

UNIVERSAL VENTURES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2017 AND 2016
(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

UNIVERSAL VENTURES INC.**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION****EXPRESSED IN CANADIAN DOLLARS**

	March 31, 2017	December 31, 2016
	(unaudited)	(audited)
ASSETS		
Current		
Cash	\$ 6,682	\$ 2,386
Amounts receivable	4,289	2,420
Prepaid expenses	4,174	4,172
	<u>\$ 15,145</u>	<u>\$ 8,978</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 111,765	\$ 88,723
Directors loan	100,288	80,000
	<u>212,053</u>	<u>166,723</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	1,141,548	1,141,548
Contributed surplus	198,274	198,274
Deficit	(1,536,730)	(1,499,567)
	<u>(196,908)</u>	<u>(159,745)</u>
	<u>\$ 15,145</u>	<u>\$ 8,978</u>

NATURE AND CONTINUANCE OF OPERATIONS (Notes 1 and 2b)

Authorized for issuance on behalf of the Board on May 4, 2017:

"Jerry Minni" Director

"Charalambos Katevatis" Director

UNIVERSAL VENTURES INC.**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Three months ended March 31, 2017	Three months ended March 31, 2016
Expenses		
Advertising and promotion	\$ —	\$ 79
Management fees	15,000	18,000
Office and miscellaneous	1,581	1,612
Professional fees	7,400	7,450
Rent	6,972	2,488
Transfer agent and filing fees	6,210	3,968
Net loss and comprehensive loss	\$ 37,163	\$ 33,597
Loss per share (basic and diluted)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	8,118,443	8,118,443

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

UNIVERSAL VENTURES INC.**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Common Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount \$			
		\$	\$	\$	\$
Balance, December 31, 2016	8,118,443	1,141,548	198,274	(1,499,567)	(159,745)
Comprehensive loss	—	—	—	(37,163)	(37,163)
Balance, March 31, 2017	8,118,443	1,141,548	198,274	(1,536,730)	(196,908)
Balance, December 31, 2015	8,118,443	1,141,548	198,274	(1,288,871)	50,951
Comprehensive loss	—	—	—	(33,597)	(33,597)
Balance, March 31, 2016	8,118,443	1,141,548	198,274	(1,322,468)	17,354

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

UNIVERSAL VENTURES INC.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

	Three months ended March 31, 2017	Three months ended March 31, 2016
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (37,163)	\$ (33,597)
Items not involving cash:		
Share-based payments	—	—
	(37,163)	(33,597)
Changes in non-cash working capital balances:		
Amounts receivable	(1,871)	1,066
Accounts payable and accrued liabilities	23,042	17,083
Reclamation bond	—	5,000
	(15,992)	(10,488)
INVESTING ACTIVITY		
Exploration and evaluation assets	—	—
	—	—
FINANCING ACTIVITIES		
Loan from related party	20,288	—
	20,288	—
INCREASE IN CASH DURING THE PERIOD	4,296	(10,488)
CASH, BEGINNING OF PERIOD	2,386	37,551
CASH, END OF PERIOD	\$ 6,682	\$ 27,103
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ —	\$ —
Income tax paid	\$ —	\$ —
Share issued for loan	\$ —	\$ —
Shares issued for exploration and evaluation assets	\$ —	\$ —

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

UNIVERSAL VENTURES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2017 AND 2016****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

1. NATURE AND CONTINUANCE OF OPERATIONS

Universal Ventures Inc. ("the Company") was incorporated pursuant to the British Columbia Business Corporations Act on December 21, 2010 as Magic Ventures Inc. The Company changed its name to Universal Ventures Inc. on January 4, 2011. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "UN". The address of the Company's corporate office and its principal place of business is 1500 – 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8.

The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

2. BASIS OF PREPARATION**a) Statement of compliance**

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended December 31, 2016.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on May 4, 2017.

b) Going concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. At March 31, 2017, the Company had an accumulated deficit of \$1,536,730 which have been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future, which indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

UNIVERSAL VENTURES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2017 AND 2016****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

2. BASIS OF PREPARATION (continued)**c) Functional currency**

The functional and presentation currency of the Company is the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Measurement basis**

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraph 3(k) and 3(l). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience, current and future economic conditions and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

- i. the assessment of indications of impairment of exploration and evaluation assets and related determination and write-down of the assets, where applicable;
- ii. the recognition of provisions for restoration, rehabilitation and environmental obligations; and
- iii. future income tax rates used in the calculation of deferred income taxes.

Critical accounting judgments

- i. the determination of whether it is likely that future economic benefits associated with the exploration and evaluation expenditures capitalized will flow to the Company, which may be based on assumptions about future events or circumstances; and
- ii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**c) Deferred finance costs**

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to profit or loss.

d) Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full be development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation costs as do not necessarily reflect present or future values.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

When mineral properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain in profit or loss.

Recorded costs of exploration and evaluation are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

The Company's entitlement to mineral exploration tax credits are accounted for on a cash basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**e) Impairment****(i) Financial assets**

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

Non-financial assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of the value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

As at March 31, 2017, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g) Government assistance**

B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property.

h) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date, using the Black-Scholes option pricing model, and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded in share capital and the related share based payment in contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

i) Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**k) Financial assets**

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2017, the Company has not classified any financial assets as held to maturity, loans and receivables or available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

l) Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and director's loan are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**n) New accounting standards****ADOPTION OF NEW PRONOUNCEMENTS**

New accounting standards adopted effective January 1, 2016

New standards, interpretations and amendments to existing standards which have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2016 were not applicable or are not consequential to the Company.

Accounting standards and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2017 fiscal year. These standards have been assessed to not have a significant impact on the Company's financial statements.

New accounting standards effective for annual periods on or after January 1, 2018:

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 16 Leases - IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRS 2 Shared-Based Payments - In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

UNIVERSAL VENTURES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2017 AND 2016****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

4. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts included in accounts payable and accrued liabilities are due to related parties:

	March 31, 2017	December 31, 2016
	\$	\$
Accounts payable and accrued liabilities	111,352	78,344
Directors loan	100,288	80,000

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions during the periods ended March 31, 2017 and 2016:

	2017	2016
	\$	\$
Professional fees	7,400	7,450
Rental Income	—	(4,343)

The acquisition costs and professional fees are paid to directors or companies they control. Rental income is received from a company with directors in common. The rental income has been offset against rental expense on the statements of comprehensive loss.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the CEO and a director of the Company. The remuneration of key management during the periods ended March 31, 2017 and 2016 is as follows:

	2017	2016
	\$	\$
Management fees	18,000	15,000
Share-based payments	—	—
Total	18,000	15,000

UNIVERSAL VENTURES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2017 AND 2016****EXPRESSED IN CANADIAN DOLLARS****UNAUDITED**

5. SHARE CAPITAL AND CONTRIBUTED SURPLUSAuthorized

The Company is authorized to issue 100,000,000 common shares without par value.

Issued and outstanding

As at March 31, 2017, the issued share capital comprised of 8,118,443 (2016: 8,118,443) common shares.

The Company did not issue any common shares during the periods ended March 31, 2016.

Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders on December 31, 2011 which complies with the rules and policies of the TSX Venture Exchange. Under the plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless otherwise specified by the Board of Directors.

A Summary of the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2016	300,000	\$0.33
Granted	—	\$ —
Exercised	—	\$ —
Expired	—	\$ —
Outstanding and exercisable, March 31, 2017	300,000	\$0.33

As at March 31, 2017, the Company had stock options outstanding to directors, officers and consultants as follows:

Stock options	Exercise Price	Expiry Date
300,000	\$0.33	September 21, 2017
300,000		

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6. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 2 (b)) in order to pursue the business activities. The Company does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2017, the Company had capital resources consisting of all components of shareholder's equity. 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. To maintain or adjust the capital structure, the Company will continue to rely on capital markets to support continued growth.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company's financial instruments include cash and accounts payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

As at March 31, 2017:

	Level 1	Level 2	Level 3	Total
Cash	\$ 6,682	—	—	\$ 6,682

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

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7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)*(ii) Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a major financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at March 31, 2017, the Company had cash of \$6,682 to settle accounts payable of \$111,765 which fall due for payment within twelve months of the balance sheet date.

Significant commitments in years subsequent to March 31, 2016 are as follows:

	<1 year	1 – 3 Years	Total
Accounts payable	\$ 111,765	–	\$ 111,765

(v) Commodity Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

8. SUBSEQUENT EVENTS

Subsequent to March 31, 2017, the Company executed an arm's length binding agreement dated April 21, 2017 with mCloud Corp. ("mCloud"), a private company incorporated pursuant to the laws of Delaware, pursuant to which the Company will consolidate its outstanding common shares on a 2:1 basis and then acquire all of the issued and outstanding shares of mCloud in exchange for 27,272,727 post-consolidation common shares of the Company (the "Transaction"). Prior to closing of the Transaction, mCloud is to complete the acquisition of all of the outstanding stock of Field Diagnostic Services, Inc. ("FDSI"), a Delaware corporation engaged in the business of providing enterprise HVAC software and services designed to optimize energy efficiency and reduce energy and maintenance costs. Immediately following the completion of the FDSI acquisition, the parties are to proceed with the Transaction on the basis that mCloud will have an enterprise value of \$12 million USD. mCloud is also to complete a private placement of shares of its common stock at a price of CDN\$0.55 to raise aggregate gross proceeds of up to CDN\$5,000,000, with such shares to be exchanged for post-consolidation common shares of the Company as part of the Transaction. Upon completion, the Transaction will constitute a reverse take-over of the Company by mCloud.