

AIM EXPLORATIONS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended December 31, 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL
STATEMENTS**

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management.

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

AIM EXPLORATIONS LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	December 31, <u>2016</u>	March 31, <u>2016</u>
<u>ASSETS</u>		
Current		
Cash	\$ 370	\$ 2,829
GST receivable	<u>814</u>	<u>209</u>
	<u>\$ 1,184</u>	<u>\$ 3,038</u>
<u>LIABILITIES</u>		
Current		
Accounts payable (Note 7)	\$ 83,091	\$ 67,214
Accrued liabilities	<u>1,500</u>	<u>6,500</u>
	<u>84,591</u>	<u>73,714</u>
<u>SHAREHOLDERS' DEFICIT</u>		
Share capital (Note 4)	190,990	190,990
Reserves	85,110	85,110
Deficit	<u>(359,507)</u>	<u>(346,776)</u>
	<u>(83,407)</u>	<u>(70,676)</u>
	<u>\$ 1,184</u>	<u>\$ 3,038</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AIM EXPLORATIONS LTD.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended December 31,		Nine months ended December 31,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Administrative expenses				
Accounting and audit fees	\$ 1,500	\$ 1,300	\$ 4,100	\$ 3,400
Bank charges	25	27	113	120
Filing and listing fees	1,250	-	5,000	5,200
Legal fees (Note 7)	-	-	747	8,399
Transfer agent fees	<u>811</u>	<u>607</u>	<u>2,771</u>	<u>2,956</u>
Loss before other items	(3,586)	(1,934)	(12,731)	(20,075)
Other item:				
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>
Net loss and comprehensive loss for the period	<u>\$ (3,586)</u>	<u>\$ (1,934)</u>	<u>\$ (12,731)</u>	<u>\$ (19,968)</u>
Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding (Note 4)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AIM EXPLORATIONS LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
For the nine months ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	<u>Number of Shares</u>	<u>Capital Stock</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total Shareholders' Equity</u>
Balance, March 31, 2015	4,100,000	\$ 252,600	\$ 23,500	\$ (318,997)	\$ (42,897)
Cancellation of common shares	(1,000,000)	(61,610)	61,610	-	-
Comprehensive loss for the period	_____ -	_____ -	_____ -	_____(19,968)	_____(19,968)
Balance, December 31, 2015	3,100,000	190,990	85,110	(338,965)	(62,865)
Comprehensive loss for the period	_____ -	_____ -	_____ -	_____(7,811)	_____(7,811)
Balance, March 31, 2016	3,100,000	190,990	85,110	(346,776)	(70,676)
Comprehensive loss for the period	_____ -	_____ -	_____ -	_____(12,731)	_____(12,731)
Balance, December 31, 2016	<u>3,100,000</u>	<u>\$ 190,990</u>	<u>\$ 85,110</u>	<u>\$ (359,507)</u>	<u>\$ (83,407)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AIM EXPLORATIONS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
for the nine months ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Nine months ended December 31,	
	<u>2016</u>	<u>2015</u>
Operating Activities		
Net loss for the period	\$ (12,731)	\$ (19,968)
Changes in non-cash working capital items related to operations:		
GST receivables	(605)	8,582
Accounts payable and accrued liabilities	<u>10,877</u>	<u>5,529</u>
Cash used in operating activities	<u>(2,459)</u>	<u>(5,857)</u>
Decrease in cash during the period	(2,459)	(5,857)
Cash, beginning of period	<u>2,829</u>	<u>9,207</u>
Cash, end of the period	<u>\$ 370</u>	<u>\$ 3,350</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

There were no non-cash transactions affecting cash flows for the nine months ended December 31, 2016 and 2015.

AIM EXPLORATIONS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
December 31, 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

1. Nature and continuance of operations

Aim Explorations Ltd. (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 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's head office and principal place of business is Suite 1000 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. 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 received TSX-V approval for listing on September 27, 2012 and commenced trading on September 28, 2012 under the trade symbol "AXN.P". On May 7, 2015, the Company transferred over to the NEX and commenced trading on May 12, 2015 under the trade symbol "AXN.H".

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 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.

The Company will continue to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction as defined by the TSX.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business with 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

1. Nature and continuance of operations – (cont'd)

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2016, the Company had not achieved profitable operations, had an accumulated deficit of \$359,507 (March 31, 2016: \$346,776) since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of Preparation

These condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 – Interim Financial Reporting. The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are authorized for issue by the Board of Directors on February 21, 2017.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

Estimate

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

Judgment

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

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at March 31, 2016. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2016.

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 nine month period ended December 31, 2016 and during the year ended March 31, 2016.

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 nine month period ended December 31, 2016 and during the year ended March 31, 2016.

4. Capital Stock – (cont'd)

Stock Options: – (cont'd)

Details of stock options activity for the nine month period ended December 31, 2016 and for the year ended March 31, 2016 are as follows:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Contractual Life Remaining</u>
Outstanding, March 31, 2015, 2016 and Dec. 31, 2016	<u>400,000</u>	<u>\$0.10</u>	
Exercisable, March 31, 2016	<u>400,000</u>	<u>\$0.10</u>	1.0 years
Exercisable, December 31, 2016	<u>400,000</u>	<u>\$0.10</u>	0.25 years

As at December 31, 2016, the Company has outstanding stock options as follows:

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

Escrow

As at December 31, 2016, 1,100,000 (March 31, 2016: 1,100,000) 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 May 7, 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.

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 is 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

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. The Company's growth strategy requires additional cash that the Company expects to raise from the issuance of equity. As at December 31, 2016, the Company was holding cash of \$370 (March 31, 2016 - \$2,829). The Company does not have sufficient cash to meet its obligations for the next 12 months. The Company plans to undertake further share capital or debt financings but there can be no guarantee that management's efforts to raise additional funds will be successful.

6. Capital Management

Capital is comprised of the Company's shareholders' equity. As at December 31, 2016, the Company had a shareholders' deficiency of \$83,407 (March 31, 2016: \$70,676) 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. Related Party Transactions

During the nine month period ended December 31, 2016, the Company incurred legal expenses of \$747 (December 31, 2015: \$8,399) 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 December 31, 2016 is \$27,081 (March 31, 2016: \$26,801) due to the aforementioned law firm.

Included in accounts payable as at December 31, 2016 is \$12,956 (March 31, 2016: \$Nil) due to the CEO for settlements of accounts payable on behalf of the Company.

Key management compensation

The Company considers its Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and directors of the Company to be key management. There were no charges from the CEO, CFO and its directors during the nine month period ended December 31, 2016 and 2015.

8. Subsequent Events

On January 18, 2017, the Company announced that it intends to consolidate its common shares on a two old for one new share basis. The Board of Directors of the Company has passed a resolution approving the consolidation. An application to the NEX Board of the TSX Venture Exchange for acceptance of the consolidation will be made forthwith. The Company will not be changing its name in conjunction with the consolidation.

Upon completion of the share consolidation, the Company will conduct, subject to NEX acceptance, a private placement of up to 10,000,000 post-consolidated units at \$0.06 per unit for total gross proceeds of up to \$600,000. Each unit will consist of one post-consolidated common share and one transferable share purchase warrant, each warrant exercisable into one post-consolidated common share at a price of \$0.15 per share for one year from closing.