

AIM EXPLORATIONS LTD.

ANNUAL FINANCIAL STATEMENTS

March 31, 2015 and 2014

(Expressed in Canadian Dollars)

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charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of: Aim Explorations Ltd.

We have audited the accompanying financial statements of Aim Explorations Ltd., which comprise the statements of financial position as at March 31, 2015 and 2014, the statements of loss and comprehensive loss, the statements of changes in shareholders' equity and the statement of cash flows for the years ended March 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Aim Explorations Ltd. as at March 31, 2015 and 2014, and the results of its operations and cash flows for the years ended March 31, 2015 and 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"

CHARTERED ACCOUNTANTS

Vancouver, BC
July 29, 2015

AIM EXPLORATIONS LTD.
STATEMENTS OF FINANCIAL POSITION
 March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current		
Cash and cash equivalents	\$ 9,207	\$ 173,350
GST receivable	9,102	1,140
Prepaid expense	<u>-</u>	<u>3,900</u>
	<u>\$ 18,309</u>	<u>\$ 178,390</u>
<u>LIABILITIES</u>		
Current		
Accounts payable (Note 8)	\$ 54,706	\$ 17,213
Accrued liabilities	<u>6,500</u>	<u>6,500</u>
	<u>61,206</u>	<u>23,713</u>
<u>SHAREHOLDERS' (DEFICIENCY) EQUITY</u>		
Share capital (Note 4)	252,600	252,600
Reserves (Note 4)	23,500	23,500
Deficit	<u>(318,997)</u>	<u>(121,423)</u>
	<u>(42,897)</u>	<u>154,677</u>
	<u>\$ 18,309</u>	<u>\$ 178,390</u>

Nature and continuance of operations (Note 1)
 Commitments (Note 4)
 Subsequent events (Note 10)

APPROVED ON BEHALF OF THE BOARD:

“David Toyoda” Director
 David Toyoda

“Geoff Balderson” Director
 Geoff Balderson

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AIM EXPLORATIONS LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	<u>2015</u>	<u>2014</u>
Expense		
Bank charges	\$ 393	\$ 137
Filing fees	34,625	5,700
Professional fees (Note 8)	157,921	35,613
Shareholder communications	335	431
Transfer agent fees	<u>6,914</u>	<u>6,224</u>
Loss before other income	(200,188)	(48,105)
Other income		
Interest income	<u>2,614</u>	<u>404</u>
Net loss and comprehensive loss for the year	<u>\$ (197,574)</u>	<u>\$ (47,701)</u>
Basic and diluted loss per common share	<u>\$ (0.10)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding (Note 3)	<u>2,000,000</u>	<u>2,000,000</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AIM EXPLORATIONS LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	Number of <u>Shares</u>	Capital <u>Stock</u>	<u>Reserves</u>	<u>Deficit</u>	Total Shareholders' <u>Equity</u>
Balance, March 31, 2013	4,100,000	\$ 252,600	\$ 23,500	\$ (73,722)	\$ 202,378
Comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,701)</u>	<u>(47,701)</u>
Balance, March 31, 2014	4,100,000	252,600	23,500	(121,423)	154,677
Comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197,574)</u>	<u>(197,574)</u>
Balance, March 31, 2015	<u>4,100,000</u>	<u>\$ 252,600</u>	<u>\$ 23,500</u>	<u>\$ (318,997)</u>	<u>\$ (42,897)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AIM EXPLORATIONS LTD.
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (197,574)	\$ (47,701)
Changes in non-cash working capital:		
Amounts receivable	(7,962)	597
Prepaid expense	3,900	-
Accounts payable and accrued liabilities	<u>37,493</u>	<u>12,251</u>
Cash used in operating activities	<u>(164,143)</u>	<u>(34,853)</u>
Decrease in cash during the year	(164,143)	(34,853)
Cash and cash equivalents, beginning of year	<u>173,350</u>	<u>208,203</u>
Cash and cash equivalents, end of year	<u>\$ 9,207</u>	<u>\$ 173,350</u>
Cash and cash equivalents consist of the following:		
Cash	\$ 207	\$ 23,350
Guaranteed Investment Certificate	<u>9,000</u>	<u>150,000</u>
	<u>\$ 9,207</u>	<u>\$ 173,350</u>
 Supplemental Disclosure of Cash Flow Information:		
Cash received (paid) during the period:		
Interest	<u>\$ 2,614</u>	<u>\$ 133</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

There were no non-cash transactions affecting cash flows for the years ended March 31, 2015 and March 31, 2014.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AIM EXPLORATIONS LTD.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2015
(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Aim Explorations Ltd. (the "Company") completed its Initial Public Offering ("IPO") and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on April 18, 2011. The Company received TSX-V approval for listing on September 27, 2012 and commenced trading on September 28, 2012 under the trade symbol "AXN.P".

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate a Qualifying Transaction (Note 10) within 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval. The Company did not complete a Qualifying Transaction and trading in its shares has been suspended by the TSX-V. On May 7, 2015, the Company transferred over to the NEX and commenced trading on May 12, 2015 under the trade symbol "AXN.H".

The Company's head office and registered and records office address is Suite 311 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. These financial statements are authorized for issue by the Board of Directors on July 29, 2014.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. Basis of Preparation

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standard ("IFRS") as issued by International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors 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 may differ from these estimates.

2. Basis of Preparation – (cont'd)

The 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 if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. Significant Accounting Policies

Cash and cash equivalents

The Company considers cash and cash equivalents to include cash on deposit, cash held in trust, highly liquid short term interest bearing variable rate Guaranteed Investment Certificates. As at March 31, 2015, the Company had \$207 (2014: \$23,350) in cash and \$9,000 (2014: \$150,000) in Guaranteed Investment Certificates.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

Share based payments

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock based on its fair value over the period of vesting. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Income taxes

Deferred income tax is provided on all temporary differences at the Statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Significant Accounting Policies - (cont'd)

Income taxes (cont'd)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax

Assets and unused tax losses can be utilized, except

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of financial position date.

Loss per share

Loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares includes additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilute. As at March 31, 2015, 2,100,000 common shares (2014: 2,100,000 common shares) outstanding have been excluded from the weighted average number of shares because they are contingently returnable.

3. Significant Accounting Policies – (cont'd)

Financial instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has classified cash and cash equivalents as fair value through profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting periods, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has not designated any financial assets as loans and receivables.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets 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 instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

3. Significant Accounting Policies – (cont'd)

Financial instruments (cont'd)

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consists of accounts payable and accrued liabilities on the statement of financial position.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in the income statement.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Use of estimates and judgments

Estimates

Critical accounting estimates are estimates and assumptions used by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

- the inputs in accounting for share-based payment transactions in the statement of loss and comprehensive loss (using the Black-Scholes model) including volatility, probable life of options granted, time of exercise of the options and forfeiture rate (note 4);

3. Significant Accounting Policies – (cont'd)

Use of estimates and judgments – (cont'd)

Estimates – (cont'd)

- the assessment of the Company's ability to execute its strategy by funding future working capital requirements; and

Judgments

- Going concern assessment has been made (see Note 1).

New accounting pronouncements

Standards, Amendments and Interpretations Not Yet Effective

The following new standards and interpretations are not yet effective and have not been applied in preparing these condensed interim financial statements. The Company is currently evaluating the potential impacts of these new standards; however, the Company does not expect them to have a significant effect on its financial statements.

- IFRS 9, *Financial Instruments* (tentatively effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

4. Capital Stock

Authorized:

Unlimited common shares with no par value

Issuances:

There were no stocks issued during the year ended March 31, 2015 and 2014.

4. Capital Stock – (cont'd)

Stock Options:

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

There were no stock options granted during the years ended March 31, 2015 and 2014.

Details of stock options activity for the years ended March 31, 2015 and 2014 are as follows:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Contractual Life Remaining</u>
Outstanding, March 31, 2013, 2014 and 2015	<u>400,000</u>	<u>\$0.10</u>	
Exercisable, March 31, 2014	<u>400,000</u>	<u>\$0.10</u>	3.0 years
Exercisable, March 31, 2015	<u>400,000</u>	<u>\$0.10</u>	2.0 years

As at March 31, 2015, the Company has outstanding stock options as follow:

<u>Number of options</u>	<u>Exercise price</u>	<u>Expiry Date</u>
<u>400,000</u>	\$0.10	March 31, 2017

4. Capital Stock – (cont'd)

Agent's Warrants

Details of agent's warrants activity for the years ended March 31, 2015 and 2014 are as follows:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Contractual Life Remaining</u>
Outstanding, March 31, 2013 and 2014 expired	200,000 <u>(200,000)</u>	\$0.10 <u>0.10</u>	0.49 years
Outstanding, March 31, 2015	<u>-</u>	<u>\$0.10</u>	

On September 27, 2014, 200,000 agent's warrants expired unexercised.

Escrow

As at March 31, 2015, 2,100,000 (2014: 2,100,000) common shares were held in escrow. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. As all of these shares are considered contingently issuable until the Company completes the qualifying transaction, they are not considered to be outstanding shares for the purposes of loss per share calculations. On April 30, 2015, the Company announced that it did not complete its Qualifying Transaction within the prescribed time frame and therefore 1,000,000 common shares held in escrow have been cancelled.

Reserve:

The Company's equity reserve is entirely comprised of share based payments.

5. Financial Instruments

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5. Financial Instruments – (cont'd)

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Fair value

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The recorded value of the amounts receivable, accounts payable and accrued liabilities approximate their fair values due to their demand nature and their short term to maturity.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

5. Financial Instruments – (cont'd)

Financial risk factors – (cont'd)

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2015 and 2014, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

6. Capital Management

Capital is comprised of the Company's shareholders' equity. As at March 31, 2015, the Company had a shareholders' deficiency of \$42,897 and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

7. Income Taxes

The difference between tax expense for the years and the expected income taxes on the statutory rates arises as follows:

	For the year ended March 31, 2015	For the year ended March 31, 2014
Loss before income taxes	\$ (197,574)	\$ (47,701)
Statutory income tax rates	<u>26%</u>	<u>26%</u>
Computed income tax recovery	\$ (51,400)	\$ (12,400)
Net effect of deductible and non-deductible expenses	(2,500)	(1,000)
Changes in unrecognized deferred tax assets	<u>53,900</u>	<u>13,400</u>
Total current and deferred income tax recovery	<u>\$ -</u>	<u>\$ -</u>

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered:

	March 31, 2015	March 31, 2014
Deferred income tax asset		
Non-capital loss available for future periods	\$ 86,000	\$ 32,000
Financing costs	<u>4,000</u>	<u>7,000</u>
Deferred income tax asset	<u>\$ 90,000</u>	<u>\$ 39,000</u>

The Company has not recognized its deferred income tax assets based on the extent to which it is probable that future taxable profit will be available against which the deferred asset can be utilized.

The Company has non-capital losses of approximately \$329,000, which may be carried forward to reduce taxable income in future years. The non-capital losses expire as follows:

2032	\$ 8,000
2033	57,000
2034	57,000
2035	<u>207,000</u>
	<u>\$ 329,000</u>

8. Related Party Transaction

During the year ended March 31, 2015, the Company incurred legal costs of \$64,888 (2014: \$24,413) with a law firm in which a director of the Company is an associate counsel. These amounts were recorded at the exchange amount which is the amount agreed to by the transacting parties. Included in accounts payable as at March 31, 2015 is \$18,185 (2014: \$nil) due to the aforementioned law firm.

Key management compensation

The Company considers its Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) to be key management. There were no charges from the CEO and CFO during the year ended March 31, 2015 and 2014.

10. Subsequent Events

On July 2, 2014 and amended on November 28, 2014, the Company signed an arrangement agreement with Heart Force Medical Inc. (“HFM”) pursuant to which the Company will acquire all of the issued and outstanding securities of HFM in exchange for share of the Company. The proposed transaction will constitute the Company’s qualifying transaction and an application has been filed with the TSX Venture. Under the terms of the Arrangement Agreement, it is condition to closing the Proposed Transaction that the Company consolidate all of its issued and outstanding shares on the basis of two (2) old common shares of the Company for one (1) new common share of the Company. Pursuant to the agreement, at the closing of the proposed transaction, HFM shares will be exchanged for common shares of the Company on a one-for-one basis and HFM notes will be exchanged for the Company’s shares on the basis of one share for each \$0.10 of outstanding debt. As a result, HFM will become a wholly-owned subsidiary of the Company.

On October 15, 2014, HFM has obtained shareholder approval and court approval on this proposed transaction with the Company. Closing of this transaction is subject to the completion of a minimum private placement of \$2 million and final TSX Venture approval.

On April 30, 2015, the Company terminated its qualifying transaction with HFM and pursuant to TSX Venture policies for non completion of a qualifying transaction within the prescribed time frame and therefore 1,000,000 common shares held in escrow have been cancelled.