

Mira VII Acquisition Corp.

(a capital pool corporation)

Interim Condensed Financial Statements

For the three and six month periods ended June 30, 2016 and 2015

(Unaudited)

The accompanying unaudited Interim Condensed Financial statements
for the interim period ended June 30, 2016
have not been reviewed by the Company's auditors.
These financial statements are the responsibility of the management
and have been reviewed and approved by the Company's Audit Committee.

Mira VII Acquisition Corp.
(a capital pool corporation)
Interim Condensed Statements of Financial Position
(Unaudited, expressed in CAD)

		June 30, 2016	December 31, 2015
Assets			
Current			
Cash (Note 3)	\$	238,948	\$ 382,893
Prepaid expenses		2,938	-
	\$	241,886	\$ 382,893
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities	\$	95,045	\$ 31,284
Due to directors and officers (Note 5)		28,588	20,462
		123,633	51,746
Shareholders' Equity			
Capital stock (Note 6)		657,708	657,708
Contributed surplus (Note 6)		125,500	125,500
Deficit		(664,955)	(452,061)
		118,253	331,147
	\$	241,886	\$ 382,893

See accompanying notes

Approved by the Board of Directors:

"Ronald Schmeichel", DIRECTOR

"Kevin Taylor", DIRECTOR

Mira VII Acquisition Corp.
(a capital pool corporation)
Interim Condensed Statements of Loss and Comprehensive Loss
(Unaudited, expressed in CAD)

	For the three month period ended June 30, 2016		For the three month period ended June 30, 2015		For the six month period ended June 30, 2016		For the Period from Incorporation March 23, 2015 to June 30, 2015
Expenses							
Expenses relating to identification of qualifying transaction	\$	38,120	\$	48,860	\$	171,137	\$ 48,860
Stock based compensation (Note 7 (b))		-		112,500		-	112,500
Interest income		(25)		(82)		(56)	(82)
Professional fees		5,311		10,792		10,171	10,792
Office and administrative		7,983		27,053		31,642	40,343
		51,389	\$	199,123		212,894	\$ 212,413
Net loss and comprehensive loss for the period	\$	51,389		199,123	\$	212,894	212,413
Net loss per common share:							
Basic and fully diluted (Note 8)	\$	0.021	\$	-	\$	0.085	\$ -
Weighted average number of common shares outstanding:							
Basic and fully diluted (Note 8)		2,500,000		1,863,014		2,500,000	931,507

* For the period presented escrowed shares are not included in calculation of weighted average number of common shares outstanding

See accompanying notes

Mira VII Acquisition Corp.
(a capital pool corporation)
Interim Condensed Statements of Changes in Equity
(Unaudited, expressed in CAD)

		For the six month period ended June 30, 2016		For the Period from Incorporation March 23, 2015 to June 30, 2015
Capital stock				
Balance at beginning of period	\$	657,708	\$	
Shares issued for cash – founders' shares (Note 6)		-		500,000
Shares issued for cash – Initial public offering (Note 6)		-		250,000
Share issuance costs		-		(79,292)
Agent's stock options		-		(13,000)
Balance at end of period	\$	657,708	\$	657,708
Contributed Surplus				
Balance at beginning of period		125,500		-
Stock-based compensation		-		112,500
Agent's stock options		-		13,000
Balance at end of period		125,500		125,500
Deficit				
Balance at beginning of period	\$	(452,061)	\$	-
Net loss for the period		(212,894)		(212,413)
Balance at end of period	\$	(664,955)	\$	(212,413)
Total Shareholders' Equity				
Balance at beginning of period	\$	331,147	\$	-
Shares issued for cash – founders' shares (Note 6)		-		500,000
Shares issued for cash – Initial public offering (Note 6)		-		250,000
Share issuance costs		-		(79,292)
Stock-based compensation		-		112,500
Net loss for the period		(212,894)		(212,413)
Balance at end of period	\$	118,253	\$	570,795

*See accompanying notes

Mira VII Acquisition Corp.
(a capital pool corporation)
Interim Condensed Statements of Cash Flows
(Unaudited, expressed in CAD)

	For the six month period ended June 30, 2016	For the Period from Incorporation March 23, 2015 to June 30, 2015
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (212,894)	\$ (212,413)
Item not affecting cash:		
Stock based compensation		112,500
Net changes in non-cash working capital:		
Prepaid expenses	(2,938)	-
Accounts payable and accrued liabilities	63,761	24,543
Due to directors and officers	8,126	29,757
	\$ (143,945)	\$ (45,613)
Financing activities:		
Net proceeds on issuance of common stock	-	670,708
Net change in cash during the period	\$ (143,945)	\$ 625,095
Cash, beginning of period	\$ 382,893	\$ -
Cash, end of period	\$ 238,948	\$ 625,095

*See accompanying notes

1. NATURE OF OPERATIONS

Mira VII Acquisition Corp. (the "Company" or "Mira VII")) was incorporated under the Ontario Business Corporations Act on March 23, 2015 and is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange") Corporate Finance Manual. The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading. The Company has 24 months to complete its Qualifying Transaction once it is listed on the Exchange. The Company was listed on the Exchange on April 23, 2015.

The head office, principal address and records office of the Company are located at 5 Hazelton Avenue, Suite 300, Toronto, Ontario, M5R 2E1.

On August 29, 2016, the Board of Directors approved the interim financial statements for the period ended June 30, 2016.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited interim condensed financial statements were prepared using the same accounting policies and methods as those used in the Company's audited financial statements for the period from date of incorporation (February 2, 2015) to December 31, 2015. These interim financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted.

Basis of Preparation

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'ed)

Significant Accounting Judgments, Estimates and Assumptions

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. The estimates and associated assumptions are based on anticipations 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.

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.

Significant items subject to such estimates and assumptions include the valuation of stock options and the recognition of deferred income tax assets and liabilities. Management believes that the estimates used in preparing its financial statements are reasonable and prudent.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

(a) IAS 1 – Presentation of Financial Statements (“IAS 1”)

IAS 1 was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations to apply. The amendment are effective for annual periods beginning on or after January 1, 2016.

(b) IFRS 9 – Financial Instruments (“IFRS 9”)

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

The Company is currently evaluating the impact of the above standards on its financial performance and financial statement disclosures but expects that such impact will not be material.

Mira VII Acquisition Corp.
(a capital pool corporation)
Notes to Interim Condensed Financial Statements
June 30, 2016
(Expressed in CAD)

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 Exchange policy 2.4.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2016	December 31, 2015
Accounts payable	\$ 18,250	\$ 300
Accrued liabilities	76,795	30,984
	\$ 95,045	\$ 31,284

5. TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions. As at June 30, 2016, \$28,588 (December 31, 2015 - \$20,462) is due to Company's directors and officers for out-of-pocket expenses.

The Company incurred occupancy charges of \$9,944 from a company in which a director of Mira VII is the president. These charges are included in office and administration expenses.

6. SHAREHOLDERS' EQUITY

Common shares

Authorized - unlimited common shares

Issued

	Number of common shares	Capital Stock \$	Contributed surplus \$
Shares issued for cash – founders' shares (in Escrow) ⁽ⁱ⁾	10,000,000	500,000	-
Shares issued for cash – initial public offering at \$0.10 ⁽ⁱⁱ⁾	2,500,000	250,000	-
Share issuance costs ⁽ⁱⁱ⁾	-	(79,292)	-
Stock- based compensation (Note 7 (b))	-	-	112,500
Agent's stock options (Note 7 (a))	-	(13,000)	13,000
Balance, December 31, 2015 and June 30, 2016	12,500,000	657,708	125,500

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(i) Escrowed shares

The issued and outstanding founders' common shares are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers and non-employees prior to the completion of a qualifying transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. In addition, all common shares of the Company acquired in the secondary market prior to the completion of a qualifying transaction by any person or company who becomes a control person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

The weighted average shares outstanding does not include these shares as they are contingently returnable.

(ii) Initial public offering

On April 23, 2015, the Company completed an initial public offering of 2,500,000 common shares at a price of \$0.10 per share for gross proceeds to the Company of \$250,000 to purchasers in Ontario, Alberta and British Columbia. The agent received a cash commission of \$25,000 and was reimbursed for the agent's legal fees and other disbursements. The agent was also granted a non-transferable option to acquire 250,000 of common shares of the Company for a period of 24 months from the date of listing of the common shares on the TSX Venture Exchange at an exercise price of \$0.10 per common share. The fair value assigned to these agent options issued is \$13,000 (Note 9(a)). Share issue costs incurred with regards to this share issuance exclusive of the agent's commission amounted to \$79,292.

7. STOCK OPTIONS

The Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase Common Shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 10 years from the date of grant. Options may be exercised until the later of 12 months after the completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company. Any common shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The Company issued stock options to acquire shares as follows:

	Number of Options	Weighted Average Exercise Price
Granted ^{(a) and (b)}	1,500,000	\$ 0.10
Outstanding and exercisable, December 31, 2015 and June 30, 2016	1,500,000	\$ 0.10

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Notes to Interim Condensed Financial Statements
June 30, 2016
(Expressed in CAD)

7. STOCK OPTIONS (continued)

The Company had the following stock options outstanding at June 30, 2016:

Number of Options	Exercise Price	Expiry Date	Weighted average remaining life (years)
250,000 ^(a)	\$ 0.10	April 23, 2017	0.85
1,250,000 ^(b)	\$ 0.10	April 23, 2025	8.85
1,500,000			

(a) Agent options

On April 23, 2015, the Company granted 250,000 stock options to its agent. These options vested immediately. Each option entitles the holder to purchase one common share at \$0.10 per share at any time on or before April 23, 2017. As the fair value of the services received from the agents was not determinable, the stock options granted were measured using the fair value of the equity instruments provided. The fair value of these stock options of \$13,000 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	\$0.10
Expected dividend yield	Nil
Risk-free interest rate	0.65%
Expected life	2.0 years
Expected volatility ⁽ⁱ⁾	100%

(i) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.

(b) Directors' and officers' options

On April 23, 2015, the Company granted 1,250,000 stock options to directors. These options vested immediately. Each option entitles the holder to purchase one common share at \$0.10 per share at any time on or before April 23, 2025. The fair value of these stock options of \$112,500 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	\$0.10
Expected dividend yield	Nil
Risk-free interest rate	1.66%
Expected life	10.0 years
Expected volatility ⁽ⁱ⁾	100%

(i) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended June 30, 2016 was based on the loss attributable to common shareholders of \$212,894 and the average weighted average number of capital stock outstanding of 2,500,000 (non-escrowed shares). Diluted loss per share did not include the effect of 1,500,000 stock options outstanding as they are anti-dilutive. The weighted average shares outstanding does not include 10,000,000 escrowed shares as they are contingently returnable.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, contributed surplus and deficit in the definition of capital.

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.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 3.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, accounts payable and accrued liabilities and due to directors and officers approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at June 30, 2016, the Company had accounts payable and accrued liabilities of \$95,045 (December 31, 2015 - \$31,284) and due to Company's directors and officers of \$28,588 (December 31, 2015 - \$20,462) which due within 12 months and had cash of \$238,948 to meet its current obligations. As a result the Company has minimal liquidity risk.

10. TERMINATION OF PROPOSED QUALIFYING TRANSACTION

On January 26, 2016, the Company entered into a letter of intent with HLS Therapeutics Inc. ("HLS"), to complete a going-public transaction. If completed, it would constitute its "qualifying transaction" under Policy 2.4, capital pool companies of the TSX Venture Exchange.

On March 4, 2016, the letter of intent was expired, and as a result the proposed qualifying transaction with HLS was terminated.

The Company did not advance any funds to HLS in connection with the proposed qualifying transaction.