Bitumen Capital Inc. - Capital Bitumen Inc.

Financial Statements

For the years ended December 31, 2014 and 2013

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Capital Bitumen Inc.

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For the years ended December 31, 2014 and December 31, 2013

Contents

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To the Shareholders of
Bitumen Capital Inc.

We have audited the accompanying financial statements of Bitumen Capital Inc., which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 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 financial statements are free from material misstatement.

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

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Independent Auditor's Report

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bitumen Capital Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

BDO Canada LLP/s.r.l./S.E.N.C.R.L. [1]

Montréal, Québec
April 29, 2015

[1] CPA auditor, CA public accountancy permit no. A125523

Bitumen Capital Inc. -
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Statements of Financial Position

As at December 31	2014 $	2013 $
Assets		
Current		
Cash	**121,163**	227,917
Sales taxes recoverable	**11,308**	10,154
Prepaid expenses	**1,254**	796
Total Assets	**133,725**	238,867
Liabilities		
Current		
Accounts payable and accrued liabilities	**16,905**	36,094
Total Liabilities	**16,905**	36,094
Shareholders' Equity		
Share Capital (Note 3)	**871,853**	871,853
Contributed Surplus (Note 3)	**370,935**	370,935
Deficit	**(1,125,968)**	(1,040,015)
Total Shareholders’ Equity	**116,820**	202,773
Total Shareholders’ Equity and Liabilities	**133,725**	238,867

Contingency and Commitments (Note 8)

The accompanying notes are an integral part of these financial statements

Approved on Behalf of the Board

(s) Richard Groome, ***Director***

(s) Nikolas Perrault, ***Director***

Bitumen Capital Inc. -
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Statements of Loss and Comprehensive Loss

For the years ended December 31	**2014** **$**	**2013** **$**
Interest Income	**11**	67
Expenses		
Bookkeeping and Administration (Note 7)	**15,000**	15,000
Rent (Note 7)	**15,000**	15,000
Professional Fees (Note 8)	**29,352**	30,095
Transfer Agent, listing and filing fees	**18,116**	18,520
Provision for Contingency (Note 8)	**280**	10,985
Other general expenses (Note 2a)	**8,216**	11,764
Total Expenses	**85,964**	101,364
Net Loss and Comprehensive Loss for the year	**(85,953)**	(101,297)
Loss Per Share - Basic and Diluted	**(0.02)**	(0.02)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	**5,900,000**	5,900,000

The accompanying notes are an integral part of these financial statements

Bitumen Capital Inc. -
Capital Bitumen Inc.

Statements of Changes in Shareholders' Equity
For the years ended December 31, 2014 and 2013

	Share Capital				
	# of Shares	Amount	Contributed Surplus	Deficit	Total
Balance January 1, 2013	**13,150,001**	**$ 871,853**	**$ 370,935**	**(938,718)**	**304,070**
Net loss and comprehensive loss for the year				(101,297)	(101,297)
Balance December 31, 2013	**13,150,001**	**$ 871,853**	**$ 370,935**	**$ (1,040,015)**	**$ 202,773**
Net loss and comprehensive loss for the year				(85,953)	(85,953)
Balance December 31, 2014	**13,150,001**	**$ 871,853**	**$ 370,935**	**$ (1,125,968)**	**$ 116,820**

The accompanying notes are an integral part of these financial statements

Bitumen Capital Inc. -
Capital Bitumen Inc.

Statements of Cash Flows

For the years ended December 31	2014 $	2013 $
Cash Flows from Operating Activities		
Net loss and comprehensive loss for the year	**(85,953)**	(101,297)
Net change in non-cash working capital items		
Sales taxes recoverable	**(1,154)**	8,241
Other receivables	**-**	468
Prepaid expenses	**(458)**	1,385
Accounts payable and accrued liabilities	**(19,189)**	17,869
Decrease in Cash	**(106,754)**	(73,334)
Cash **Beginning of Year**	**227,917**	301,251
Cash **End of Year**	**121,163**	227,917

The accompanying notes are an integral part of these financial statements

1. Nature of Operations

Bitumen Capital Inc. (the "Company") was incorporated under the Canadian Business Corporation Act on March 17, 2006. The Company is classified as a capital pool company ("CPC") as defined in the TSX Venture Exchange ("TSX-V" or the "Exchange") Listings Policy 2.4. The Company's registered address is 290 Lakeshore Road, Suite 205, Pointe-Claire, Quebec, H9S 4L3.

The Company completed an initial public offering ("IPO") effective March 13, 2007. The principal business of the Company is the identification and evaluation of companies, business or assets with a view to completing a Qualifying Transaction defined in Policy 2.4 of the TSX Venture Exchange Inc. ("TSX Venture"). On December 18, 2008, the Company applied for an extension to its March 13, 2009 deadline to complete a Qualifying Transaction and on January 7, 2009 the TSX Venture granted a 6-month extension. The Company was required to complete its Qualifying Transaction on or before September 14, 2009, however the Company did not achieve this and was suspended on the TSX Venture Exchange. Any potential Qualifying Transaction will be subject to shareholder and regulatory approval. Completion of a Qualifying Transaction was not concluded within the required 90 days following suspension; therefore the shares were transferred to the NEX Board and began trading under the symbol BTM.H on December 29, 2009.

The Company has not yet identified and completed a Qualifying Transaction and expects to incur further losses in the development of its business. Management is actively seeking a potential Qualifying Transaction for the Company and there is no assurance that the Company will finalize a Transaction.

2. Significant Accounting Policies

(a) Basis of presentation

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

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Other measurement bases used are described in the applicable notes.

The Company's functional and presentation currency is the Canadian dollar.

The Company reclassified insurance expense of $7,213 in the statement of loss for the comparative year ended December 31, 2013 in order to conform to the current year's presentation. The Company feels that the current presentation is more relevant and appropriate given the nature of these expenses.

The financial statements were authorized for issuance by the Board of Directors of the Company on April 29, 2015.

2. Significant Accounting Policies (cont'd)

(b) Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it does not recognize that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis or its tax assets and liabilities will be realized simultaneously.

(c) Loss per Share

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized for the use of proceeds that could be obtained upon the exercise of options, warrants or similar instruments. It assumes that the proceeds would be used to purchase common shares at an average market price during the year. The diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect of these elements.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares since their release is not subject only to the passage of time.

2. Significant Accounting Policies (cont'd)

(d) Financial Instruments

Financial Assets

Financial Assets are classified into one of four categories:
1) Fair Value through profit or loss ("FVTPL");
2) Held-to-Maturity ("HTM");
3) Loans and receivables; and
4) Available for sale ("AFS").

The classification is determined at initial recognition and depends on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVPTL are measured at fair value, and changes, are recognized in profit or loss. There are no financial assets classified in this category.

Held to Maturity ("HTM")

Securities that have a fixed maturity date and which the Company has positive intention and the ability to hold to maturity are classified as held-to-maturity and are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Transaction costs incurred to acquire held-to-maturity financial instruments are included in the underlying balance. There are no financial assets classified in this category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Transaction costs incurred to acquire loans and receivables financial instruments are included in the underlying balance. The Company has classified cash as loans and receivable.

Available for sale ("AFS")

Available-for-sale assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets classified as available-for-sale are carried at fair value with the changes in fair value recorded in other comprehensive income, except for investments in equity instruments that do not have a quoted market price in an active market which should be measured at cost. Interest on available-for-sale assets is calculated using the effective interest rate method and is recognized in the profit or loss. Transaction costs incurred to acquire available-for-sale financial instruments are included in the underlying balance. When a decline in fair value is determined to be other-than-temporary, the cumulative loss included in accumulated other comprehensive income is removed and

2. Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Available for sale ("AFS") (cont'd)

recognized in profit or loss. Gains and losses realized on disposal of available-for-sale securities are recognized in profit or loss. There are no financial assets classified in this category.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset 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, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

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 investments have been impacted.

For all financial assets objective evidence of impairment could include:
a) significant financial difficulty of the issuer or counterparty; or
b) default or delinquency in interest or principal payments; or
c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the 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 profit or loss.

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

Financial Liabilities

Financial Liabilities are classified into one of two categories:

1) Fair Value through profit or loss; and
2) Other financial liabilities

2. Significant Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Fair Value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statement of loss and comprehensive loss. There are no financial liabilities classified in this category.

Other financial liabilities

These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. This category includes accounts payable and accrued liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

(e) Share based payments

Equity-settled share based payments for directors, officers, and employees are measured at fair value of the equity instruments at the date of grant and recorded as compensation expense in the statement of loss and comprehensive loss. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that are expected to vest.

Equity instruments granted to non-employees are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

All equity-settled share based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with any consideration paid.

2. Significant Accounting Policies (cont'd)

(f) Comprehensive loss

Comprehensive loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

As of December 31, 2014 and December 31, 2013, the Company did not incur any transactions or events that would not normally be included in net earnings.

(g) New Standards, Amendments and Interpretations Effective for the First Time from January 1, 2014

IFRS 7 - Financial Instruments: Disclosures and IAS 32 - Financial Instruments: Presentation

In December 2011, the IASB further amended IFRS 7 - Financial Instruments: Disclosures and amended IAS 32 - Financial Instruments: Presentation pertaining to the offsetting of assets and liabilities. Essentially, the amendments address certain inconsistencies in the application of the existing offsetting criteria. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the fact that certain gross settlement mechanisms may be considered equivalent to a net settlement. The amendments to disclosure requirements are such that IFRS and US GAAP now impose the same disclosure requirements to help financial statement users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The amendments apply to annual periods beginning on or after January 1, 2014, with early adoption permitted.

IFRIC 21 – Levies

IFRIC 21 is an interpretation on IAS 37, Provisions, Contingent Liabilities and Contingent Assets, with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, with early adoption permitted.

IAS 36 - Impairment of Assets

In May 2013, the IASB published amendments to the disclosures required by IAS 36, when the recoverable amount is determined based on fair value less costs of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

The adoption of these standards had no impact on the financial statements of the Company.

2. Significant Accounting Policies (cont'd)

(h) Amendments and Interpretations Not Yet Effective

IFRS 9 – Financial Instruments: Classification and Measurement

In November, 2009, the IASB issued IFRS 9 which proposes to replace IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories. This standard is effective for the Company's annual year end beginning January 1, 2018. The Company will evaluate the impact of the change to its financial statements based on the characteristics of its financial instruments at the time of adoption.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which proposes to replace IAS 11 "Construction Contracts, IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets From Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2017, and permits early adoption. The Company will evaluate the impact of the change to its financial statements based on the characteristics of its financial instruments at the time of adoption.

Amendments to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is in the process of evaluating the impact of these amendments.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, "Separate Financial Statements" (IAS 27), and IAS 28, "Investments in Associates and Joint Ventures" (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. The Company is currently in the process of analyzing the impact of these amendments on the financial statements.

The IASB is expected to publish new IFRSs on the following topics in the near future. The Company will assess the impact of these new standards on the Company's operations as they are published:

• IAS 18 "Revenue Recognition"

3. Share Capital and Contributed Surplus

(a) Authorized - Unlimited number of common shares without par value.

(b) Issued and Outstanding

	Number of Shares	Amount	Contributed Surplus
As at January 1, 2013	13,150,001	$ 871,853	$ 370,935
As at December 31, 2013	13,150,001	$ 871,853	$ 370,935
As at December 31, 2014	13,150,001	$ 871,853	$ 370,935

Shares held in escrow

Pursuant to an escrow agreement ("Escrow Agreement") dated as of November 27, 2006 among the Corporation, Computer Share Investor Services Inc. and certain shareholders of the Company, 7,250,001 (2013 – 7,250,001) of the issued and outstanding Common Shares have been deposited in escrow. Under the Escrow Agreement, 10% of the Common Shares in escrow will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the 6 months, 12 months, 18 months, 24 months, 30 months anniversary and 36 months following the Initial Release.

If the Resulting Issuer meets the TSX Venture's Tier 1 minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made an application to the TSX Venture for listing as a Tier 1 issuer and the TSX Venture has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the TSX Venture.

3. Share Capital and Contributed Surplus (cont'd)

Stock options

On November 27, 2006, the Company adopted an incentive stock option plan in accordance with the policies of TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares as at the time of the IPO, exercisable for a period of up to five years. The Board of Directors determines the price per common shares and the number of common shares which may be allotted to each director, officer, employee and other key personnel of the Corporation and all other terms and conditions of the option, subject to the rules of TSX Venture.

The following table summarized the Company's director's options outstanding and vested and exercisable:

	# of options	Expiry Date	Exercise Price
As at January 1, 2013	1,300,000	October 17, 2017	$ 0.10
As at December 31, 2013	1,300,000	October 17, 2017	$ 0.10
As at December 31, 2014	1,300,000	October 17, 2017	$ 0.10

The weighted average exercise price of the director's options is equivalent to the exercise price as at December 31, 2013 and 2014.

Options have been excluded from the calculation of the diluted loss per share for the period since they are anti-dilutive.

(i) On October 17, 2012, 1,300,000 options were granted to directors of the Company at strike price of $0.10 and expiring 5 years from date of grant. These options did not include a vesting period. As at December 31, 2014, the remaining contractual life of the stock options was 2.75 years. The fair value of these options, using the Black-Scholes valuation model was $0.0171.

4. Income Taxes

The reconciliation of income tax attributed to operations computed at the statutory tax rates at December 31, 2014 and 2013 is as follows:

	2014	2013
Loss per financial statements	**$ (85,953)**	$ (101,297)
Statutory income tax rate	**26.9%**	26.9%
Statutory income taxes	**(23,000)**	(27,000)
Other	**(3,000)**	4,000
Net change in unrecognized deferred tax asset	**26,000**	23,000
Income taxes	**$ -**	$ -

4. Income Taxes (cont'd)

The components of the deferred income tax assets as at December 31, 2014 and December 31, 2013 are as follows:

		December 31, 2014	
	Opening Balance $	**Recognized in profit (loss) $**	**Closing Balance $**
Temporary differences			
Deferred income tax assets			
Share issue and transactions costs	**24,000**	**(2,000)**	**22,000**
Non-capital loss carry forwards	**187,000**	**28,000**	**215,000**
	211,000	**26,000**	**237,000**
Unrecognized deferred tax asset	**(211,000)**	**(26,000)**	**(237,000)**
Total	**-**	**-**	**-**

		December 31, 2013	
	Opening Balance $	Recognized in profit (loss) $	Closing Balance $
Temporary differences			
Deferred income tax assets			
Share issue and transaction costs	24,000	-	24,000
Non-capital loss carry forwards	164,000	23,000	187,000
	188,000	23,000	211,000
Unrecognized deferred tax asset	(188,000)	(23,000)	(211,000)
Total	-	-	-

The unrecognized deferred tax asset reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

As at December 31, 2014, the Company has a cumulated non-capital loss carry forward of approximately $800,000 (2013 - $698,000).

4. Income Taxes (cont'd)

The losses expire in the following years:

2026	$	6,000
2027		59,000
2028		101,000
2029		108,000
2030		116,000
2031		121,000
2032		97,000
2033		90,000
2034		102,000
	$	800,000

5. Financial Instruments and financial risk management

Fair Value Measurements

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at December 31, 2014, the Company did not have any financial instruments measured at fair value. All financial instruments are measured at amortized cost using the effective interest rate method. The carrying value of all financial instruments held by the Company approximates their fair value due to their short term nature.

5. Financial Instruments and financial risk management (cont'd)

Risk Management

Overview

The Company could have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest Rate risk

The Board of Directors approves and monitors the risk management processes. There has been no change in the Company's risk management process for the years ending December 31, 2014 and 2013.

Credit Risk

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument failed to meet its obligations to the Company. Cash consists of cash bank balances held in a major Canadian financial institution. As a result, there is no significant credit risk related to the Company's assets. The carrying amount of this financial asset represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand.

As at December 31, 2014, the Company has accounts payable and accrued liabilities of $16,905 due within 30 days and has cash of $121,163 to meet its current obligations. As a result, the Company has minimal liquidity risk.

Interest Rate Risk

The Company is subject to interest rate risk on its cash. Fluctuations in interest rates have only an impact on the return that the cash generates as interest income. Unfavorable changes in the applicable interest rate may result in a decrease of interest income. Based on the Company's balance in cash at December 31, 2014, a 1% change in the effective interest rate on these investments would not have had a significant impact on the income of the Company.

6. Capital Management

As the Company is seeking business opportunities, its principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its stakeholders. To meet the objectives, management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis. The Company is not subject to any externally imposed capital requirements unless otherwise noted.

The capital structure of the Company consists of cash and equity attributable to common shareholders, comprising of issued capital, stock options, contributed surplus and deficit. There has been no change in capital management for the year ended December 31, 2014.

As per Policy 2.4, Section 8.4 of the TSX Venture, it states that the proceeds raised from the issuance of the share capital may only be used to identify and evaluate assets or businesses for future investments, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of securities and $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of the Qualifying Transaction by the Company as defined under the policies of the TSX Venture. As at December 31, 2013, the Company had cumulative interest revenues of $50,717, as well as the allotted $210,000 available for administrative expenses for a total of $260,717. As of December 31, 2014 and 2013, the Company had surpassed this amount and has informed the TSX Venture and NEX Exchanges of its current situation.

7. Related Party Transactions

The Company entered into an administrative services agreement with a company controlled by a director of the Company for $30,000 for the years ending December 31, 2014 and December 31, 2013, these fees represent costs related to rent and bookkeeping services for the Company and are recorded in the administrative expenses.

During the years ended December 31, 2014 and 2013, there was no compensation to key management.

8. Contingency and Commitments

Contingency

During the year ended December 31, 2013, the Company was subject to a claim in the amount of 15,000 € (the Canadian dollars equivalent being $21,970). The claim was for services rendered in relation to a listing on the Berlin and Frankfurt exchanges which was never approved. As at December 31, 2013, an agreement had not been reached however management had recorded a provision in the amount of 7,500 € (the Canadian dollars equivalent being $10,985) with respect to this claim as management expected to conclude a settlement in early 2014. A further $280 was recorded in May 2014 due to the exchange rate differences between December 31, 2013 and the time at which settlement was reached.

Commitments

As described in Note 7, the Company has entered into an administrative services agreement with a company controlled by a director of the Company for $2,500 per month until the completion of the Qualifying Transaction. These fees represent costs related to rent and bookkeeping services for the Company.