SAGITTARIUS CAPITAL CORPORATION

(A capital pool corporation)

Financial Statements

December 31, 2015 and 2014

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sagittarius Capital Corporation

We have audited the accompanying financial statements of Sagittarius Capital Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of operations and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2015 and 2014 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 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 audits 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.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Sagittarius Capital Corporation as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
April 27, 2016

Statements of Financial Position
(Expressed in Canadian dollars)
As at December 31, 2015 and 2014

Assets		**December 31, 2015**		December 31, 2014
Current assets				
Cash (note 6)	**$**	**4,025**	$	43,478
HST and other receivable		**488**		7,151
Total assets	**$**	**4,513**	$	50,629
Liabilities and Shareholders' Equity (Deficiency)				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**10,176**	$	40,137
Shareholders' equity				
Share capital (note 4)		**620,194**		620,194
Share option reserve (note 4)		**93,240**		93,240
Accumulated deficit		**(719,097)**		(702,942)
Total shareholders' equity (deficiency)		**(5,663)**		10,492
Total liabilities and shareholders' equity	**$**	**4,513**	$	50,629

Nature of Operations and Going Concern (note 1)

APPROVED ON BEHALF OF THE BOARD

"BRIAN PRESEMENT"	**"CHRIS HAZELTON"**
DIRECTOR	**DIRECTOR**

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

Sagittarius Capital Corporation

Statements of Operations and Comprehensive Loss
For the years ended December 31
(Expressed in Canadian dollars)

		2015		2014
Expenses				
Professional fees	**$**	**9,839**	$	35,772
Filing fees		**6,231**		5,500
Office and general		**221**		1,343
Total expenses		**16,291**		42,615
Interest income		**(136)**		(451)
Net loss and comprehensive loss	**$**	**(16,155)**	$	(42,164)
Loss per share basic and diluted	**$**	**(0.004)**	$	(0.011)
Weighted Average Number of Shares Outstanding				
Basic and diluted		**3,690,000**		3,690,000

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

Statements of Changes in Equity (Deficit)
For the years ended December 31
(Expressed in Canadian dollars)

	Share capital Number of shares	Share capital Amount	Share option reserves	Accumulated deficit	Total
Balance at January 1, 2014	**4,190,000**	**$ 620,194**	**$ 93,240**	**$ (660,778)**	**$ 52,656**
Net loss for year	**-**	**-**	**-**	**(42,164)**	**(42,164)**
Balance at December 31, 2014	**4,190,000**	**620,194**	**93,240**	**(702,942)**	**10,492**
Net loss for year	**-**	**-**	**-**	**(16,155)**	**(16,155)**
Balance at December 31, 2015	**4,190,000**	**$ 620,194**	**$ 93,240**	**$ (719,097)**	**$ (5,663)**

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

Sagittarius Capital Corporation

Statements of Cash Flows
For the years ended December 31
(Expressed in Canadian dollars)

	2015	2014
Cash Flows from Operating Activities		
Net loss	**$ (16,155)**	$ (42,164)
Adjustments for:		
Interest income recognized in profit or loss	**(136)**	(451)
Changes in non-cash working capital items:		
HST and other receivable	**6,663**	(4,977)
Accounts payables and accrued liabilities	**(29,961)**	8,641
	(39,589)	(38,951)
Cash Flows from Investing Activities:		
Interest received	**136**	451
	136	451
Net decrease in cash and cash equivalents	**(39,453)**	(38,500)
Cash and cash equivalents – beginning of year	**43,478**	81,978
Cash and cash equivalents – end of year	**$ 4,025**	$ 43,478

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

1. Nature of Operations and Going Concern

Sagittarius Capital Corporation (the “Company” or “Sagittarius”) was incorporated under the Business Corporations Act (Ontario) on April 20, 2007 and is classified as a Capital Pool Corporation as defined in TSX Venture Exchange Inc. (the “Exchange”) Policy 2.4. The Company has nominal assets other than cash and cash equivalents and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4.

The Company’s registered address and principal place of business is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

There is no assurance that the Company will identify a Qualifying Transaction under the policies of the Exchange. If a qualifying transaction is not completed, the Company will need to identify other sources of finance to remain a going-concern entity. In addition, the Exchange may suspend or delist the Company’s shares from trading.

These financial statements are prepared on the assumption that the Company is a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. Over the past two years the Company has incurred losses including operating losses for the years ended December 31, 2015 and 2014 of $16,155 and $42,164 respectively. As a result, the Company has an accumulated deficit of $719,097 (2014 - $702,942) and working capital (deficit) of $(5,663) at December 31, 2015 (2014 - $10,492). The Company has taken and continues to take steps to reduce these losses. However, losses are expected to continue for the 2016 fiscal year. As a result, there is substantial doubt surrounding the Company’s ability to continue as a going concern. In order to rectify these problems the Company will require additional financing. Failure to obtain such financing could result in delay or indefinite postponement of the Company’s strategic goals. These financial statements do not include any adjustments relative to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

On May 28, 2010, the shareholders of the Company authorized management to transfer the Company’s shares to the NEX board and cancel 50% or 500,000 seed common shares held by current and past directors and officers of the Company for failing to complete a Qualifying Transaction within the prescribed time limit under Exchange policy.

2. Basis of Presentation

Statement of compliance

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These financial statements were authorized for issuance by the Board of Directors of the Company on April 27, 2016.

Basis of measurement and functional currency

The financial statements are prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss (FVTPL) which are stated at their fair value.

The financial statements are presented in Canadian dollars, the Company’s functional currency.

3. Summary of Significant Accounting Policies

Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. The significant judgments and estimates made by management in the application of IFRS that have a significant effect on these financial statements, relate to accounts payable and accrued liabilities, deferred taxes and the going concern assumption.

Income Taxes

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations and comprehensive loss in the period that includes the date of enactment or substantive enactment.

Current income taxes are recognized for the estimated income taxes payable for the current year.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3. Significant Accounting Policies - Continued

Financial Instruments

All financial instruments are classified into one of the following categories: fair value through profit and loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Loans and receivables, held-to-maturity investments, and other financial liabilities which are initially measured at fair value and then at amortized cost. FVTPL financial instruments are subsequently re-measured at fair value and all gains and losses are included in net income or loss in the period which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income or loss until the instrument is derecognized or impaired. Cash and cash equivalents are classified as FVTPL and measured using level 1 of the fair value hierarchy. Accounts payable and accrued liabilities are classified as other financial liabilities.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

Share Issuance Costs

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

Cash

Cash include demand deposits with banks, money market accounts, and other investments with original maturities of 90 days or less. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits.

3. Significant Accounting Policies - Continued

Accounting standards issued but not yet applied

IFRS 9 *Financial Instruments* was issued in final form in July 2014 by the IASB and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

4. Capital Stock

Authorized: Unlimited number of common shares without par value

Issued and outstanding:

	No. of Shares	Amount
December 31, 2014 and 2015	4,190,000	$ 620,194

(i) The Company had issued 1,000,000 common seed shares, of which 500,000 were cancelled in 2010 (see (ii) below).

The seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and they are not considered to be outstanding shares for purposes of loss per share calculation.

(ii) At an Annual and Special Meeting of Shareholders held on May 28, 2010, a resolution was ratified cancelling 50% or 500,000 seed common shares for failing to complete a Qualifying Transaction within the prescribed period of time under TSX Venture Exchange policies. These common shares were initially issued at $0.10 per share with total face value of $50,000.

4. Capital Stock - Continued

a) Stock Options

The Company awards stock options to officers and directors under an incentive stock plan (the "Plan"). Options are granted at the fair market value of the shares on the day granted, and vest over various terms. Compensation expense is recognized when options are vested. The board of directors of the Company may from time to time, in its discretion, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for a period of up to five years from the date of grant. The following is a continuity schedule of outstanding options for the reporting period, where “WAEP” refers to weighted average exercise price.

	No. of Options	WAEP
Outstanding as at January 1, 2014	298,425	0.20
Expired	(298,425)	0.20
Outstanding at December 31, 2014 and 2015	-	$ -

5. Capital Management

The Company’s primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations and finance the identification and evaluation of potential investments. To secure the additional capital necessary to pursue these investments, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

The Company considers share capital, share option reserve and accumulated (deficit) in the amount of $(5,663) (2014 - $10,492) to represent capital.

6. Cash Restriction

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $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 a Qualifying Transaction by the Company as defined under the policies of the Exchange. The Company has exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange

7. Financial Instruments and Financial Risk Management

The Company is exposed to different types of risks in the normal course of operations, including credit risk and liquidity risk as follows:

a) Fair Value

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments.

7. Financial Instruments and Financial Risk Management - Continued

b) Credit Risk

The Company's exposure to credit risk arises from the possibility that its debtors may fail to meet their obligations. The Company continually evaluates the collectability of amounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected.

The Company manages the credit exposure related to cash of $4,025 as at December 31, 2015 by making sure that the Company maintains bank accounts with Schedule 1 banks in Canada.

The carrying amount of cash and cash equivalents represents the maximum credit exposure.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. All of the Company's accounts payable and accrued liabilities are due within one year, and within their due dates.

As at December 31, 2015, the Company has current liabilities of $10,176 (2014 - $40,137) due within 12 months and has cash of $4,025 (2014 - $43,478) to meet its current obligations. As a result the Company has liquidity risk and is dependent on raising additional capital to fund operations.

8. Related Party Transactions

Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties.

During the year ended December 31, 2015, the Company incurred accounting fees of $10,500 (2014 - $7,500) to Branson Corporate Services, a Company in which a related director has a non-controlling indirect interest. The Company also accrued legal fees and disbursements (recovery) of $(5,075) (2014 - $20,531) to Fogler, Rubinoff LLP, a law firm in which a director of the Company is a Partner, however, $Nil was incurred after he was appointed on April 29, 2014. As at December 31, 2015, $815 (2014 - $30,075) is included in accounts payable and accrued liabilities, payable to Fogler, Rubinoff LLP. As at December 31, 2015, $2,500 (2014 - $2,500) is included in accounts payable and accrued liabilities, payable to Branson Corporate Services.

There was no remuneration paid to directors and key management personnel during the years ended December 31, 2015 and December 31, 2014.

9. Income Tax

(i) Income Tax Expense

There is no current income tax liability or deferred tax expense. The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the financial statements:

		2015		2014
Loss before income taxes	$	(16,155)	$	(42,162)
Statutory rate		26.50%		26.50%
Income tax provision at statutory rate	$	(4,281)		(11,173)
Change in unrecognized deferred taxes		4,281		11,173
Income tax expense	$	-	$	-

(ii) Deferred Taxes

The unrecognised deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:

		2015		2014
Amounts related to tax loss carry forwards	$	223,560	$	219,279
Less: unrecognized deferred taxes		(223,560)		(219.279)
Net deferred tax	$	-	$	-

(iii) Tax Losses

As at December 31, 2015, the Company has income tax losses of approximately $844,000 which are available to reduce future taxable income. The losses expire between 2028 and 2035.