



THE JENEX CORPORATION

Condensed Interim Financial Statements

**For the Nine Months Ended April 30, 2016 and 2015
(In Canadian dollars)**

UNAUDITED

THE JENEX CORPORATION

Condensed Interim Financial Statements

For the Nine Months Ended April 30, 2016
(In Canadian dollars)

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THE JENEX CORPORATION

Condensed Interim Financial Statements

**For the Nine Months Ended April 30, 2016
(In Canadian dollars)**

NOTICE OF NO AUDITORS REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

THE JENEX CORPORATION
Condensed Interim Statement of Financial Position
For the Nine Months Ended April 30, 2016
(In Canadian dollars)

	As at Apr 30 2016	As at July 31 2015
	(Unaudited)	(Audited)
ASSETS		
Current:		
Cash	\$ 1,052	\$ 63
Accounts receivable	600	182
Prepaid expenses	100	-
Sales taxes recoverable	7,852	-
	\$ 9,604	\$ 245
Total Assets	\$ 9,604	\$ 245
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 869,155	\$ 686,847
Loans from directors (Note 5)	99,131	100,345
Other loan payable (Note 5)	34,086	-
Current portion of long term debt (Note 6)	33,378	33,378
	\$ 1,035,750	\$ 820,570
Long-term debt (Note 6)	600,000	600,000
	\$ 1,635,750	\$ 1,420,570
Total Liabilities	\$ 1,635,750	\$ 1,420,570
Basis of presentation and going concern (Note 2)		
Contingencies and commitments (Note 10)		
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	\$ 8,723,624	\$ 8,723,624
Warrants reserve (Note 8)	2,847,250	2,847,250
Share-based payments reserve (Note 8)	799,451	799,451
Equity portion of convertible debentures (Note 6)	271,454	271,454
Deficiency	(14,267,925)	(14,062,104)
	\$ (1,626,146)	\$ (1,420,325)
Total shareholders' deficiency	\$ (1,626,146)	\$ (1,420,325)
Total liabilities and shareholders' deficiency	\$ 9,604	\$ 245

APPROVED ON BEHALF OF THE BOARD ON JUN 29, 2016

/s/ John Gamble

/s/ Roberto Fia

Director

Director

The accompanying notes form an integral part of these financial statements.

THE JENEX CORPORATION

Condensed Interim Statement of Loss For the Nine Months Ended April 30, 2016 (In Canadian dollars) (Unaudited)

	3 Months Ended Apr 30, 2016	3 Months Ended Apr 30, 2015	9 Months Ended Apr 30, 2016	9 Months Ended Apr 30, 2015
REVENUE (Note 2)				
Sales	\$ 1,926	\$ 567	\$ 4,348	\$ 720
Cost of sales	-	(100)	-	(100)
Gross margin	<u>1,926</u>	<u>467</u>	<u>4,348</u>	<u>620</u>
EXPENSES				
Interest (Note 6)	-	951	-	2,917
General and administrative (Note 4)	<u>36,800</u>	<u>84,671</u>	<u>210,388</u>	<u>288,045</u>
	<u>(36,800)</u>	<u>(85,622)</u>	<u>(210,388)</u>	<u>290,962</u>
LOSS FROM OPERATIONS	(34,874)	(85,155)	(206,040)	(290,342)
OTHER EXPENSES (INCOME)				
Loss (gain) on foreign exchange	<u>(900)</u>	-	<u>(219)</u>	<u>1,884</u>
NET LOSS AND COMPREHENSIVE LOSS	\$ (33,974)	\$ (85,155)	\$ (205,821)	\$ (292,226)
Basic and diluted net loss per share (note 9)	\$ (0.0003)	\$ (0.001)	\$ (0.002)	\$ (0.003)
Weighted average number of common shares (Note 9)	110,352,437	94,118,371	110,352,437	94,118,371

The accompanying notes form an integral part of these financial statements.

THE JENEX CORPORATION

Statement of Changes in Equity For the Nine Months Ended April 30, 2016 (In Canadian dollars) (Unaudited)

	Shares	Share capital	Warrant reserve	Share-based payments reserve	Equity portion of convertible debenture (note 8)	Deficit	Total
Balance, July 31, 2014	76,777,437	\$ 7,011,124	107,778	799,451	\$271,454	\$(13,705,733)	\$ (5,515,926)
Comprehensive loss	-	-	-	-	-	(267,185)	(267,185)
Balance, Oct 31, 2014	76,777,437	\$ 7,011,124	107,778	799,451	\$271,454	\$(13,972,918)	\$ (5,783,111)
Comprehensive loss	-	-	-	-	-	60,114	60,114
Change	33,575,000	1,275,000	2,739,472	437,500	-	-	4,451,972
Balance, Jan 31, 2015	110,352,437	\$ 8,286,124	\$2,847,250	1,236,951	\$271,454	\$(13,912,804)	\$ (1,271,025)
Comprehensive loss	-	-	-	-	-	(85,155)	(85,155)
Balance, Apr 30, 2015	110,352,437	\$ 8,286,124	\$2,847,250	1,236,951	\$271,454	\$(13,997,959)	\$ (1,356,180)
Comprehensive loss	-	-	-	-	-	(64,145)	(64,145)
Change	-	437,500	-	(437,500)	-	-	-
Balance, July 31, 2015	110,352,437	\$ 8,723,624	\$2,847,250	799,451	\$271,454	\$(14,062,104)	\$ (1,420,325)
Comprehensive loss	-	-	-	-	-	(119,533)	(119,533)
Balance, Oct 31, 2015	110,352,437	\$ 8,723,624	\$2,847,250	\$799,451	\$271,454	\$(14,181,637)	\$ (1,539,858)
Comprehensive loss	-	-	-	-	-	(52,314)	(52,314)
Balance, Jan 31, 2015	110,352,437	\$ 8,723,624	\$2,847,250	\$799,451	\$271,454	\$(14,233,951)	\$ (1,592,172)
Comprehensive loss	-	-	-	-	-	(33,974)	(33,974)
Balance, Apr 30, 2016	110,352,437	\$ 8,723,624	\$2,847,250	\$799,451	\$271,454	\$(14,267,295)	\$ (1,626,146)

The accompanying notes form an integral part of these financial statements.

THE JENEX CORPORATION

**Condensed Interim Statement of Cash Flows
For the Nine Months Ended April 30, 2016
(In Canadian dollars) (Unaudited)**

	3 Months Ended Apr 30, 2016	3 Months Ended Apr 30, 2015	9 Months Ended Apr 30, 2016	9 Months Ended Apr 30, 2015
OPERATING ACTIVITIES				
Income (Loss)	\$(33,974)	\$(85,155)	(205,821)	\$(292,226)
Changes in non-cash working capital items:				
Accounts receivable	(423)	110	(418)	-
Inventory	-	100	-	100
Prepaid expenses	(100)	-	(100)	833
Sales tax recoverable	(454)	-	(7,852)	28,331
Long-term debt capitalized	-	1,220	-	(4,010,731)
Accounts payable and accrued liabilities	33,005	82,320	182,308	(236,284)
Loans from directors	(32,860)	404	(1,214)	34,015
Other loan payable	34,086	-	34,086	-
Unpaid interest capitalized	-	951	-	2,917
Cash flow generated /(used) by operating activities	(720)	(50)	989	(4,473,045)
FINANCING ACTIVITIES				
Non-cash debt settlements:				
Issue of share capital	-	-	-	1,275,000
Warrants reserve	-	-	-	2,739,472
Share-based payments reserve	-	-	-	437,500
Cash flow from financing activities	-	-	-	4,451,972
INCREASE/(DECREASE) IN CASH	(720)	(50)	989	(21,073)
CASH – BEGINNING OF PERIOD	1,772	468	63	21,488
CASH - END OF PERIOD	\$1,052	\$415	\$1,052	\$415

The accompanying notes form an integral part of these financial statements.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

1. NATURE OF OPERATIONS

The Jenex Corporation (the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2001. The Company has a proprietary thermal therapy technology that provides topical relief to certain skin irritations resulting from insect bites, stings and prevention of cold sores. Since inception, the efforts of the Company have been devoted to developing and marketing this technology.

2. BASIS OF PRESENTATION AND GOING CONCERN

a) Statement of compliance

Management has prepared these condensed interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due.

b) Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis except as otherwise disclosed within these notes to the condensed interim financial statements

c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company. All financial information presented in Canadian dollars has been rounded to the nearest dollar with the exception of net income (loss) per share values.

d) Going concern

The Company has a working capital deficiency of approximately \$1,635,000 and accumulated deficit of approximately \$14,268,000.

To this point, all operational activities and the overhead costs have been funded from the available cash and by equity issuances, as well as loans from directors. The Company has been working, through third party service providers in marketing, sales, engineering and distribution, to sell its products to well-known Canadian retailers. Several retailers have been short listed to carry the Company's products. InterceptCS is of particular interest to Canadian retailers. The Company is working with a Canadian Retailer and is currently designing POS material for approval by this retailer. If approved, it is expected the Retailer would take a set number of units with no chargeback to Jenex. Depending on success of program, units may be reordered in the future.

The revenue from the sale of the existing inventory of InterceptCS will have a positive impact on the income statement and balance sheet due to the low cost base for that inventory. This revenue will create a source of capital for the Company to allow the Company to run its business, expand sales and meet reporting and disclosure requirements.

The Company has re-launched its corporate website and a new sale and marketing website with ecommerce capabilities. The ecommerce website has created another channel for the Company to sell its inventory utilizing a third party marketing specialist, which incorporates social media. The Company expects to generate meaningful sales from this direct to consumer approach and will use the cash flow generated to expand sales within this sales channel.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

2. BASIS OF PRESENTATION AND GOING CONCERN, continued

The Company will have to secure new cash resources to meet its obligations. Management is currently evaluating and pursuing funding alternatives, including new equity issuances. While management has so far been successful in raising the required equity financing, there is no assurance that these initiatives will continue to be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company's ability to continue as a going concern is dependent upon its ability to reach a profitable level of operations and obtain adequate financing. The accompanying condensed interim financial statements do not include any adjustments relating to the recoverability of assets and to the re-classification of assets and liabilities amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements, are set out below. These policies have been consistently applied to all years presented unless otherwise indicated.

(a) Inventory

Inventory are measured at the lower of cost (determined on a first-in, first-out basis) and net realizable value, with cost being determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in net income. The cost of purchased inventory comprises the purchase price and other costs directly attributable to the acquisition of inventory. Trade discounts and rebates are deducted in the costs of the purchase of finished goods. A write-down is recorded to cost of sales for any slow moving or obsolete inventory.

(b) Property and equipment

Property and equipment are measured at cost less accumulated amortization. Amortization methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. Amortization is charged to the statement of operations over their useful lives and is based on the declining balance method and rates:

Moulds	- 40%
Office furniture and fixtures	- 20%
Website	- 30%
Computer equipment	- 30%

(c) Intangible assets

Intangible assets consisting of patents and trademarks are recorded at fair values. Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

(d) Impairment of long-lived assets

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(e) Earnings (loss) per share

Basic earnings (loss) per common share is determined by dividing net income (loss) attributed to common shareholders by the weighted average number of common shares outstanding during the period. The effects of potential issues of shares pursuant to outstanding share purchase option agreements are disclosed as appropriate. If the Company has outstanding dilutive stock options and warrants in any period, the diluted earnings (loss) per share will be calculated using the treasury stock method. Anti-dilutive effects will not be disclosed.

(f) Revenue recognition

Revenue is recognized when there is persuasive evidence that an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collection is reasonably assured. Revenue recognition is net of provision for returns and warranty costs which are estimated based on historical returns and warranty experience.

(g) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the tax and accounting bases of assets and liabilities, as well as losses available to be carried forward to future years for income tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Changes to these balances are recognized in income in the period in which they occur. Deferred tax assets are reduced by a valuation allowance to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Stock-based compensation

The Company uses the fair value based method of accounting for all stock options granted to its directors, officers and employees, whereby a compensation expense is recognized over the vesting period of the options, with a corresponding increase to share option reserve in equity. When stock options are exercised, capital stock is credited by the sum of the consideration paid together with the related portion previously recorded to stock option reserve.

(i) Warrants

When the Company issues units under a private placement comprising common shares and warrants, the Company follows the relative fair value method of accounting for warrants attached to and issued with common shares of the Company. Under this method, the fair value of warrants issued is estimated using a Black-Scholes option price model. The fair value is then related to the total of the net proceeds received on issuance of the common shares and the fair value of the warrants issued therewith. The resultant relative fair value is allocated to warrants from the net proceeds and the balance of the net proceeds is allocated to the common shares issued.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

(j) Convertible debentures

Convertible debentures are accounted for as financial instruments containing both a liability element and an equity element that are required to be accounted for separately under IAS 32, Financial Instruments: Presentation. The residual value method is used to determine the value of each element. Under this approach, the equity component is assigned the residual amount after deducting from the proceeds from the issuance of the instrument the fair value amount separately determined for the liability component. No gain or loss arises on initial recognition of the components of the instruments separately.

(k) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are convertible debentures, stock options granted, warrants issued, accruals and valuation allowances.

(l) Financial instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories; held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified a FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, loans to directors and long term debt are classified as other-financial-liabilities.

The fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At April 30, 2016, the Company has not classified any financial liability as FVTPL.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

(m) New accounting standards and interpretations

IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2018 and addresses classification and measurement of financial instruments and replaces the multiple category and measurement models in IAS 39 Financial Instruments – Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at FVTPL or at fair value through other comprehensive income. The Company has not assessed the impact of the standard or determined whether it will adopt the standard early. Management is currently assessing the new requirements, however, it is anticipated that these new standards, interpretations and amendments are unlikely to have a significant impact on the Company's financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Apr 30 2016	July 31 2015
Accounts Payable and Accrued Liabilities	\$ 869,155	\$ 686,847

Management fees payable to directors and an officer of the Company included in accounts payable and accrued liabilities at the quarter end and in general and administrative expenses for the quarter amounts to \$85,000 (Jul 31 2015 – \$208,000).

5. LOANS FROM DIRECTORS

	Apr 30 2016	July 31 2015
Notes Payable	\$ 133,217	\$ 100,345
Re-allocation to other loan payable	(34,086)	-
	\$ 99,131	\$ 100,345

The loans from directors are unsecured, non-interest bearing, and repayable on demand.

On February 11, 2016, Mr. Peter Shippen resigned from the positions of chief executive officer and director of the Company immediately, the loan advanced from Mr. Shippen was re-allocated to other loan payable.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

6. LONG TERM DEBT

	Apr 30 2016	July 31 2015
Loan payable	\$ -	\$ -
Convertible debenture payable	633,378	633,378
	633,378	633,378
Current portion	(33,378)	(33,378)
	\$ 600,000	\$ 600,000

(a) Loan payable

The loan principal and accrued interest at July 31, 2014 totalling \$2,483,684 was settled on December 11, 2014 (see debt settlement below).

Interest expense for the quarter ended April 30, 2016 was nil (2015 - nil).

(b) Convertible debentures

On January 11, 2006, the Company raised gross proceeds of \$275,000 which resulted in the issuance of 275,000 units at a price of \$1.00 per unit to investors. Each unit is comprised of \$1.00 worth of principal amount of 12% secured convertible debentures, with a two-year term, and one non-transferable share purchase warrant. The debentures are convertible at the option of the holders into common shares of the Company at a conversion price of \$0.15 per share. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.25 per share for a period of two years commencing from the closing date. The debenture is callable by the Company at any time within the term. The holder will have thirty days wherein they may choose to convert their debenture into common shares or receive payment of their principal and interest accrued to that date. In connection with the above, Benson Van Laer & Co. Inc. was paid a commission of \$25,000 in cash and 191,667 warrants, on the same terms as the warrants issued to investors.

On January 11, 2006, the Company also raised gross proceeds of \$500,000 which resulted in the issuance of 500,000 units at a price of \$1.00 per unit to investors. Each unit is comprised of \$1.00 worth of principal amount of 12% secured convertible debenture, with a two-year term, and three and one-half non-transferable share purchase warrants (1,750,000 warrants in total). The debentures are convertible at the option of the holder into common shares of the Company at a conversion price of \$0.15 per share. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.25 per share for a period of two years commencing from the closing date. The debenture is callable by the Company at any time within the term. The holder will have thirty days wherein they may choose to convert their debenture into common shares or receive payment of their principal and interest accrued to that date. In connection with the above, Benson Van Laer & Co. Inc. was paid a commission of \$50,000 in cash and 383,333 warrants, on the same terms as the warrants issued to investors.

The \$275,000 and the \$500,000 secured convertible debentures (the "convertible debentures") are secured by all the Company's property, assets and undertakings. This collateral security is ranked secondary to the security interests of the loan payable.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

6. LONG-TERM DEBT, continued

The convertible debentures contain both a liability and an equity element, represented by the conversion option, and therefore, under IFRS these two elements must be split and classified separately as debt and equity. In addition, as noted above, the debenture holders received 2,025,000 purchase warrants on the issuance. The Company allocated the total proceeds received from the issuance of the convertible debentures to these three elements based on their relative fair values. The fair value of the conversion option and the purchase warrants was determined based on Black-Scholes option valuation model. The fair value of the debt was based on the discounted cash flows using an estimated cost of borrowing of 15% to represent an estimate of what the Company may borrow secured debt without a conversion option or purchase warrant. The resulting allocation based on relative fair values resulted in the allocation of \$317,119 to the debt instrument, \$344,141 to the conversion option and \$113,740 to the purchase warrants. The financing fees totaling \$164,865 related to the issuance of the convertible debentures have been allocated pro rata between deferred financing charges of \$67,460, against the equity portion of the convertible debentures of \$73,209 and against the purchase warrants of \$24,196. This allocation resulted in net amounts allocated to the equity portion of the convertible debentures and warrants of \$270,932 and \$89,544 respectively. The financing charges are being amortized over the two-year life of the convertible debentures agreement.

Each reporting period, the Company was required to accrete the carrying value of the convertible debentures such that at maturity on January 11, 2008, the carrying value of the debentures equals their face value of \$775,000 plus accrued interest.

The convertible debentures were not settled on maturity. The Company finalized a debt conversion agreement with the debt holders involving issuance of common shares and common share purchase warrants of the Company. Accordingly, debenture principal and accrued interest at July 31, 2014 totalling \$2,130,788 was settled on December 11, 2014 (see debt settlement below).

Interest expenses for the quarter ended April 30, 2016 was nil (2015 - nil).

On July 31, 2014, the Company raised gross proceeds of \$30,000 by issuance of 13% unsecured convertible debentures maturing on July 31, 2015. The debentures are convertible into units at \$0.05 per unit exercisable at any time prior to maturity. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.05 at any time prior to July 31, 2016. The 13% unsecured convertible debentures were not settled on maturity.

The Company allocated the total proceeds on the issuance to the liability element and the equity element based on the residual value method. The fair value of the liability element was ascertained based on the discounted cash flow of an unsecured debt without a conversion option using an estimated cost of borrowing of 15% with a similar term to maturity. The allocation resulted in a fair value of \$29,478 assigned to the convertible debentures and the residual of \$522 allocated to the conversion option. Financing fees of \$5,000 is netted against the fair value of the debentures and will be amortized over the maturity period.

Interest expenses for quarter ended April 30, 2016 was nil (2015– \$3,900).

(c) Debt settlement

On December 11, 2014, the Company entered into a settlement agreement with the long-term debt holders and debenture holders to settle the \$1,275,000 principal outstanding and accrued interest of \$3,339,472 owing as at July 31, 2014 by issuing (a) 25,500,000 common shares at a price of \$0.05 per share to settle the outstanding principal amount, (b) \$600,000 secured interest free debentures and (c) 10,000,000 warrants, to settle the accrued interest amount.

The interest-free debentures are due on the third anniversary of closing the debt settlement and are secured against the assets of the Company.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

6. LONG-TERM DEBT, continued

Each warrant is exercisable for one common share of the Company at an exercise price of \$0.05 per share on or before the first anniversary of closing the debt settlement. Provided the Company is successful in obtaining the approval of the TSX Venture Exchange to an extension of the term of the warrants to three years from the original date of issuance, the principal amount of the debentures will be reduced from \$600,000 to \$500,000. In addition, the Company will have the right to require the holders of the warrants to convert the warrants into common shares of the Company if (a) the volume weighted average closing price of the Company's common shares is above \$0.10 for twenty consecutive trading days and (b) the average daily trading volume of common share during that period is at least 250,000.

Pursuant to the debt settlement, one shareholder holds 18% of the common shares of the Company and 23% of the common shares of the Company on a diluted basis.

The interest-free debentures are due on the third anniversary of closing the debt settlement and are secured against the assets of the Company.

7. INCOME TAXES

(a) Current income taxes

The reconciliation of Income tax computed at the statutory rate to the income tax expense is as follows:

	Apr 30 2016	Jul 31 2015
Net (loss) income for the period/year	\$(205,821)	\$(356,371)
Canadian combined federal and provincial basic statutory rate	26.5%	26.5%
Expected income tax (recovery) expense	(54,542)	(94,438)
Other deductible expenses	(54,542)	(94,438)
Benefit of losses/(expenses) not recognized	-	(29,628)
	54,542	124,066
Income tax expense	\$ -	\$ -

(b) Deferred income taxes

Significant components of the Company's deferred tax assets and liabilities are as follows:

	Apr 30 2016	Jul 31 2015
Operating losses available to offset future taxes	\$2,107,078	\$1,880,689
Tax basis of timing differences	-	71,444
Valuation allowance	2,107,078	1,952,133
	(2,107,078)	(1,952,133)
Net deferred tax assets	\$ -	\$ -

The Company has determined that realization of a deferred tax asset is not probable and therefore a valuation allowance has been recorded against the deferred income tax asset.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

7. INCOME TAXES

(c) Income tax losses carried forward

As at July 31, 2015, the Company has non-capital losses of \$7,097,000 for tax purposes which can be applied against future taxable income. These losses expire in the years 2026 to 2035.

8. SHARE CAPITAL

	Number of Common Shares Issued	Share Capital Amount
Authorized: Unlimited number of common and preferred share Without value		
Issued and outstanding common share:		
Balance – beginning of year and period	110,352,437	\$ 8,723,624
Issued during the quarter	-	-
Balance – end of year and period	110,352,437	\$ 8,723,624

(a) Common shares

On December 11, 2014, the Company entered into a settlement agreement with its debt holders by issuing 25,500,000 common shares for \$0.05 per share (Note 6). The Company also settled accrued liabilities of \$67,500 by the issuance of 675,000 common shares for \$0.10 per share and unpaid management fees and accrued liabilities of \$370,000 by the issuance of 7,400,000 common shares for \$0.05 per share.

One shareholder holds in excess of 10% of the issued and outstanding common shares of the Company.

(b) Stock options

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors totaling up to 10% of its issued and outstanding common shares. The aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares.

During the quarter ended April 30, 2016, the Company did not issue any new stock options (2015 – nil).

The stock compensation expense recorded for the quarter was nil (2015 - nil).

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Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

8. SHARE CAPITAL, continued

The following table summarizes information about the Company's option activity:

	April 30, 2016		July 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Issued and outstanding	5,550,000	\$ 0.10	5,550,000	\$ 0.10

All issued and outstanding stock options expire on March 24, 2019.

(c) Warrants

On December 11, 2014, 10,000,000 common share purchase warrants were issued in connection with the debt settlement. Each warrant entitles the holder to acquire one additional common share at an exercise price of \$0.05 per share. The warrants expire on the first anniversary of closing the debt settlement.

The following table summarizes information about the Company's warrant activity:

	April 30, 2016		July 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Issued and outstanding, Beginning of period/year	10,000,000	\$ 0.05	-	-
Issued during the period/year	-	-	10,000,000	\$ 0.05
Expired	-	-	-	-
	10,000,000	\$ 0.05	10,000,000	\$ 0.05

All issued and outstanding warrants expired on December 11, 2015.

9. LOSS PER SHARE

Loss per share is calculated on the weighted average number of common shares outstanding during the quarter, which were 110,352,437 (Jul 31 2015 – 88,640,558).

The Company has 10,000,000 unexercised warrants (Jul 31 2015 – 10,000,000) and 5,550,000 options (Jul 31 2015 – 5,550,000) outstanding as at January 31, 2016. Warrants and options outstanding in the quarter were excluded in the computation of loss per share due to anti-dilutive nature.

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Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

10. CONTINGENCIES AND COMMITMENTS

(a) The Company has offered a "Risk Free Guarantee" on sales of *InterceptCS* product allowing consumers if they are not satisfied with the product, within two years of the date of purchase, to return product directly to the Company for a full refund. While returns have been insignificant to date, there can be no assurance that the Company will not receive an increased level of returns in the future.

(b) Accounts payable balances accumulated since 2008 amounting to \$1,151,144 was reversed into income during fiscal 2014 as no claims have been initiated against these payables. Any proceedings to recover these balances is statute barred pursuant to the Limitation Act, 2002 (Ontario).

11. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

The fair values of the Company's financial instruments approximate their carrying values. The carrying amounts of cash, accounts payable and accrued liabilities, loans from directors and current portion of long term debt approximate their fair values due to the short-term maturities of these instruments.

(b) Currency risk

The Company did not have any significant foreign currency exposure as at April 30, 2016 (2015 - nil). The results of the Company's operations are therefore not subject to currency transaction and translation risk.

(c) Liquidity Risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to pay for the general and administrative expenditures necessary to maintain the Company's books and records as well as its listing on the NEX. However, as an inactive company without a significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that the Company may not be able to achieve successful operations. The current uncertainty in global markets and the fact that the company has a nominal amount of assets could have an impact on the Company's future ability to obtain capital on terms that are acceptable to the Company, and on the Company's future ability to achieve successful operations. The Company has so far maintained a limited amount of cash for its operational needs by means of loans from the directors and past share issuances.

12. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its business objectives, and has plans to raise additional capital. The Company is not subject to any externally imposed capital requirements, and does not presently utilize any quantitative measures to monitor capital.

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Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2016 (In Canadian dollars)

13. SUBSEQUENT EVENTS

- (a) On February 11, 2016, the Company announced the appointment of Mr. David Duranovich as chief executive officer and director. Mr. Peter Shippen resigned from the positions of chief executive officer and director of the Company immediately. On May 18, 2016, Mr. Duranovich resigned from the Company and the Board of Directors to pursue other interests and Mr. Rob Fia was appointed to the position of interim chief executive officer and Mr. Joe Heng was appointed as director of the Company.
- (b) During the quarter ended Apr 30, 2016, a private placement of up to \$250,000 was offered by way of issuing units at \$0.015. Each unit is consisting of one common share and one-half of one common share purchase warrant in the capital of the Company. Each whole warrant will entitle the holder thereof to acquire one common share of the Company at a price of \$0.10 for the twelve-month period following the closing of the private placement. It was expected the offering would be closed on April 30, 2016 or sooner. It was subsequently not completed.