

ZORRO CAPITAL INC.
(A Capital Pool Corporation)

Condensed Interim Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)

For the nine month periods ended May 31, 2015 and 2014

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 interim financial statements of the Company 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ZORRO CAPITAL INC.
(A Capital Pool Corporation)
Condensed Interim Statement of Financial Position
(Expressed in Canadian dollars – unaudited)

		May 31	August 31
		2015	2014
		\$	\$
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents	3	283,389	296,274
GST receivable		821	-
Total assets		<u>284,210</u>	<u>296,274</u>
LIABILITIES			
Current liabilities			
Accounts payable		1,799	1,416
Accrued liabilities		17,000	6,000
Total liabilities		<u>18,799</u>	<u>7,416</u>
SHAREHOLDERS' EQUITY			
Share capital	4	327,998	327,998
Share-based payment reserve	4	57,400	57,400
Deficit		(119,986)	(96,539)
Total shareholders' equity		<u>265,411</u>	<u>288,859</u>
Total liabilities and equity		<u>284,210</u>	<u>296,275</u>
Nature and continuance of operations	1		
Initial public offering	4		
Events after the reporting period	10		

APPROVED BY THE DIRECTORS:

Signed: "**Edward Ford**"

Director

Signed: "**Martin Schultz**"

Director

The accompanying notes form an integral part of these financial statements

ZORRO CAPITAL INC.
(A Capital Pool Corporation)
Condensed Interim Statement of Comprehensive Loss
(Expressed in Canadian dollars – unaudited)

	Three months ended May 31		Nine months ended May 31	
	2015	2014	2015	2014
	\$	\$	\$	\$
Expenses				
General and administration	2,480	806	4,911	4,408
Filing fees	500	5,200	5,700	5,200
Professional fees	3,535	1,500	16,980	4,702
Share-based compensation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before other items	(6,515)	(7,506)	(27,591)	(14,310)
Interest income	3,312	988	4,115	2,688
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net loss and comprehensive loss for the period	<u>(3,203)</u>	<u>(6,518)</u>	<u>(23,447)</u>	<u>(11,622)</u>
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
<hr/>				
Weighted average number of common shares outstanding	<u>5,550,000</u>	<u>5,550,000</u>	<u>5,550,000</u>	<u>5,550,000</u>

The accompanying notes form an integral part of these financial statements

ZORRO CAPITAL INC.
(A Capital Pool Corporation)
Condensed Interim Statement of changes in Shareholders' Equity
(Expressed in Canadian dollars – unaudited)
For the nine months ended May 31

Notes	<u>Number of shares</u>	<u>Share capital</u>	<u>Share-based payment reserve</u>	<u>Deficit</u>	<u>Total</u>
Balance at August 31, 2013	5,550,000	\$ 327,998	\$ 57,400	\$ (72,197)	\$ 313,201
Loss for the period				(11,622)	(11,622)
Balance at May 31, 2014	<u>5,550,000</u>	<u>\$ 327,998</u>	<u>\$ 57,400</u>	<u>\$ (83,819)</u>	<u>\$ 301,579</u>
Balance at August 31, 2014	5,550,000	\$ 327,998	\$ 57,400	\$ (96,539)	\$ 288,859
Loss for the period	-			(23,447)	(23,447)
Balance at May 31, 2015	<u>5,550,000</u>	<u>\$ 327,998</u>	<u>\$ 57,400</u>	<u>\$ (119,986)</u>	<u>\$ 265,411</u>

The accompanying notes form an integral part of these financial statements

ZORRO CAPITAL INC.
(A Capital Pool Corporation)
Condensed Interim Statement of cash flow
(Expressed in Canadian dollars – unaudited)

	Three months ended May 31		Nine months ended May 31	
	2015	2014	2015	2014
	\$	\$	\$	\$
Cash (used in) / provided by:				
OPERATING ACTIVITIES				
Net loss for the period	(3,202)	(6,518)	(23,446)	(11,622)
Items not affecting cash:				
Share-based compensation	-	-	-	-
Changes in non-cash working capital items:				
Accounts receivables	(124)	2,300	(821)	600
Accounts payable and accrued liabilities	(1,000)	425	11,382	(4,230)
Net cash used in operating activities	<u>(4,326)</u>	<u>(3,793)</u>	<u>(12,855)</u>	<u>(15,253)</u>
FINANCING ACTIVITIES				
Proceeds on issuance of common shares	-	-	-	-
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash during the period	(4,326)	(3,793)	(12,855)	(15,253)
Cash and cash equivalents, beginning of period	<u>287,715</u>	<u>300,073</u>	<u>296,274</u>	<u>311,527</u>
Cash and cash equivalents, end of period	<u>283,389</u>	<u>296,274</u>	<u>283,389</u>	<u>296,274</u>
Cash paid for:				
Interest	-	-	-	-
Income taxes	-	-	-	-
Significant non-cash transactions		8		
Cash and cash equivalent				
Cash - Bank balance	8,389	21,274	8,389	21,274
Cash equivalent - Term deposit	275,000	275,000	275,000	275,000
	<u>283,389</u>	<u>296,274</u>	<u>283,389</u>	<u>296,274</u>

The accompanying notes form an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Zorro Capital Inc. (the "Company") was incorporated under the *Business Corporations Act* (Alberta) on June 18, 2012 and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSXV") Policy 2.4. The shares of the Company commenced trading under the symbol "ZOR". The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business, subject to receipt of shareholder approval and acceptance by regulatory authorities, which will meet the definition of a "Qualifying Transaction" ("QT") as defined in Policy 2.4 of the TSXV. The Company has up to twenty-four months from the date the Company's shares were listed on TSXV to completing the QT, at which time the TSXV may suspend or de-list the Company's shares from trading. Effective February 27, 2015, the TSXV suspended the Company's shares from trading; and effective May 8, 2015, the TSXV granted an extension until November 27, 2015 for completion of the Company's QT.

The head office of the Company is located at Suite 208 – 828 Harbourside Drive, North Vancouver, British Columbia V7P 3R9 and the registered office is located at Suite 1600, 333 – 7th Avenue SW, Calgary, Alberta T2P 2Z1.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes 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 Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses which qualifies as QT. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired and accordingly, the Company may be unable to realize on the carrying value of its net assets. These conditions represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed interim 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 3 of the audited financial statements of the Company for the year ended to August 31, 2014. The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the year ended August 31, 2014. The accounting policies applied in these unaudited condensed interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of July 20, 2015; the date the Board of Directors approved these unaudited condensed interim financial statements.

Basis of Presentation

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as financial instruments at fair value through profit or loss, which are measured at their fair value. The unaudited condensed interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company. All amounts are rounded to the nearest dollar.

Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associates assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Use of estimates and judgments (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which 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.

Estimates

Significant areas of estimation uncertainty considered by management in preparing the financial statements includes the inputs used in accounting for share-based payments in the statement of loss and comprehensive loss and the statement of changes in shareholders' equity (using the Black-Scholes model) including volatility, probable life of options granted, time of exercise of the options and forfeiture rate.

Judgment:

Significant areas requiring management judgment include the following:

- The assessment of the probability of future taxable income in which deferred tax assets can be used, based on the Company's estimates of future profits or losses, adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss.
- The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 1.

Future changes in accounting policies

The Company has not early adopted the following new standards, amendments to standards and interpretations and is currently assessing the impact that these standards will have on its future financial statements.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact. Unless otherwise indicated, the Company intends to adopt new standards as of the mandatory effective dates.

- IFRS 9: New standard that replaces IAS 39 for classification and measurement of financial instruments, effective for annual periods beginning on or after January 1, 2018
- IAS 24 Related Party disclosures – amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This standard is effective for annual periods beginning on or after July 1, 2015.

Comparative figures

Certain comparative figures have been reclassified to conform with the current financial statement presentation.

3. CASH RESTRICTION

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the TSXV policy 2.4.

4. SHAREHOLDERS' EQUITY

a. Authorized: unlimited common shares without par value, unlimited preferred shares without par value

b. Issued and Outstanding: Refer to Interim Statement of Changes in Shareholders' Equity

c. Initial Public Offering

Pursuant to a letter agreement dated as of August 31, 2012 and accepted on September 4, 2012 (the "Letter Agreement") with PI Financial Corp. (the "Agent"), on November 26, 2012 the Company filed a prospectus for an initial public offering ("IPO" or the "Offering"), pursuant to the policies of TSXV governing CPCs, in British Columbia and Alberta to sell 3,000,000 common shares at \$0.10 per common share for gross proceeds of \$300,000.

Effective November 26, 2012 the Company entered into an Agency Agreement with the Agent, whereby the Agent would receive a commission of 10% of the gross proceeds of the Offering, a corporate finance fee of \$10,000 and be entitled to a reimbursement of its expenses, including the Agent's legal fees. Upon closing of the Offering the Agent was also granted a non-transferable option ("Agent's Options") to purchase 300,000 common shares at an exercise price of \$0.10 per common share, exercisable for a period of 24 months from the date of listing of the common shares on TSXV. During the period, the Agent's Options expired.

Effective February 25, 2013 the Offering was closed and the Company's shares became listed on the TSXV under the symbol "ZOR.P". Gross proceeds to the Company were \$300,000 and total share issue costs of \$99,502 was incurred. Of this amount, \$13,000 was costs associated with the fair value under the Black-Scholes option pricing model (BSM) of the Agent's Options, discussed in the Agent's Options section of this note.

Concurrent with the closing of the Company's IPO, the Company granted 525,000 stock options (the "Incentive Stock Options"), with an exercise price of \$0.10 per common share, exercisable for a period of 10 years.

d. Escrowed Securities

Upon closing of the prospectus offering disclosed in Note 4.c, a total of 2,550,000 shares became subject to a CPC Escrow Agreement. These common shares will be held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of notice of final acceptance of a Qualifying Transaction by the TSXV and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If the Company does not receive final acceptance of a Qualifying Transaction and is delisted, the shares may be cancelled and proceeds returned to the shareholders.

e. Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated August 31, 2012 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of

Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

ZORRO CAPITAL INC.
(A Capital Pool Corporation)
Notes to the condensed interim financial statements
(Expressed in Canadian dollars – unaudited)
May 31, 2015

4. CAPITAL STOCK – (cont'd)

e. Stock Options (continued)

The Company has granted officers and directors share purchase options. These options are granted in accordance with the policies of the regulatory authorities and the Company's Stock Option Plan.

	Options	Weighted Average Exercise Price
Outstanding as of August 31, 2013	-	\$ -
Granted	525,000	0.10
Expired / Exercised / Cancelled	-	-
Outstanding as of Aug 31, 2014 and May 31 2015,	525,000	\$0.10

As at May 31, 2015, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price	Weighted Average remaining contractual life (years)	Expiry Date
525,000	\$0.10	8.0	February 25, 2023
525,000	\$0.10	8.0	

f. Agent's Options

In conjunction with the Company's Initial Public Offering (see Note 7), the Company issued Agent's Options to purchase 300,000 common shares at an exercise price of \$0.10 per common share, exercisable for a period of 24 months from the date of listing of the common shares on TSXV to the agent. Consistent with TSXV Policy 2.4, no more than 50% of the aggregate number of shares which can be acquired by the Agent on exercise of the entire options may be sold by the Agent before the completion of a Qualifying Transaction.

	Options	Weighted Average Exercise Price
Outstanding as of August 31, 2012	-	\$ -
Issued with IPO	300,000	0.10
Expired / Exercised / Cancelled	-	-
Outstanding as of August 31, 2014	300,000	\$0.10
Expired	(300,000)	-
Outstanding as of May 31, 2015	-	-

5. RELATED PARTY TRANSACTIONS

None.

6. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity, cash and cash equivalents, and accounts receivable as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. Cash consists of cash held in trust, at a major Canadian chartered bank and is insured by the Canadian Deposit Insurance Corporation (CDIC). The Company is not subject to any capital requirements imposed by a regulator other than the cash restriction disclosed in note 3.

7. FINANCIAL INSTRUMENTS

As at May 31, 2015, the Company's financial instruments consists of cash and cash equivalents and accounts payable and accrued liabilities.

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash and cash equivalents are carried at level 1 fair value measurement. The carrying value of accounts payable and accrued liabilities approximates their fair value due to the current nature of those financial instruments.

a. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have any financial instruments with any credit risks.

b. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

7. FINANCIAL INSTRUMENTS – (cont'd)

d. Foreign Currency Exchange Risk

The Company currently has no significant operations denominated in foreign currencies. Management believes there is no significant foreign currency exchange rate risk.

8. NON-CASH TRANSACTIONS

The Company has no recorded non-cash Investing and Financing Activities during the period.

9. TSXV Listing

Effective February 27, 2015 the TSXV suspended the Company's shares from trading. Pursuant to an application by the Company, effective May 8, 2015 the TSXV granted an extension until November 27, 2015 for completion of the Company's QT. The conditions of the extension require Zorro to either (i) complete its Qualifying Transaction by November 27, 2015, or (ii), pursuant to the approval of the shareholders granted at an annual and special meeting held May 14, 2015 (a) the transfer of the listing of its Common Shares to the NEX trading board of the TSXV (the "NEX") and (b) the related cancellation of up to 1,275,000 Common Shares held by current and former directors and officers of the Company.

The NEX is a distinct trading board of the TSXV designed for listed issuers which were previously listed on the TSXV that have been unable to meet the ongoing financial listing standards of the TSXV. The NEX provides a trading forum for publicly listed shell companies while they seek and undertake transactions, which are intended to result in the companies carrying on active businesses. A CPC that transfers to the NEX must continue to comply with all of the requirements and restrictions of TSXV Policy 2.4 - Capital Pool Companies.

In addition, at the annual and special meeting held May 14, 2015 Zorro's shareholders authorized the Company's directors, at their sole discretion if they so elect, to voluntarily dissolve the Company pursuant to Section 212 of the Business Corporations Act (Alberta), and to distribute all property and discharge all liabilities of the Company.

10. EVENTS AFTER THE REPORTING PERIOD

None to report.