



RedQuest Capital Corp.

Condensed Interim Financial Statements

For the six months ended April 30, 2015

(Unaudited – Prepared by Management)

(Stated in Canadian Funds Unless Noted Otherwise)

NOTICE OF NO AUDITOR REVIEW

These unaudited condensed interim financial statements have been prepared by the management of RedQuest Capital Corp. and have not been reviewed by the external auditors of RedQuest Capital Corp.

RedQuest Capital Corp.
Condensed Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Stated in Canadian Funds Unless Noted Otherwise)

| ASSETS | As at April 30, 2015 | As at October 31, 2014 |
|--|-------------------------|---------------------------|
| Current assets | | |
| Cash | \$ 2,264 | \$ 2,354 |
| Sales tax receivable | 491 | 91 |
| TOTAL ASSETS | \$ 2,755 | \$ 2,445 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 12,580 | \$ 16,019 |
| Due to related parties <i>(Note 6a)</i> | 41,645 | 21,918 |
| TOTAL LIABILITIES | \$ 54,225 | \$ 37,937 |
| EQUITY | | |
| Share capital <i>(Notes 5a)</i> | \$ 534,847 | \$ 534,847 |
| Share-based payments reserve | 70,337 | 70,337 |
| Deficit | (656,654) | (640,676) |
| TOTAL EQUITY | (51,470) | (35,492) |
| TOTAL LIABILITIES AND EQUITY | \$ 2,755 | \$ 2,445 |

Nature of Operations and Going Concern *(Note 1)*

Contingencies *(Note 7)*

Approved by the Board of Directors on June 25, 2015:

“Guy Le Bel”, Director

“Darren O’Brien”, Director

- See Accompanying Notes to the Condensed Interim Financial Statements -

RedQuest Capital Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Stated in Canadian Funds Unless Noted Otherwise)

| | For the three months ended April 30, 2015 | For the three months ended April 30, 2014 | For the six months ended April 30, 2015 | For the six months ended April 30, 2014 |
|---|--|--|--|--|
| Expenses | | | | |
| Interest expense <i>(Note 6a)</i> | \$ 1,020 | \$ 2,612 | \$ 1,727 | \$ 5,507 |
| Listing, filing and transfer agency fees | 4,285 | 3,893 | 9,539 | 9,190 |
| Office and administration | 2,084 | 2,996 | 4,712 | 5,653 |
| Professional fees | - | - | - | 707 |
| Net Loss and Comprehensive Loss for the Period | \$ (7,389) | \$ (9,501) | \$ (15,978) | \$ (21,057) |
| Basic and Diluted Loss per Share | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.00) |
| Weighted Average Number of Common Shares Outstanding | 3,955,000 | 3,635,000 | 3,955,000 | 3,635,000 |

- See Accompanying Notes to the Condensed Interim Financial Statements -

RedQuest Capital Corp.

Condensed Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

(Stated in Canadian Funds Unless Noted Otherwise)

| | For the six months ended April 30, 2015 | For the six months ended April 30, 2014 |
|--|---|---|
| Operating Activities: | | |
| Net loss for the period | \$ (15,978) | \$ (21,057) |
| Items not affected by cash: | | |
| Interest expense | 1,727 | 5,507 |
| Changes in non-cash working capital: | | |
| Sales tax receivable | (400) | - |
| Prepaid expenses | - | 2,667 |
| Accounts payable and accrued liabilities | (3,439) | 5,782 |
| Cash Flows Used In Operating Activities | (18,090) | (7,101) |
| Financing Activities: | | |
| Proceeds from financing | - | 4,000 |
| Due to related parties | 18,000 | 2,666 |
| Cash Flows Provided By Financing Activities | 18,000 | 6,666 |
| Net Decrease in Cash | (90) | (435) |
| Cash - Beginning of the Period | 2,354 | 6,420 |
| Cash - End of the Period | \$ 2,264 | \$ 5,985 |

- See Accompanying Notes to the Condensed Interim Financial Statements -

RedQuest Capital Corp.

Condensed Interim Statements of Changes in Equity

(Unaudited – Prepared by Management)

(Stated in Canadian Funds Unless Noted Otherwise)

| | Share Capital | | Share-based | | | |
|---|------------------|-------------------|------------------|---------------------|--------------------|--|
| | Number of Shares | Amount | Payments Reserve | Deficit | Total Equity | |
| Balance – November 1, 2013 | 5,475,000 | \$ 419,126 | \$ 70,337 | \$ (599,046) | \$ (109,583) | |
| Common shares issued for settlement of debt | 1,914,420 | 95,721 | - | - | 95,721 | |
| Common shares issued in private placement | 80,000 | 4,000 | - | - | 4,000 | |
| Net loss for the period | - | - | - | (21,057) | (21,057) | |
| Balance – April 30, 2014 | 7,469,420 | \$ 518,847 | \$ 70,337 | \$ (620,103) | \$ (30,919) | |
| Balance – November 1, 2014 | 7,789,420 | \$ 534,847 | \$ 70,337 | \$ (640,676) | \$ (35,492) | |
| Net loss for the period | - | - | - | (15,978) | (15,978) | |
| Balance – April 30, 2015 | 7,789,420 | \$ 534,847 | \$ 70,337 | \$ (656,654) | \$ (51,470) | |

- See Accompanying Notes to the Condensed Interim Financial Statements -

RedQuest Capital Corp.

Notes to the Condensed Interim Financial Statements

(Unaudited – Prepared by Management)

(Stated in Canadian Funds Unless Noted Otherwise)

1. Nature of Operations and Going Concern

RedQuest Capital Corp. (“RedQuest” or the “Company”) was incorporated on March 30, 2010 under the Business Corporations Act of British Columbia. The Company’s Initial Public Offering (“IPO”) was accepted by the TSX-V Exchange (“TSX-V”) on February 24, 2011 and the Company is now a Capital Pool Company (“CPC”) which began trading on the TSX-V on March 2, 2011 under the trading symbol RQM and has since transferred to the NEX board and is now trading under the symbol RQM.H. The Company is looking to negotiate an acquisition or participation in a business or business assets subject to receipt of shareholder approval and acceptance by the Regulatory Authorities which will become the Qualifying Transaction (“QT”). Until the completion of the QT, the Company will not carry on any business other than the identification and evaluation of a business or business assets in connection with the potential QT.

The Company’s head office, principal address and records office is located at Suite 520 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company’s registered address is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are events and conditions that cast significant doubt on the validity of that assumption. The Company has incurred losses since inception and has an accumulated deficit of \$656,654 at April 30, 2015. The Company will need to raise sufficient funds in order to settle its liabilities, finance ongoing administrative expenses and enter into a future potential QT. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company’s performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Presentation

Statement of Compliance

These condensed interim financial statements were prepared in accordance with International Accounting 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”).

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements as at and for the year ended October 31, 2014, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective November 1, 2014. These condensed interim financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company’s most recent annual financial statements as at and for the year ended October 31, 2014. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of these condensed interim financial statements.

RedQuest Capital Corp.

Notes to the Condensed Interim Financial Statements

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3. New, Amended and Future IFRS Pronouncements

The following standards have been published and are mandatory for the Company's annual accounting periods beginning on or after November 1, 2014:

IAS 36 – Impairment of Assets

In May 2013, the IASB published a revised version of this standard to reverse the unintended requirement in IFRS 13 '*Fair Value Measurements*' to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014 and the Company has adopted the amendments to this standard. There was no impact on these financial statements as a result of the adoption of this standard.

IFRS 7 – Financial Instruments Disclosure

This standard was amended to require additional disclosures on transition from IAS 39 to IFRS 9, effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of adopting IFRS 7 on these financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact and timing of adopting IFRS 9 on these financial statements.

IFRIC 21 - Accounting for Levies Imposed by Governments

IFRIC 21, *Levies* was issued on May 20, 2013 and provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. There was no impact on these financial statements as a result of the adoption of this standard.

IAS 32

This standard was amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014. There was no impact on these financial statements as a result of the adoption of this standard.

RedQuest Capital Corp.

Notes to the Condensed Interim Financial Statements

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4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended October 31, 2014.

5. Equity

a. Share Capital

The Company's authorized share capital consists of an unlimited number of common voting shares without par value.

b. Stock Options

The Company adopted a share option plan on October 1, 2010, subject to regulatory approval that took place on March 2, 2011, which authorizes the Board of Directors to grant share purchase options to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of the options will not be less than the price of the Company's shares at the date of grant less the applicable discount. The options can be granted for a maximum of 10 years and the vesting of the options will be determined by the Board of Directors.

At April 30, 2015, the following options were outstanding and exercisable:

| Expiry Date | Weighted Average Exercise Price | Number of Options | Weighted Average Remaining in Years |
|---------------|------------------------------------|-------------------|--|
| March 2, 2021 | \$0.10 | 655,000 | 5.84 |
| | \$0.10 | 655,000 | 5.84 |

c. Escrow Shares

As of April 30, 2015, there were 3,834,420 (October 31, 2014 – 3,834,420) shares held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the completion of the Company's QT and an additional 15% will be released every six months thereafter.

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6. Related Party Transactions

Details of transactions between the Company and its related parties are disclosed below:

a. Related Parties

The Company's related parties consist of its President and Chief Executive Officer, its Chief Financial Officer and its directors. The nature of the Company's relationships with its related parties is as follows:

| | Nature of Relationship |
|-------------------------|-------------------------------|
| President and CEO | Management |
| Chief Financial Officer | Management |
| Directors | Directorship |

The Company has not incurred any fees and expenses in the normal course of operations in connection with any of its related parties as the Company is prohibited, under the rules and regulations of the TSX-V, to pay certain expenses, including salaries and consulting fees, until completion of its QT.

As of April 30, 2015, an aggregate of \$41,645 (October 31, 2014 - \$21,918), including accrued interest, was loaned to the Company by its directors. Interest accrues on the outstanding loans at a rate of 12% per annum calculated monthly. Currently, the repayment of these loans is being negotiated.

b. Compensation of Key Management Personnel

There was no remuneration paid to directors and other members of key management personnel during the six month periods ended April 30, 2015 and 2014.

As of April 30, 2015, four directors, two officers and one former officer of the Company hold an aggregate of 3,074,420 common shares. These common shares are being held in escrow (Note 5c).

7. Contingencies

Under the terms of the articles of the Company, the Company indemnifies individuals who have acted at the Company's request to serve as a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory and other legal limitation periods. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements. As of April 30, 2015, the Company had purchased Directors and Officers liability insurance to reduce the risks associated with such indemnifications. As at April 30, 2015, there were no claims of this nature against the Company.

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8. Management of Capital

RedQuest considers the items included in the statement of shareholders' equity as capital. Management of the Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements. RedQuest's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

9. Fair Value Measurement

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial assets and liabilities that are measured at fair value on a recurring basis and also does not have any non-financial assets and liabilities measured at fair value on a non-recurring basis.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Cash
 - Trade accounts payable and accrued liabilities
 - Due to related parties
-