

Capricorn Business Acquisitions Inc.

(A capital pool corporation)

Financial Statements

For the three months period ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

The condensed interim financial statements for the period ended July 31, 2015 have been prepared by management and have not been audited or reviewed by the Company's auditor.

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Capricorn Business Acquisitions Inc.

(A capital pool corporation)

Condensed Statements of Financial Position (Expressed in Canadian dollars)

| Assets | July 31, 2015 (unaudited) | April 30, 2015 (audited) |
|---|--|---|
| Current | | |
| Cash and cash equivalents (Note 4) | \$ 27,948 | \$ 30,839 |
| Prepaid expenses | 942 | 942 |
| Total current assets | 28,890 | 31,781 |
| Total assets | \$ 28,890 | \$ 31,781 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 43,187 | \$ 43,595 |
| Total current liabilities | 43,187 | 43,595 |
| Shareholders' equity | | |
| Share capital (Note 5) | 471,829 | 471,829 |
| Share option reserve (Note 6) | 17,896 | 17,896 |
| Accumulated deficit | (504,022) | (501,539) |
| Total shareholders' equity | (14,297) | (11,814) |
| Total liabilities and shareholders' equity | \$ 28,890 | \$ 31,781 |

Authorized for issuance by the Board of Directors on September 29, 2015.

“Gary Hokkanen” _____ Director “Yvan Routhier” _____ Director

See accompanying notes.

Capricorn Business Acquisitions Inc.

(A capital pool corporation)

Condensed Statements of Operations and Comprehensive Loss

For the three months period ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Expenses | | |
| Professional fees | \$ 1,079 | \$ 4,737 |
| Filing fees | 1,413 | 1,413 |
| Total expenses | 2,492 | 6,150 |
| Interest income | (9) | (355) |
| Net loss and comprehensive loss for the period | \$ (2,483) | \$ (5,795) |
| Loss per weighted average number of shares outstanding – basic and diluted | | |
| Loss per share | \$ (0.0004) | \$ (0.001) |
| Weighted average number of shares | | |
| Outstanding – basic and diluted | 5,744,400 | 5,744,400 |

See accompanying notes.

Capricorn Business Acquisitions Inc.

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Condensed Statements of Changes in Equity
For the three months period ended July 31, 2015 and 2014
(Expressed in Canadian dollars)
(Unaudited)

| | Share capital Number of shares | Share capital amount | Share option reserve | Accumulated deficit | Total |
|---------------------------------------|-----------------------------------|----------------------------|----------------------------|------------------------|--------------------|
| Balance at May 1, 2015 | 7,394,400 | \$ 471,829 | \$ 17,896 | \$ (501,539) | \$ (11,814) |
| Net loss and comprehensive loss | - | - | - | (2,483) | (2,483) |
| Balance at July 31, 2015 | 7,394,400 | \$ 471,829 | \$ 17,896 | \$ (504,022) | \$ (14,297) |
| | | | | | |
| Balance at May 1, 2014 | 7,394,000 | \$ 471,829 | \$ 78,492 | \$ (534,818) | \$ 15,503 |
| Net loss and comprehensive loss | - | - | - | (5,795) | (5,795) |
| Balance at July 31, 2014 | 7,394,400 | \$ 471,829 | \$ 78,492 | \$ (540,613) | \$ 9,708 |

See accompanying notes.

Capricorn Business Acquisitions Inc.

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Condensed Statements of Cash Flows

For the three months period ended July 31, 2015 and 2014

(Expressed in Canadian dollars)

(Unaudited)

| | 2015 | 2014 |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Net loss for the period | \$ (2,483) | \$ (5,795) |
| Changes in non-cash working capital items: | | |
| Accounts payable and accrued liabilities | (408) | 6,149 |
| Net cash from (used) in operating activities | (2,891) | 354 |
| Net increase (decrease) in cash and cash equivalents | (2,891) | 354 |
| Cash and cash equivalents – beginning of period | 30,839 | 45,114 |
| Cash and cash equivalents - end of period | \$ 27,948 | \$ 45,468 |
| Supplemental Cash flow Information | | |
| Interest paid | - | - |
| Income taxes paid | - | - |

See accompanying notes.

Capricorn Business Acquisitions Inc.

(A capital pool corporation)

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

July 31, 2015 and 2014

1. NATURE OF THE CORPORATION

Capricorn Business Acquisitions Inc. (the "Company" or "Capricorn") was incorporated under the Business Corporations Act (Ontario) on May 7, 2008 and is classified as a Capital Pool Corporation ("CPC") as defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4. The Company has nominal assets other than cash 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.

The Company was unable to complete a qualifying transaction prior to March 9, 2012 and the Company's shares were suspended from trading on the TSX Venture Exchange on March 12, 2012. On June 14, 2012, the Company's shares were transferred to the NEX board.

2. GOING CONCERN

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applied on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There is no assurance that the Company will identify a Qualifying Transaction ("QT") under the policies of the Exchange. If a QT is not completed, the Company will need to identify other sources of finance to remain a going-concern entity. These financial statements do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue and therefore, be required to realize its assets and discharge its liabilities in a manner other than in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These unaudited condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below.

Cash and cash equivalents

Cash and cash equivalents 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.

Capricorn Business Acquisitions Inc.

(A capital pool corporation)

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

July 31, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'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")

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 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. FVTPL assets are measured at fair value, and changes, are recognized in profit or loss. Cash and cash equivalents are classified as FVTPL.

Held-to-maturity ("HTM")

Financial assets 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. No financial assets were classified as held-to-maturity.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. 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.

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Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

July 31, 2015 and 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

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 net income. Transaction costs incurred to acquire available-for-sale financial instruments are included in the underlying balance. When there is objective evidence that the asset is impaired, the cumulative loss included in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on disposal of available-for-sale securities are recognized in net income. No financial assets were classified as available-for-sale.

Financial liabilities

Financial Liabilities are classified into one of two categories:

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

Financial liabilities at 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 operations and comprehensive loss. The Company has no financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities as other financial liabilities.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Notes to Condensed Interim Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. The Company computes the dilutive effect of options and similar instruments using the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

Income taxes

The Company accounts for income taxes in accordance with the 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 recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the year 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.

Stock-based compensation

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date of receipt of goods or services, with an offsetting credit to share option reserves. When the fair value of the goods and services is not readily available the amount is based on the fair value of the equity instrument granted. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserve is transferred to share capital to recognize the total consideration for the shares issued.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Comprehensive income

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position. At present, the Company has no other comprehensive income or loss.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

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. Critical estimates used in the preparation of these financial statements include, among others, the fair value of options issued and the fair value of financial assets and liabilities. Significant judgements include management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to complete a qualifying transaction. Actual results may differ from those estimates.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent accounting pronouncements issued and not yet applied

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 Financial Instruments was issued by the IASB in July 2014 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. A new hedge accounting model is introduced and 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.

The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

4. 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 the maximum of the lesser of 30% of the gross proceeds 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 a Qualifying Transaction by the Company as defined under the policies of the Exchange. As at July 31, 2015, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependant on the Exchange.

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(Unaudited)

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5. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Issued

| | Number | Value |
|--|------------------|-------------------|
| Balance at April 30, 2014 | 7,394,400 | \$ 471,829 |
| Balance at April 30, 2015 and July 31, 2014 | 7,394,400 | \$ 471,829 |

The Company had issued 2,900,000 seed common shares, which 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.

6. SHARE CAPITAL

a) Stock Options

The Company awards stock options to directors, officers and technical consultants 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 over the vesting period. 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 Company is currently in the process of updating their plan to allow the amount of common shares reserved for issuance to be greater than ten percent (10%). The following is a continuity schedule of outstanding options for the reporting period, where "WAEP" refers to weighted average exercise price.

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(Expressed in Canadian Dollars)

(Unaudited)

July 31, 2015 and 2014

6. SHARE CAPITAL (Cont'd)

a) Stock Options (Cont'd)

| | No. of Options | WAEP |
|--|----------------|---------|
| Outstanding at May 1, 2014 | 864,439 | \$ 0.10 |
| Granted (ii) | 739,438 | 0.05 |
| Exercised | - | - |
| Forfeited | - | - |
| Expired (i) | (864,439) | (0.10) |
| Outstanding at April 30, 2015 and July 31, 2015 | 739,438 | \$ 0.05 |
| Exercisable at April 30, 2015 and July 31, 2015 | 739,438 | \$ 0.05 |

- (i) On February 26, 2010, the Company granted 864,439 stock options exercisable at \$0.10 per share to directors and officers of the Company. The fair value of the options granted to directors and officers was estimated at \$54,264, using the Black-Scholes pricing model, with the following weighted average assumptions: dividend yields of 0%, volatility factors of the expected market price of comparable companies of 75%, risk-free interest rate of 3%, a weighted average expected life of 5 years and share price of \$0.10. On February 26, 2015 all previously outstanding stock options of the company expired.
- (ii) On February 27, 2015, the Company granted 739,438 stock options to the officers and directors of the company. The fair value of the options granted to directors and officers was estimated at \$17,896 using the Black-Scholes pricing model, with the following weighted average assumptions: dividend yields of 0%, volatility factors of the expected market price of comparable companies of 100%, risk-free interest rate of 0.57%, a weighted average expected life of 5 years and share price of \$0.035.

The above options were not included in the computation of diluted net loss per share as they are anti-dilutive.

b) Share Option Reserve

Share option reserve balance represents stock-based compensation of \$17,896 and the fair value of options granted on February 27, 2015.

7. CAPITAL RISK MANAGEMENT

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity.

The Company includes equity, comprising of share capital, share option reserve and accumulated deficit in the definition of capital.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in note 4.

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Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

(Unaudited)

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8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including interest rate risk and foreign currency risk) and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the officers of the Company as discussed with the Board of Directors. The officers of the Company charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

Fair value:

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

At July 31, 2015, the Company's financial instruments that are carried at fair value, consisting of cash and cash equivalents are classified as Level 1 within the fair value hierarchy.

Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents earn nominal interest. The Company does not believe there is any other interest rate risk.

Foreign currency risk:

The Company's functional currency is the Canadian dollar. All of the Company's cash is in Canadian dollars. All of the Company's transactions are denominated in Canadian dollars.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures.

As at July 31, 2015, the Company has accounts payable and accrued liabilities of \$43,187 (April 30, 2015 - \$43,595) due within 12 months and has cash and cash equivalents of \$27,948 (April 30, 2015 - \$30,839) to meet its current obligations. The Company will need to secure additional financing to meet its ongoing obligations; however there is no assurance that the Company will be able to do so.

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8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Credit risk:

The Company's exposure to credit risk arises from the possibility that its debtors may fail to meet their obligations. Cash is held in trust by the lawyers. The Company manages the credit exposure related to cash by making sure that the lawyers maintain bank accounts with Schedule I banks in Canada.

The carrying amount of cash and cash equivalents and other receivable represent the maximum credit exposure.