

**BLUEROCK VENTURES CORP.**

Condensed Interim Financial Statements

For the three months ended May 31, 2016 and 2015

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

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# BLUEROCK VENTURES CORP.

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# **BLUEROCK VENTURES CORP.**

## **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 condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

July 7, 2016

## BLUEROCK VENTURES CORP.

Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars - Unaudited)

	Notes	May 31, 2016 (unaudited)	February 29, 2016 (audited)
<b>Assets</b>			
Current assets:			
Cash		\$ 100,634	\$ 354
Prepays		438	438
		<b>\$ 101,072</b>	<b>\$ 792</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>			
Current liabilities:			
Trade payables and accrued liabilities	3	\$ 16,760	\$ 34,215
Due to related parties	5	–	40,625
		<b>16,760</b>	<b>74,840</b>
Shareholders' equity (deficiency):			
Share capital	4	461,201	288,000
Reserve	4	29,880	29,880
Deficit		(406,769)	(391,928)
		<b>84,312</b>	<b>(74,048)</b>
		<b>\$ 101,072</b>	<b>\$ 792</b>

Nature and continuance of operations (Note 1)

The accompanying notes form an integral part of these condensed interim financial statements.

## BLUEROCK VENTURES CORP.

Condensed Interim Statement of Changes in Equity  
(Expressed in Canadian Dollars - Unaudited)

	Share capital				Total Equity
	Shares *	Amount	Reserve	Deficit	
<b>Balance, February 28, 2015</b>	1,585,000	\$ 288,000	\$ 29,880	\$ (368,818)	<b>\$ (50,938)</b>
Net loss for the period	–	–	–	(5,981)	(5,981)
<b>Balance, May 31, 2015</b>	1,585,000	288,000	29,880	(374,799)	<b>(56,919)</b>
Gain on settlement of debt	–	–	–	5,000	5,000
Net loss for the period	–	–	–	(22,129)	(22,129)
<b>Balance, February 29, 2016</b>	1,585,000	288,000	29,880	(391,928)	<b>(74,048)</b>
Private placement	3,500,000	175,000	–	–	175,000
Share issuance costs	–	(1,799)	–	–	(1,799)
Net loss for the period	–	–	–	(14,841)	(14,841)
<b>Balance, May 31, 2016</b>	<b>5,085,000</b>	<b>\$ 461,201</b>	<b>\$ 29,880</b>	<b>\$ (406,769)</b>	<b>\$ 84,312</b>

\* The number of common shares outstanding retroactively reflects the 2:1 share consolidation (Note 1).

The accompanying notes form an integral part of these condensed interim financial statements.

## BLUEROCK VENTURES CORP.

Condensed Interim Statements of Comprehensive Loss  
(Expressed in Canadian Dollars - Unaudited)

	Note	For the three months ended May 31,	
		2016	2015
Expenses			
Administrative fees	5	\$ 1,575	\$ 1,575
Consulting		4,120	–
Office and miscellaneous		1,261	221
Professional fees		2,262	2,212
Regulatory fees		1,653	1,313
Transfer agent fees		3,454	660
Travel and promotion		516	–
Net and comprehensive loss		\$ (14,841)	\$ (5,981)
Weighted average number of common shares outstanding – basic and diluted *		2,750,000	1,000,000
Loss per common share – basic and diluted		\$ (0.005)	\$ (0.006)

\*The weighted average number of common shares outstanding used in the calculation of loss per common share retroactively reflects the 2:1 share consolidation (Note 1).

The accompanying notes form an integral part of these condensed interim financial statements.

## BLUEROCK VENTURES CORP.

Condensed Interim Statements of Cash Flows  
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended May 31,	
	2016	2015
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (14,841)	\$ (5,981)
Change in non-cash working capital item:		
Trade payables and accrued liabilities	(17,455)	2,212
Due to related parties	(40,625)	1,575
	<b>(72,921)</b>	<b>(2,194)</b>
Financing activities:		
Issuance of common shares, net	173,201	–
	<b>173,201</b>	<b>–</b>
Change in cash	100,280	(2,194)
Cash, beginning of period	354	3,100
Cash, end of period	\$ 100,634	\$ 906

The accompanying notes form an integral part of these condensed interim financial statements.

# BLUEROCK VENTURES CORP.

Notes to the Condensed Interim Financial Statements  
For the three months ended May 31, 2016  
(Expressed in Canadian Dollars - Unaudited)

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## 1. Nature and continuance of operations

Bluerock Ventures Corp. (“Bluerock” or “the Company”) was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on February 3, 2011.

The Company's head office and principal address is Suite 2050-1055 W. Georgia Street, Vancouver BC, V6E 3P3. The registered and records office is Suite 1000-840 Howe Street Vancouver, BC, V6Z 2M1.

The Company is a Capital Pool Company (“CPC”) as its principal business is the identification and evaluation of companies, assets or businesses with a view to completing a Qualifying Transaction (“QT”) in accordance with Policy 2.4 of the TSX Venture Exchange (“Exchange”). Such a transaction will be subject to shareholder and regulatory approval.

On June 27, 2011, the Company completed an Initial Public Offering (“IPO”) on the Exchange and the Company's common shares were listed on the Exchange, effective June 28, 2011, under the symbol “BCR.P”. Effective July 3, 2013, the Exchange suspended the common shares of the Company for the failure to complete at QT by the 24 month anniversary date of June 28, 2013.

On September 27, 2013, the Exchange accepted the Company's application to transfer its listing to the NEX board of the Exchange and the cancellation of 1,170,000 seed shares held by certain non-arm's length parties. Accordingly, the Company's common shares were listed under the symbol “BCR.H”.

On March 28, 2016, the Company consolidated its issued and outstanding share capital on a two old common shares for every one new post-consolidated share basis. All shares and per share references in these financial statements have been retroactively restated accordingly unless noted otherwise.

The continuing operations of the Company are dependent upon its ability to identify, evaluate and negotiate a QT. To date, the Company has not generated any significant revenues and has incurred losses since inception. These uncertainties cast significant doubt about the Company's ability to continue as a going concern.

Management is aware that material uncertainties exist, which could cast doubt upon the Company's ability to finance current and future activities. Accordingly, management will pursue additional sources of financing through equity offerings as required. Further discussion of liquidity risk has been disclosed in Notes 6 and 7.

## 2. Significant accounting policies and basis of presentation

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These financial statements were authorized for issue on July 7, 2016 by the directors of the Company.

## **BLUEROCK VENTURES CORP.**

Notes to the Condensed Interim Financial Statements  
For the three months ended May 31, 2016  
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### **2. Significant accounting policies and basis of presentation (continued)**

#### ***Statement of compliance***

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

These condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the year ended February 29, 2016. It is therefore recommended that these interim financial statements be read in conjunction with the Company's audited financial statements for the year ended February 29, 2016.

#### ***Basis of presentation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

#### ***Significant estimates and assumptions***

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

#### ***Significant judgments***

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

#### ***Recent accounting pronouncements***

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective. The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its financial statements.

# BLUEROCK VENTURES CORP.

Notes to the Condensed Interim Financial Statements  
For the three months ended May 31, 2016  
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## 2. Significant accounting policies and basis of presentation (continued)

### *Recent accounting pronouncements (continued)*

- *IFRS 9, Financial Instruments*

IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB on July 24, 2014 and will replace IAS 39, Financial instruments: recognition and measurement ("IAS 39"). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

- *IFRS 15, Revenue from Contracts with Customers*

IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2017.

- *IFRS 16 – Leases*

IFRS 16, the new standard contains a single lessee accounting model, which eliminates the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 for public entities with early adoption permitted.

## 3. Trade payables and accrued liabilities

	May 31, 2016	February 29, 2016
Accrued liabilities	\$ 7,500	\$ 7,500
Trade payables	9,260	26,715
	\$ 16,760	\$ 34,215

# BLUEROCK VENTURES CORP.

Notes to the Condensed Interim Financial Statements  
For the three months ended May 31, 2016  
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## 4. Share capital

### a. Authorized

Unlimited number of common shares without par value.

### b. Issued and outstanding

5,085,000 common shares were issued and outstanding as at May 31, 2016.

During the three months ended May 31, 2016, the Company:

- (i) consolidated its issued and outstanding share capital on a two old common shares for every one new post-consolidated share basis; and
- (ii) completed a non flow-through private placement of 3,150,000 post-consolidated shares of the Company at a price of \$0.05 per share for gross proceeds of \$175,000. The Company incurred regulatory filing and legal fees of \$1,799 in connection with this private placement.

### c. Escrow shares

Pursuant to an escrow agreement dated February 25, 2011, 585,000 (February 29, 2016 – 585,000) post-consolidated common shares issued are held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the date of the issuance of the final Exchange bulletin (the "Initial Release") upon completion of a QT, and an additional 15% will be released every six months following the Initial Release over a period of thirty six months.

### d. Share options

The Company adopted a 10% share option plan (the "Plan") that enables the Company to grant options to directors, officers, employees and other service providers. The Company follows the policies of the Exchange where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time, after the completion of the IPO, at the date of granting of options.

Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

A summary of the Company's share option transactions is presented below:

	May 31, 2016		February 29, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	217,000	\$ 0.10	217,000	\$ 0.10
Expired/ forfeited	(217,000)	\$ 0.10	–	–
Outstanding, end of period	–	–	217,000	\$ 0.10

## BLUEROCK VENTURES CORP.

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### 4. Share capital (continued)

#### e. Reserve

The reserve records items recognized as share-based payments until such time that options are exercised, at which time the corresponding amount will be transferred to share capital.

### 5. Related party transactions

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

On March 1, 2011, the Company entered into an agreement with Varshney Capital Corp. ("VCC"), a company with a director in common, for office administrative services provided to the Company on a month to month basis in exchange for a monthly fee of \$1,300 plus taxes. Effective July 1, 2014, the Company and VCC have agreed to reduce the monthly administrative services fee to \$500 plus tax.

During the three months ended May 31, 2016, the Company paid \$1,575 (2015 – \$1,575) for administrative services to VCC.

As at May 31, 2016, there were no amounts due to related parties. As at February 29, 2016, administrative services fees of \$11,825 and a shareholder loan of \$14,600 were due to VCC, and shareholder loans totaling \$14,200 were due to Cliff Mah and Ken Schneider, two directors of the Company.

### 6. Financial instrument risk

Fair values

The Company's financial instruments at May 31, 2016 are as follows:

	<i>Loans and receivables</i>	<i>Available for sale</i>	<i>Fair Value through Profit or Loss</i>	<i>Other financial liabilities</i>
<b>Financial assets</b>				
Cash	\$ –	\$ –	\$ 100,634	\$ –
<b>Financial liabilities</b>				
Trade payables	–	–	–	9,260
	\$ –	\$ –	\$ 100,634	\$ 9,260

Unless otherwise disclosed their carrying values approximate their fair values due to the short term nature of these instruments.

# BLUEROCK VENTURES CORP.

Notes to the Condensed Interim Financial Statements  
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## 6. Financial instrument risk *(continued)*

The Company is exposed in varying degrees to a variety of financial instrument related risks.

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash deposit that is held at a Canadian bank. While there is concentration of risk by holding all funds with one institution, management assesses credit risk of cash as low due to the high credit quality rating the institution has with the rating agencies.

### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

### *Liquidity and funding risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at May 31, 2016, the Company had cash on hand of \$100,634 (February 29, 2016 - \$354), which is sufficient to settle its current liabilities of \$16,760 (February 29, 2016 - \$74,840) and to fund its administrative costs for the current year.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions in the future. Under current market conditions, both liquidity and funding risk are assessed as high.

## 7. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company does not pay out dividends.

There were no changes in the Company's approach to capital management during the period ended May 31, 2016.

The Company has no long term debt and is not subject to any externally imposed capital requirements.