AINTREE RESOURCES INC.

October 31, 2015 and 2014

Financial Statements

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of:
Aintree Resources Inc.

We have audited the accompanying financial statements of Aintree Resources Inc. which comprise the statements of financial position as at October 31, 2015 and 2014, the statements of changes in shareholders' equity, comprehensive loss, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 Aintree Resources Inc. as at October 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 2 to the financial statements concerning the ability of Aintree Resources Inc. to continue as a going concern. The company incurred a net loss of $161,702 during the year ended October 31, 2015, and as of that date, had accumulated losses since inception of $584,111. These conditions, along with the other matters explained in Note 2 to the financial statements, indicate the existence of a material uncertainty which cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if Aintree Resources Inc. was unable to continue as a going concern.

WDM

Chartered Professional Accountants

Vancouver, B.C.
February 29, 2016

Aintree Resources Inc.

Statements of Financial Position

As at October 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Note	2015 $	2014 $
ASSETS			
CURRENT			
Cash and Cash Equivalents		5,836	1,281
GST Recoverable		3,630	1,865
		9,466	3,146
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liability	6	270,070	102,048
SHAREHOLDERS' EQUITY			
Share Capital	8	323,507	323,507
Share-Based Payment Reserve	9	-	99,841
Deficit		(584,111)	(522,250)
		(260,604)	(98,902)
		9,466	3,146

Basis of Preparation and Going Concern (Note 2)

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

Approved on behalf of the Board:

"Gary MacDonald"
Gary MacDonald, Director

"Michael England"
Michael England, Director

Aintree Resources Inc.

Statements of Changes in Shareholders' Equity

For the Year Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

	Note	Consolidated Number of Common Shares	Share Capital $	Share-Based Payment Reserve $	Deficit (Note 2) $	Total Shareholders' Equity $
Balance, October 31, 2013		2,916,667	313,507	99,841	(427,870)	(14,522)
Private placement at $0.10	8(b)	100,000	10,000	-	-	10,000
Comprehensive Loss for the year		-	-	-	(94,380)	(94,380)
Balance, October 31, 2014		3,016,667	323,507	99,841	(522,250)	(98,902)
Stock Options Expired	9	-	-	(99,841)	99,841	-
Comprehensive Loss for the year		-	-	-	(161,702)	(161,702)
Balance, October 31, 2015		3,016,667	323,507	-	(584,111)	(260,604)

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

Aintree Resources Inc.

Statements of Comprehensive Loss

For the Years Ended October 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Note	2015 $	2014 $
EXPENSES			
Accounting and Audit		4,113	8,150
Interest and Bank Charges	7(a)	16,187	3,507
Legal		-	218
Entertainment		1,554	-
Office, Rent, and Telephone	7(b)	102,322	62,198
Transfer Agent and Filing Fees		5,720	14,307
Travel	7(c)	31,806	6,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(161,702)	(94,380)
BASIC AND DILUTED LOSS PER SHARE		(0.05)	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		3,016,667	2,958,037

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

Aintree Resources Inc.

Statements of Cash Flows

For the Years Ended October 31, 2015 and 2014

(Expressed in Canadian Dollars)

	2015 $	2014 $
CASH PROVIDED FROM (UTILIZED FOR)		
OPERATING ACTIVITIES		
Net Loss for the Year	(161,702)	(94,380)
Changes in Non-Cash Working Capital Accounts		
GST Recoverable	(1,765)	(1,225)
Accounts Payables and Accrued Liabilities	168,022	86,886
	4,555	(8,719)
FINANCING ACTIVITY		
Proceeds from Share Issuance	-	10,000
INCREASE IN CASH	4,555	1,281
Cash, Beginning of the Year	1,281	-
CASH, END OF THE YEAR	5,836	1,281

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

NOTE 1 – NATURE OF OPERATIONS

Aintree Resources Inc. (the "Company") was incorporated under the Business Corporation Act (British Columbia) on September 24, 2009 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX -V") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

The address of the Company's corporate office and principal place of business is 600 - 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8.

These financial statements were approved and authorized for issue by the board of Directors on February 29, 2016.

NOTE 2 – BASIS OF PREPARATION AND GOING CONCERN

The financial statements have been prepared in accordance to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are presented in Canadian Dollars, the Company's functional currency.

The financial statements were prepared, under the historical cost convention. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has a working capital deficit of $260,604, and has an accumulated deficit of $584,111 as at October 31, 2015.

Management of the Company does not expect that cash flows for the Company's operations will be sufficient to meet all of its operating requirements, financial commitments, and business development priorities during the next twelve months. Accordingly, the Company will need to obtain financing in the form of debt, equity, or a combination thereof for the next twelve months to continue to operate. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS (Continued)

a) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

b) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments (Continued)

i) Financial Assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. The Company does not have any hedging instruments.

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company's cash falls into this category of financial instruments.

- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company does not hold financial assets in this Category.

- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold financial assets in this category.

- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold financial assets in this category.

For financial assets measured at amortized cost, 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, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date that the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments (Continued)

ii) Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss, or other financial liabilities upon initial recognition.

- ***Financial liabilities at fair value through profit or loss*** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial liabilities in this category.

- ***Other financial liabilities*** – Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company's accounts payable and accrued liability fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

b) Share Capital

Share capital includes cash consideration received for issuance of common shares. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from share capital.

c) Share-Based Payment

The Company grants stock options to buy common shares of the Company to directors, officers, and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to the weighted average price of the common shares for the five days on which they were funded immediately preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Income Taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income (loss) except to the extent it relates to items recognized in other comprehensive income or directly in equity.

i. Current Income Tax

Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred Income Tax

Deferred income taxes are the taxes expected to be payable or recoverable between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

e) Earnings (Loss) Per Share

The Company presents basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS

As of November 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IAS 36 *Impairment of Assets* - In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal. The standard is effective for the Company's fiscal year beginning on November 1, 2014.

IFRIC 21 *Levies* - In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on 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 ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The standard is effective for the Company's fiscal year beginning on November 1, 2014.

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

IFRS 10 *Consolidated Financial Statements* and **IAS 27 *Separate Financial Statements*** – IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 *Joint Arrangements* – IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 *Disclosure of Interests in Other Entities* – IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 *Fair Value Measurement* – IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 1 *Presentation of Financial Statements* - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future years.

IAS 32 *Financial Instruments: Presentation* - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with a corresponding amendment to IFRS 7.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. 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 IFRS 13.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after November 1, 2014, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

IFRS 9 *Financial Instruments* - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018.

(Expressed in Canadian Dollars)

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITY

	2015	2014
	$	$
Trade payables	17,501	19,427
Accrued liability	6,000	6,000
Interest bearing payables (a)	120,000	60,000
Accrued interest (a), (note 7(a))	18,783	3,321
Due to related party (note 7(a))	107,086	12,600
Due to officer and director (note 7(b))	700	700
	270,070	102,048

a) As at October 31, 2015, there are balances due to Obelisk International Ltd. and ATP Corporate Services, each in the amount of $60,000 (2014 – $30,000), for office and administrative services. The balances bear interest at 12% per annum, are unsecured, and have no specified terms of repayment. As at October 31, 2015, $12,615 (2014 – $1,354) interest has been accrued on the amounts due.

NOTE 7 – RELATED PARTY TRANSACTIONS

The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties. These transactions were in the normal course of operations. The amounts due to related parties are non-interest bearing, unsecured, and have no fixed terms of repayment, unless otherwise disclosed. The Company entered into the following transactions with related parties:

a) As at October 31, 2015, included in accounts payable is a balance due to a company controlled by a person related to a director and officer in the amount of $107,086 (2014 – $12,600), for expenses paid by the related company on behalf of the Company. The balance bears interest at 12% per annum, is unsecured, and has no specified terms of repayment. As at October 31, 2015, $6,168 (2014 – $614) in interest has been accrued on the amount due.

b) As at October 31, 2015, there was a balance due to a director and officer of the company in the amount of $700 (2014 – $700) for office expenses incurred on behalf of the Company in 2014.

c) During the year ended October 31, 2015, travel expenses incurred on behalf of the Company of $27,580 (2014 – $5,000) were reimbursed to a person related to an officer and director of the Company.

NOTE 8 – SHARE CAPITAL

a) Authorized Share Capital

Unlimited common shares without par value

(Expressed in Canadian Dollars)

NOTE 8 – SHARE CAPITAL (Continued)

b) Number of Issued and Outstanding Common Shares

	Number of Shares	Amount $
Balance, October 31, 2014	3,016,667	323,507
Issued*	-	-
Balance October 31, 2015	3,016,667	323,507

*On March 31, 2014, the Company completed a non-brokered private placement consisting of a total of 100,000 shares at a price of $0.10 for gross proceeds of $10,000. The shares issued are subject to CPC escrow policies and subject to a three year escrow release.

c) Escrow Shares

As at October 31, 2015, there are 766,667 (2014 – 766,667) common shares of the Company presently held in escrow.

NOTE 9 – SHARE-BASED PAYMENT RESERVE

	2015 $	2014 $
Share Options	99,841	99,841
Expiry of Stock Options	(99,841)	-
	-	99,841

NOTE 10– STOCK OPTIONS

The Company has a stock option plan which permits the Board of Directors of the Company to grant options to directors, employees, and non-employees to acquire common shares of the Company at the fair market value on the date of approval by the Board of Directors. A portion of the stock options vests immediately on the grant date and the balance vests over a period of up to five years from grant date.

The stock options have a life of up to five years from grant date. The fair market value of the exercise price is the weighted average price of the common shares for the five days on which they were traded immediately preceding the date of approval by the Board of Directors. The Board of Directors makes recommendations as to the recipients of, and nature and size of, share compensation awards in compliance with applicable securities law, stock exchange, and other regulatory requirements. The Company is authorized to issue options to a maximum of 10% of the issued and outstanding common shares pursuant to the stock option plan.

(Expressed in Canadian Dollars)

NOTE 10– STOCK OPTIONS (Continued)

	Number of Options	Weighted Average Exercise Price $
Balance, October 31, 2015	-	-

	Number of Options	Exercise Price $	Expiry Date
Directors' options	287,500	0.15	February 22, 2015
Charitable options	32,500	0.15	February 22, 2015
	320,000		

On February 22, 2015, all 320,000 options expired unexercised. As at October 31, 2015, there are no stock options outstanding.

NOTE 11 – INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2015 $	2014 $
Loss Before Income Taxes	(161,702)	(94,380)
Combined statutory rate	26%	26%
Expected income tax recovery	(42,042)	(24,539)
Deferred tax asset not recognized	42,042	24,539
Income Taxes	-	-

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

Deferred income tax on accumulative non-capital and net capital losses	186,631	144,589
Less: Valuation Allowance	(186,631)	(114,589)
Unrecognized deferred tax assets	-	-

(Expressed in Canadian Dollars)

NOTE 11 – INCOME TAXES (Continued)

The Company has non-capital loss carry-forwards totaling $717,812 which may be carried forward to apply against future year's taxable income for Canadian income tax purposes, subject to final determination by the Canada Revenue Agency, expiring in the following years:

	$
2030	262,457
2031	-
2032	113,519
2033	70,238
2034	109,896
2035	161,702
	717,812

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these financial statements and have been offset by a valuation allowance.

NOTE 12 – CAPITAL RISK MANAGEMENT

The Company manages its common shares, stock options, and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments in light of operating results, changes in economic conditions, and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, warrants or options, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

NOTE 13 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. As the Company has no counterparty balances other than the government of Canada, it is not subject to significant credit risk.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to pay financial instrument liabilities as they come due. As the Company currently does not have sufficient capital in order to meet short-term business requirements, the Company is subject to liquidity risk (Note 2).

NOTE 13 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Foreign currency risk

Foreign currency risk is defined as the risk on fluctuations related to cash and accounts payable and accrued liability that are denominated in foreign currency. As the company has no assets or liabilities denominated in foreign currency, it is not subject to significant foreign currency risk.

Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. As the Company has no equity investments, it is not subject to significant equity price risk.