at \$0.02 each for total consideration of \$0.20, and
- (ii) 1 redeemable convertible preferred share valued at \$1.00 each, with the following major terms:
- shares are non-voting
  - each preferred share is redeemable by the holder at \$1.00 per share within 1 month of closing
  - for a period of 1 month from closing, each preferred share is convertible into (1) 20 common shares, and (2) 10 common share purchase warrants
  - each common share purchase warrant entitles the holder to buy 1 common share at a price of \$0.10 for a period up to 2 years from closing