

ESSEX ANGEL CAPITAL INC.

Condensed Interim Financial Statements

Six month period ended

February 28, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

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

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

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

ESSEX ANGEL CAPITAL INC.

Condensed Interim statements of financial position

(Unaudited - Expressed in Canadian dollars)

	February 28, 2017 \$	August 31, 2016 \$
Assets		
Current assets		
Cash	69,394	82,072
Amounts receivable (Note 5)	31,956	6,929
Advance receivable (Note 4)	108,295	50,000
Loans receivable (Note 5)	236,050	161,050
Total current assets	445,695	300,051
Non-current assets		
Investments (Note 3)	1,028,492	1,002,525
Total assets	1,474,187	1,302,576
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 7)	273,500	190,284
Total current liabilities	273,500	190,284
Non-current liabilities		
Note payable (Note 6)	133,200	133,200
Total liabilities	406,700	323,484
Shareholders' equity		
Share capital	4,248,642	4,073,642
Share-based payment reserve	690,050	647,632
Deficit	(3,877,205)	(3,742,182)
Shareholders' equity	1,061,487	979,092
Total liabilities and shareholders' equity	1,474,187	1,302,576

Nature of operations and continuance of business (Note 1)

Approved for issuance on behalf of the Board on May 1, 2017:

/s/ 'David Berg'

David Berg, Director

/s/ 'Christopher Cherry'

Christopher Cherry, Director

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

ESSEX ANGEL CAPITAL INC.

Condensed interim statements of operations and comprehensive loss

For the periods:

(Unaudited - Expressed in Canadian dollars)

	Three months ended		Six months ended	
	February 28, 2017 \$	February 29, 2016 \$	February 28, 2017 \$	February 29, 2016 \$
Interest revenue	13,826	-	25,027	-
Expenses				
Filing fees	1,094	4,287	1,913	5,106
General and administrative	7,693	18,322	13,633	36,635
Professional fees (Note 7)	3,478	4,725	6,411	9,450
Stock-based compensation (Note 11)	-	-	42,418	-
Total expenses	12,265	27,334	64,375	51,191
Loss before other income (expense)	1,561	(27,334)	(39,348)	(51,191)
Other income (expense)				
Adjustments to fair value of investments (Note 3)	61,105	(925,061)	(89,033)	(68,252)
Foreign exchange gain (loss)	-	19,368	-	7,711
Interest expense	(3,321)	(3,321)	(6,642)	(6,642)
Total other income (expense)	57,784	(909,014)	(95,675)	(67,183)
Net income (loss) and comprehensive income (loss) for the period	59,345	(936,348)	(135,023)	(118,374)
Earnings per share, basic and diluted	0.00	(0.09)	(0.01)	(0.01)
Weighted average number of shares outstanding	36,518,888	10,838,333	36,146,025	10,838,333

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

ESSEX ANGEL CAPITAL INC.

Condensed interim statements of changes in equity

For the six months ended February 29, 2016 and February 28, 2017

(Unaudited - Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, August 31, 2015	10,838,333	3,574,942	647,632	(3,743,130)	479,444
Net income for the period	—	—	—	(118,374)	(118,374)
Balance, February 29, 2016	10,838,333	3,574,942	647,632	(3,861,504)	361,070
Balance, August 31, 2016	35,838,333	4,073,642	647,632	(3,742,182)	979,092
Stock-based compensation	—	—	42,418	—	42,418
Exercise of warrants	1,750,000	175,000	—	—	175,000
Loss for the period	—	—	—	(135,023)	(135,023)
Balance, February 28, 2017	37,588,333	4,248,642	690,050	(3,877,205)	1,061,487

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

ESSEX ANGEL CAPITAL INC.

Condensed interim statements of cash flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended	
	February 28, 2017 \$	February 29, 2016 \$
Operating activities		
Net income (loss) for the period	(135,023)	(118,374)
Items not involving cash:		
Stock-based compensation	42,418	—
Adjustments to fair value of investments	89,033	68,252
Debenture interest	6,642	6,642
Unrealized foreign exchange loss (gain) on investments	-	(5,664)
Changes in non-cash operating working capital:		
Amounts receivable	(25,027)	—
Prepaid expenses	-	(5,038)
Accounts payable and accrued liabilities	83,216	46,538
Net cash provided by (used in) operating activities	61,259	(7,610)
Investing activities		
Acquisition of investments	(115,000)	(27,105)
Advances for loans receivable	(75,000)	—
Net cash used in investing activities	(190,000)	(27,105)
Financing activities		
Exercise of warrants	175,000	35,000
Subscriptions payable	-	35,000
Net cash provided by financing activities	-	35,000
Increase (decrease) in cash	(12,678)	285
Cash, beginning of year	82,072	1,183
Cash, end of period	69,394	1,468
Supplemental disclosures:		
Interest paid	—	—
Income taxes paid	—	—

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

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Essex Angel Capital Inc. (the "Company") was incorporated on February 10, 2010 pursuant to the Canada Business Corporations Act and on February 17, 2017, the Company was continued into British Columbia under the British Columbia Business Corporations Act. The Company completed its initial public offering ("IPO") on December 7, 2010, and is listed on the TSX-V as a Tier 2 Investment Issuer under the symbol "EXC". The Company's stated business goal is to build a portfolio of investments, with a view to participating in income and capital growth from the ultimate sale or other disposal of those investments.

These financial statements have been prepared on the 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. As at February 28, 2017, the Company has not generated significant revenues, has not yet generated positive cash flow from operations, and has an accumulated deficit of \$3,877,205. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external sources to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms that are suitable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

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

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. 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 and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of advance receivable and loans receivable, valuation and recoverability of investments, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to assess whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash and cash equivalents and investments are classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Amounts receivable, advance receivable, and loans receivable are classified as loans and receivables.

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. 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 marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, 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 amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount 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 the statement of operations.

With the exception of available-for-sale equity instruments, 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 the statement of operations 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. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and note payable.

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(ii) Non-derivative financial liabilities (continued)

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(e) Revenue Recognition

As an investment company, the Company may earn revenue in the form of interest or dividends which derive from its investments or from cash on hand. Investment income includes interest, dividends, and realized gains on the sale of investments. Revenue is recognized only when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at the end of the reporting period can be measured reliably, and the cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

(f) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenue and expenses are translated at average rates for the period. Foreign exchange gains and losses are included in the statement of operations.

(g) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using the weight average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at February 28, 2017, the Company had 37,588,333 (2016 – 8,761,333) potentially dilutive shares outstanding.

(i) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations. As at February 28, 2017 and February 29, 2016, the Company had no items that represent comprehensive income (loss).

(j) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in share-based payment reserve.

(k) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended February 28, 2017, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

3. Investments

	Balance, August 31, 2016 \$	Acquisition \$	Adjustments to fair value \$	Disposition \$	Foreign exchange loss \$	Balance, February 28, 2017 \$
Equities						
Arena Minerals Inc.	17,500	—	(500)	—	—	17,000
Breathtec Biomedical Inc.	—	15,000	37,000	—	—	52,000
Columbus Energy Limited	16,000	—	19,000	—	—	35,000
Huayra Minerals Corporation	9,881	50,000	—	—	—	59,881
Leagold Mining Corporation	12,750	—	(3,300)	—	—	9,450
LeenLife International Inc.	351,605	—	(88,430)	—	—	263,175
M Pharmaceuticals Inc.	13,000	—	(7,500)	—	—	5,500
NRG Metals Inc.	—	50,000	30,000	—	—	90,000
Reliq Health Technologies Ltd.	7,000	—	6,000	—	—	13,000
Rosita Mining Corp.	223,830	—	(111,915)	—	—	111,915
Shoshoni Gold Ltd.	23,800	—	(5,100)	—	—	18,700
Tangelo Games Corp.	7,760	—	(4,365)	—	—	3,395
Targeted Microwave Solutions Inc.	24,800	—	1,600	—	—	26,400
U308 Corp.	15,000	—	—	—	—	15,000
Valparaiso Energy Inc.	22,545	—	(18,787)	—	—	3,758
VBI Vaccines Inc.	28,797	—	897	—	—	29,694
Total equities	774,268	115,000	(135,398)	—	—	753,870
Warrants						
Breathtec Biomedical Inc.	—	—	16,717	—	—	16,717
Columbus Energy Limited	1,993	—	—	—	—	1,993
Huayra Minerals Corporation	15,119	—	(15,119)	—	—	—
M Pharmaceuticals Inc.	4,021	—	—	—	—	4,021
NRG Metals Inc.	—	—	44,767	—	—	44,767
Rosita Mining Corp.	177,795	—	—	—	—	177,795
Shoshoni Gold Ltd.	28,695	—	—	—	—	28,695
Tangelo Games Corp.	634	—	—	—	—	634
Total warrants	228,257	—	46,365	—	—	274,622
Total investments	1,002,525	115,000	(89,033)	—	—	1,028,492

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

3. Investments (continued)

	Balance, August 31, 2015 \$	Acquisition \$	Adjustments to fair value \$	Disposition \$	Foreign exchange loss \$	Balance, August 31, 2016 \$
Equities						
Arena Minerals Inc.	—	25,140	(7,640)	—	—	17,500
Blueocean Nutrasciences Inc.	12,355	—	—	(12,355)	—	—
Columbus Energy Limited	—	12,000	4,000	—	—	16,000
Huayra Minerals Corporation	—	9,881	—	—	—	9,881
Leagold Mining Corporation	—	5,250	7,500	—	—	12,750
LeenLife International Inc.	385,000	705	(34,100)	—	—	351,605
M Pharmaceuticals Inc.	11,000	—	2,000	—	—	13,000
Reliq Health Technologies Ltd.	—	15,105	(8,105)	—	—	7,000
Rosita Mining Corp.	—	131,850	91,980	—	—	223,830
Shoshoni Gold Ltd.	—	1,448	22,352	—	—	23,800
Tangelo Games Corp.	16,005	—	(8,245)	—	—	7,760
Targeted Microwave Solutions Inc.	74,000	—	(49,200)	—	—	24,800
U308 Corp.	—	17,615	(2,615)	—	—	15,000
Valparaiso Energy Inc.	7,515	—	15,030	—	—	22,545
VBI Vaccines Inc.	61,440	—	(32,643)	—	—	28,797
Zivo Bioscience Inc.	109,938	—	21,742	(121,376)	(10,304)	—
Total equities	677,253	218,994	22,056	(133,731)	(10,304)	774,268
Warrants						
Columbus Energy Limited	—	—	1,993	—	—	1,993
Huayra Minerals Corporation	—	15,119	—	—	—	15,119
M Pharmaceuticals Inc.	9,959	—	(5,938)	—	—	4,021
Reliq Health Technologies Ltd.	—	—	—	—	—	—
Rosita Mining Corp.	—	—	177,795	—	—	177,795
Shoshoni Gold Ltd.	—	15,552	13,143	—	—	28,695
Tangelo Games Corp.	2,329	—	(1,695)	—	—	634
Total warrants	12,288	30,671	185,298	—	—	228,257
Total investments	689,541	249,665	207,354	(133,731)	(10,304)	1,002,525

The Company's investments are comprised of the following debt and equity instruments:

(a) Zivo Bioscience Inc. ("Zivo") (formerly Health Enhancement Products Inc.)

During the period ended August 31, 2016, the Company sold its investment in Zivo and recognized a loss on sale of \$67,137.

(b) Targeted Microwave Solutions Inc. ("TMS") (formerly Microcoal Technologies Inc.)

On November 8, 2013, the Company acquired 400,000 common shares of TMS for \$100,000, which was settled with the issuance of a note payable. Refer to Note 6. In December 2015, TMS completed a five-for-one share consolidation which decreased the Company's holdings from 400,000 common shares to 80,000 common shares.

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

3. Investments (continued)

(c) LED Medical Diagnostics Inc. ("LED Medical")

On November 8, 2013, the Company acquired 200,000 share purchase warrants of LED Medical for \$50,000, which was settled with the issuance of a note payable. Each warrant may be exercised at a price of \$0.20 per common share of LED Medical until June 20, 2015.

On June 20, 2015, the Company transferred 200,000 share purchase warrants of LED Medical to settle notes payable of \$16,800. Refer to Note 5.

(d) Valparaíso Technologies Inc. ("Valparaíso")

On February 19, 2014, the Company acquired a convertible debenture of Valparaíso for \$25,050, where the debenture is convertible into common shares of Valparaíso at \$0.033 per common share. As consideration for investing in the convertible debenture of Valparaíso, the Company received an additional 751,500 common shares of Valparaíso. On March 18, 2014, the Company exercised its right to convert the debenture into 751,500 common shares of Valparaíso. During the period ended August 31, 2015, Valparaíso consolidated its common shares on a one-for-four basis, where the Company's 1,503,000 common shares of Valparaíso was adjusted to 375,750 common shares.

(e) LeenLife Pharma International Inc. ("LeenLife") (formerly SPT Sulphur Polymer Technologies Inc.)

On August 19, 2014, the Company acquired 1,750,000 common shares in LeenLife for \$35,000. During the period ended August 31, 2016, the Company acquired an additional 4,500 common shares for \$705.

(f) Tangelo Games Corp. ("Tangelo") (formerly Imperus Technology Corp.)

On January 26, 2015, the Company acquired 100,000 units of Tangelo for \$35,000. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of \$0.55 per share until January 28, 2018. On April 27, 2015, the Company sold 3,000 common shares of Tangelo for proceeds of \$1,450.

As at February 28, 2017, the fair value of the Company's investment in the share purchase warrants of Imperus was \$634 (2015 - \$2,329), calculated using the Black Scholes pricing model using the following assumptions: expected life of 1.41 years, expected volatility of 127%, and a risk-free interest rate of 0.57%.

(g) M Pharmaceuticals Inc. ("M Pharma")

On February 6, 2015, the Company acquired 1,000,000 units of M Pharma for \$20,000, which was subsequently consolidated on a one-for-ten basis to 100,000 units. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of \$0.50 per share until February 6, 2017.

As at February 28, 2017, the fair value of the Company's investment in the share purchase warrants of M Pharma was \$4,021 (2015 - \$9,959), calculated using the Black Scholes pricing model using the following assumptions: expected life of 0.44 years, expected volatility of 250%, and a risk-free interest rate of 0.54%.

(h) VBI Vaccines Inc. ("VBI") (formerly SciVac Therapeutics Inc.)

In February 2015, the Company acquired 250,000 common shares of Levon Resources Inc. ("Levon") for proceeds of \$71,193. In May 2015, the Company sold 34,000 common shares of Levon for proceeds of \$14,308. On July 9, 2015, pursuant to a plan of arrangement between Levon and VBI, each common share of Levon was exchanged for one common share of SciVac and one-half of a common share of Levon ("New Levon"). As a result of the plan of arrangement, the Company exchanged 216,000 common shares of Levon for 216,000 common shares of VBI and 108,000 common shares of New Levon. On July 14, 2015, the Company sold 108,000 common shares of New Levon for proceeds of \$19,235. On July 15, 2015, the Company acquired 40,000 common shares of VBI for \$18,548. In April 2016, VBI completed a 40-for-1 share consolidation which decreased the Company's holdings to 6,400 common shares.

ESSEX ANGEL CAPITAL INC.

Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

3. Investments (continued)

(i) Blueocean Nutrasciences Inc. ("Blueocean")

In April 2015, the Company acquired 260,000 common shares in Blueocean for \$48,243. In May 2015, the Company sold 83,500 common shares of Blueocean for proceeds of \$14,595. During the period ended August 31, 2016, the Company sold its investment in Blueocean and recognized a loss on sale of \$6,272.

(j) Leagold Mining Corporation ("Leagold")

In August 2016, the Company acquired 15,000 common shares in Leagold for \$5,250.

(k) U308 Corp. ("U308")

In July 2016, the Company acquired 500,000 common shares in U308 for \$17,615.

(l) Arena Minerals Inc. ("Arena")

In June 2016, the Company acquired 100,000 common shares in Arena for \$25,140.

(m) Shoshoni Gold ("Shoshoni")

During the year ended August 31, 2016, the Company acquired 3,400,000 units of Shoshoni for \$17,000, which was subsequently consolidated on a one-for-ten basis to 340,000 units. Each unit consisted of one common share and one share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of \$0.05 per share for three years.

As at February 28, 2017, the fair value of the Company's investment in the share purchase warrants of Columbus was \$26,695 (2015 - \$nil), calculated using the Black Scholes pricing model using the following assumptions: expected life of 2.76 years, expected volatility of 207%, and a risk-free interest rate of 0.57%.

(n) Columbus Energy Ltd. ("Columbus")

On November 2, 2015, the Company acquired 200,000 units of Columbus for \$12,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of \$0.08 per share for one year.

As at February 28, 2017, the fair value of the Company's investment in the share purchase warrants of Columbus was \$1,993 (2015 - \$nil), calculated using the Black Scholes pricing model using the following assumptions: expected life of 0.17 years, expected volatility of 75%, and a risk-free interest rate of 0.52%.

(o) Reliq Health Technologies Ltd. ("Reliq") (formerly Moseda Technologies Inc.)

On September 24, 2015, the Company acquired 100,000 units of Reliq for \$15,105. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of \$0.25 per share for one year.

(p) Rosita Mining Corp. ("Rosita")

On June 27, 2016, the Company acquired 487,000 common shares of Rosita for \$31,850. On July 19, 2016, the Company acquired 2,000,000 units of Rosita for \$100,000. Each unit consisted of one common share and one share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of \$0.055 per share for two years.

As at February 28, 2017, the fair value of the Company's investment in the share purchase warrants of Reliq was \$177,795 (2015 - \$nil), calculated using the Black Scholes pricing model using the following assumptions: expected life of 1.88 years, expected volatility of 352%, and a risk-free interest rate of 0.56%.

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For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

3. Investments (continued)

(q) Huayra Minerals Corporation ("Huayra")

On August 5, 2016, the Company acquired 500,000 units of Huayra for \$25,000. Each unit consisted of one common share and one share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of \$0.10 per share for two years. During the six months ended February 28, 2017, the Company exercised 500,000 warrants for \$50,000.

(r) NRG Metals Inc ("NRG")

On November 24, 2016, the Company acquired 500,000 units of NRG for proceeds of \$50,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant shall entitle the holder thereof to purchase one common share at a price of \$0.20 for a period of two years.

(s) Breathtec Biomedical Inc. ("Breathtec")

On November 25, 2016, the Company acquired 200,000 units of Breathtec Biomedical, Inc. for proceeds of \$15,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant shall entitle the holder thereof to purchase one common share at a price of \$0.15 for a period of three years.

4. Advance Receivable

During the year ended August 31, 2016, the Company advanced \$50,000 to acquire common shares of a privately traded company. As at February 28, 2017, the Company had not been issued the common shares.

5. Loans Receivable

- (a) On August 9, 2016, the Company provided a loan to an unrelated party for \$15,000. Under the terms of the loan, the amount is unsecured, and bears interest at 15% per annum compounded monthly, and is due on August 9, 2017.
- (b) On June 24, 2016, the Company provided a loan to an unrelated party for \$146,050. Under the terms of the loan, the amount is unsecured, and bears interest at 24% per annum compounded monthly, and is due on June 30, 2017.
- (c) On October 28, 2016, the Company entered into a one year promissory note to provide a \$75,000 loan to a third party. Pursuant to the agreement, the loan is unsecured, and bears interest at 24% per annum, compounded monthly.

6. Note Payable

On November 8, 2013, the Company issued a note payable for \$150,000 to acquire 400,000 common shares of TMS with a fair value of \$100,000, and 200,000 share purchase warrants of LED Medical with a fair value of \$50,000. Refer to Notes 3(b) and (c). The note payable is unsecured, bears interest at 10% per annum, and is due on November 8, 2018. In the event that the Company sells a portion of the investment before the maturity date, the portion of the principal related to the investment sold shall be immediately due and payable. On June 20, 2015, the Company settled \$16,800 of the note payable in exchange for the transfer of 200,000 share purchase warrants of LED Medical. Refer to Note 3(c). As part of the settlement, the acceleration clause for the remaining \$33,200, which represents the remaining portion of the principal related to the share purchase warrants of LED Medical, was waived by the note holder.

As at February 28, 2017, the Company has accrued \$46,761 (August 31, 2016 - \$40,179) of interest payable which has been recorded in accounts payable and accrued liabilities.

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Notes to the condensed interim financial statements

For the six months February 28, 2017 and February 29, 2016

(Unaudited - Expressed in Canadian dollars)

7. Related Party Transactions

- (a) During the six months ended February 28, 2016, the Company incurred professional fees of \$3,938 (2016 - \$9,450) to the CFO of the Company.
- (b) During the year ended August 31, 2016, the Company issued 3,500,000 units at \$0.02 per unit for proceeds of \$70,000 to the Chief Executive Officer of the Company and his family. Refer to Note 8.

8. Share Capital

Authorized: Unlimited common shares without par value

On July 4, 2016, the Company issued 25,000,000 units at \$0.02 per unit for total proceeds of \$500,000. Each unit consisted of one common share and one share purchase warrant to purchase an additional common share at an exercise price of \$0.10 per share until July 4, 2021. As part of the issuance, the Company paid a finder's fee of \$1,300. Refer to Note 7(b).

During the six months ended February 28, 2017, the Company received \$175,000 on the exercise of 1,750,000 share purchase warrants.

9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Outstanding, August 31, 2015	8,761,333	0.10
Issued	25,000,000	0.10
Outstanding, August 31, 2016	33,761,333	0.10
Exercised	(1,750,000)	0.10
Expired	(8,761,333)	0.10
Outstanding, February 28, 2017	23,250,000	0.10

As at February 28, 2017, the Company had 23,250,000 warrants outstanding to July 4, 2021 at an exercise price of \$0.10 per common share.

10. Stock Options

The Company has adopted an incentive stock option plan in accordance with policies of TSX-V (the "Stock Option Plan") whereby the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company 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 10% of the issued and outstanding common shares exercisable for the period of up to ten years. In addition, the number of common shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed 2% of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee, and consultant and all other terms and conditions of the option, subject to the rules of the TSX-V.

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10. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, August 31, 2015 and 2016	-	-
Granted	400,000	0.25
Outstanding, February 28, 2017	400,000	0.25

As at February 28, 2017, the Company had 400,000 stock options outstanding exercisable at \$0.25 per common share until October 26, 2019.

11. Stock-Based Compensation

During the period ended February 28, 2017, the Company granted 400,000 (2016 – nil) stock options to directors, officers and consultants of the Company. The fair value of the options granted during the period is \$42,418 (2016 - \$Nil), based on the Black-Scholes option pricing model. The weighted average of the fair value per option was \$0.10 (2016 - \$Nil)

The following weighted average assumptions were used for the Black-Scholes option pricing model:

	2017
Risk-free interest rate	1.75%
Expected life of options	5 years
Annualized volatility	136.97%
Dividend rate	0.00%
Forfeiture rate	0.00%

12. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2017 as follows:

	Fair Value Measurements Using			Balance, February 28, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	69,394	—	—	69,394
Investments	1,028,492	—	—	1,028,492
	1,097,886	—	—	1,097,886

The fair values of other financial instruments which include amounts receivable, advance receivable, loans receivable, accounts payable and accrued liabilities, and note payable approximate their carrying values due to the relatively short-term maturity of these instruments.

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12. Financial Instruments and Risks (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable is comprised of interest receivable from investments. Loan receivable is comprised of loans to third party companies. All investments are monitored closely by management and credit loss is limited to the amount of the investments.

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Market Risk

The Company's investments are in the form of publicly traded shares and share purchase warrants of publicly traded companies, of which the market values may fluctuate.

(f) Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Management maintains sufficient cash and cash equivalents to satisfy short-term liabilities in highly liquid investments.

13. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the period ended February 28, 2017.