Financial Statements of:

Harbour Star Capital Inc.

January 31, 2017

(Unaudited)

Harbour Star Capital Inc.
Financial Statements
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Financial Statements

Harbour Star Capital Inc.

Statement of Financial Position

As at		January 31, 2017		October 31, 2016
ASSETS				
Current assets				
Cash and cash equivalents (Note 6)	$	17,683	$	16,883
Prepaid Expenses		10,000		22,875
	$	27,683	$	39,758
LIABILITIES				
Current liabilities				
_Accounts payable and accrued liabilities (Note 7)	$	22,706	$	-
		22,706		-
Due to related parties (Note 11)		1,871		1,871
		24,577		1,871
SHAREHOLDERS' EQUITY				
Capital stock (Note 8)	$	120,000	$	100,000
Share issuance costs (Note 8)		(42,183)		-
Retained deficit		(74,711)		(62,113)
		3,106		37,887
	$	27,683	$	39,758

Approved on behalf of the Board:

"Scott M. Reeves" (signed) Director

"Mo Fazil" (signed) Director

See accompanying notes to financial statements.

Harbour Star Capital Inc.

Statement of Changes in Shareholders' Equity

	Share Capital	Other Capital Reserves	Deficit	Total Shareholders' Equity
Balance, October 31, 2015	$ 105,000	$ -	$ (26,392)	$ 78,608
Net loss for the period	-	-	(13,917)	(13,917)
Balance, January 31, 2016	$ 105,000	$ -	$ (40,309)	$ 64,691
Balance, October 31, 2016	$ 100,000	$ -	$ (62,113)	$ 37,887
Issuance of share capital (Note 8)	20,000	-	-	20,000
Share issuance costs (Note 8)	(42,183)	-	-	(42,183)
Net loss for the period	-	-	(12,598)	(12,598)
Balance, January 31, 2017	$ 77,817	$ -	$ (74,711)	$ 3,106

See accompanying notes to financial statements.

Harbour Star Capital Inc.

Statement of Loss and Comprehensive Loss

For the three months ended January 31,	2017	2016
REVENUE	$ -	$ -
EXPENSES		
Filing and stock exchange fees	-	-
Office and general	3,073	1,588
Professional fees	9,525	12,329
	12,598	13,917
NET LOSS AND COMPREHENSIVE LOSS	(12,598)	(13,917)
RETAINED DEFICIT, BEGINNING	(62,113)	(26,392)
RETAINED DEFICIT, ENDING	$ (74,711)	$ (40,309)
Loss per share		
Basic (Note 9)	$ (0.01)	$ (0.01)
Diluted (Note 9)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding		
Basic (Note 8)	2,325,000	2,100,000
Diluted (Note 8)	2,325,000	2,100,000

Harbour Star Capital Inc.

Statement of Cash Flows

For the three months ended January 31,		2017		2016
OPERATING ACTIVITIES				
Net loss	$	(12,598)	$	(13,917)
Changes in non-cash working capital				
Increase in prepaids		12,875		(5,000)
Increase (decrease) in accounts payable and accrued liabilities		22,706		(472)
Cash flows relating to operating activities		22,983		(19,389)
FINANCING ACTIVITIES				
Advances from (repayments to) director		-		-
Cash flows relating to financing activities		-		-
INVESTING ACTIVITIES				
Share capital issued for cash (Note 8)		20,000		-
Share issuance costs (Note 8)		(42,183)		-
Cash flows relating to investing activities		(22,183)		-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		800		(19,389)
Cash and cash equivalents, beginning		16,883		63,632
Cash and cash equivalents, ending	$	17,683	$	44,243

See accompanying notes to financial statements.

1. NATURE OF BUSINESS

Harbour Star Capital Inc. (the "Corporation") was incorporated under the Business Corporations Act of Alberta on October 24, 2014. The Corporation is a Capital Pool Company as defined in Exchange Policy 2.4. The principal business of the Corporation is the identification and evaluation of assets or businesses, and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder and regulatory approval. The Corporation's principal and registered office is 1250, 639 - 5 Avenue SW, Calgary, AB, T2P 0M9.

The Corporation's ability to continue as a going concern is dependent upon the Corporation's ability to identify, evaluate and complete a Qualifying Transaction (as such term is defined in Exchange Policy 2.4). Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. With the consent of the Exchange, the Corporation may raise additional funds. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to identify or complete a suitable Qualifying Transaction within the permitted time prescribed by Exchange Policy 2.4.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements of the Corporation, approved by the Board of Directors on April 3, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB") effective for the period ended January 31, 2017 using the significant accounting policies outlined in Note 3. These financial statements are in compliance with IAS 34 and the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

Management of the Corporation prepared the financial statements of the Corporation during March 2017, and the Board of Directors approved them. The Board of Directors approved by resolution on April 3, 2017.

The financial statements of the Corporation are drawn up in Canadian dollars except where otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents and cash flows

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above. The Corporation uses the indirect method of reporting cash flow from operating activities.

(b) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share-based payments are recognized as a deduction from equity, net of any tax effects.

(c) Share-based Compensation

The Corporation has a share-based compensation plan. The Corporation accounts for share-based payment options granted to employees and consultants using the fair value method. Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date (where there is a shared understanding), using the Black-Scholes option valuation model. In accordance with the fair value method, the Corporation recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to contributed surplus. Consideration paid by employees on the exercise of share-based compensation is recorded as share capital and the related share-based compensation is transferred from contributed surplus to share capital.

(d) Provisions

Provisions are recognized when the Corporation has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of loss and comprehensive loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the statement of profit and loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

Current income tax

Current income tax assets and liabilities for the respective and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Corporation operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss and comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred tax liability arises from 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.

- In respect of taxable temporary differences associated with investments in the subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax (cont'd)

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits 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 credits and unused tax losses can be utilized, except:

- Where the deferred 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.

- In respect of deductible temporary differences associated with investments in the subsidiaries, deferred tax assets 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 tax assets is reviewed at each reporting 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income (loss) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Earnings (Loss) Per Share

The Corporation presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share are calculated using the weighted average number of common shares that are outstanding during the period. Diluted earnings (loss) per share are calculated using the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants using the treasury method. The treasury method assumes that the proceeds from the issuance of potential common shares are used to purchase common shares at the average share price during the period.

(g) Financial instruments – initial recognition and subsequent measurement

Financial assets and financial liabilities are recognized when the Corporation becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as amortized costs or FVTOCI are included with the carrying amount of such instruments. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as fair value through profit or loss (FVTPL) are recognized immediately in the profit or loss within the consolidated statements of comprehensive income.

Financial Assets

From November 1, 2015, the Corporation classifies its financial assets in the following measurement categories: those to be measured at amortized cost and those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)). The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial Assets at Amortized Cost

Financial assets that meet the following conditions are measured at amortized cost less impairment losses: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash-flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and the financial asset was not acquired principally for the purpose of selling in the near term or for short-term profit taking (held-for-trading).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

All other financial assets, except equity and debt instruments as described below, are remeasured at fair value and classified as fair value through profit or loss. The gains or losses, if any, arising on re-measurement of FVTPL are recognized in profit or loss within the consolidated statements of comprehensive income.

The method of measurement of instruments in debt instruments will depend on the business model in which the instrument is held. For instruments in equity instruments, it will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVTOCI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial Liabilities

Financial liabilities are classified as FVTPL when the financial liability is either held-for-trading or is designated at FVTPL. Financial liabilities at FVTPL are remeasured in subsequent reporting periods at fair value. Any gains or losses arising on re-measurement of held-for-trading financial liabilities are recognized in profit or loss within the consolidated statements of comprehensive income. Such gains or losses recognized in profit or loss includes any interest paid on the financial liabilities. Financial liabilities that are not held-for-trading and are not designated as FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are measured at amortized cost are determined based on the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial liability (or financial asset) and of allocating interest expense (or income) over the expected life of the financial liability (or financial asset). All financial assets and financial liabilities held by the Corporation are measured at amortized cost.

Impairment

The Corporation assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Corporation has applied IFRS 9 retrospectively, but has elected not to restate comparative information as there is no impact on the financial statements of the Corporation from adopting IFRS 9. As a result, the comparative information provided continues to be accounted for in accordance with the Corporation’s previous accounting policy which reflects the same measurement of IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments – initial recognition and subsequent measurement (Cont'd)

The accounting policies were changed to comply with the full requirements of IFRS 9 as issued by the IASB. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 *Financial Instruments: Disclosures*. The total impact on retained earnings due to classification and measurement of financial instruments as at 1 November 2015 and the date of these financial statements was NIL.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(h) Derivative financial instruments and hedge accounting

The Corporation has not entered into any derivative financial instruments and has not applied hedge accounting for the period ending January 31, 2017.

(i) Leases

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of profit and loss and comprehensive loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. For the period ending January 31, 2017 the Corporation did not hold any finance leases.

Operating lease payments are recognized as an expense in the statement of profit and loss and comprehensive loss on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effects on the amounts recognized in the financial statements.

The financial statements were prepared on a going concern basis and do not include any adjustments to the carrying value and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern. The going concern basis assumes that the Corporation will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the Corporation's ability to obtain the ongoing support of its lenders, investors, obtain profitable operations, and raise additional capital. These audited financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that would necessary should the Corporation not be able to continue as a going concern, and such adjustments could be material.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at the date of authorization of these financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted by the Corporation.

The International Accounting Standards Board issued on January 13, 2016 a new accounting standard called IFRS 16 *Leases*. IFRS 16 *Leases* replaces IAS 17 *Leases*. IFRS 16 requires all leases to be reported on an entity's statement of financial position as assets and liabilities. IFRS 16 is effective January 1, 2019. The Corporation has assessed and determined that there will be no impact to the financial statements upon adoption.

The IASB published an amendment to IAS 12 in January 2016 referred to as IAS 12: *Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses*. The amendment is effective for reporting periods starting on or after January 1, 2017. The amendment is not relevant to the Corporation.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

The IASB has issued the following updates to the Standards, which were all early adopted on 1 November 2015 and for which there was no impact on the statement of financial position, results of operations, or disclosures: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Changes in methods of disposal, IFRS 7 *Financial Instruments: Disclosures*: Servicing contracts, IAS 19 *Employee Benefits*: Discount rate IAS 34 *Interim Financial Reporting*: Disclosure.

The IASB issued *Disclosure Initiative*, amendments to IAS 1 in December 2014 with an effective date of January 1, 2016. The Corporation has early adopted the amendments on November 1, 2015. The adoption resulted in reduced disclosures in non-material areas.

As at November 1, 2015, the Corporation has elected to early adopt IFRS 15 *Revenue from Contracts with Customers* as issued by the IASB. In accordance with the transition provisions in IFRS 15, the new rules have been adopted retrospectively and comparatives for the prior financial periods and year have not been restated, as there was no difference in the application of IFRS 15 and the prior IAS 11 and IAS 18 and the various IFRIC interpretations.

The IASB issued *Clarifications to IFRS 15 Revenue from Contracts with Customers* in April 2016, The *Clarifications to IFRS 15* covers principal versus agent considerations, licensing and the nature of the entity's promises, sales-based or usage based royalties and transition provisions. The Corporation has assessed the *Clarifications to IFRS 15* and there will be no impact to the Corporation's financial statements upon the adoption of the *Clarifications to IFRS 15*.

As at November 1, 2015, the Corporation has elected to early adopt IFRS 9 *Financial Instruments* as issued by the IASB. In accordance with the transitional provisions in IFRS 9.7.2.15, comparative figures have not been restated. When compared to IAS 39 *Financial Instruments: Recognition and Measurement*, the adoption of IFRS 9 has not resulted in any significant changes to the measurement on the statements of financial position, the statement of comprehensive income (loss), or within the note disclosures.

All other standards were early adopted as explained in the prior year's financial statements.

6. CASH AND CASH EQUIVALENTS

	2016	2015
Cash	$ 17,683	$ 16,883
	$ 17,683	$ 16,883

7. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair Values

Set out below is a comparison by class of the carrying amount and fair value of the Corporation's financial instruments that are carried in the financial statements**.**

	Carrying Amount		Fair Value	
	January 31, 2017	**October 31, 2016**	**January 31, 2017**	**October 31, 2016**
Financial Assets				
Cash and cash equivalents	$ 17,683	$ 16,883	$ 17,683	$ 16,883
Total Financial assets	$ 17,683	$ 16,883	$ 17,683	$ 16,883

	Carrying Amount		Fair Value	
	January 31, 2017	**October 31, 2016**	**January 31, 2017**	**October 31, 2016**
Financial Liabilities				
Accounts payable and accrued liabilities	$ 22,706	$ -	$ 22,706	$ -
Loans Payable	1,871	1,871	1,871	1,871
Total Financial Liabilities	$ 26,392	$ 1,871	$ 26,392	$ 1,871

7. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, accounts payable and accrued liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments and other financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and remaining maturities.

Fair value hierarchy

As at January 31, 2017, the Corporation held the following financial instruments measured at fair value: cash and cash equivalents (level 1).

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

7. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

Assets measured at fair value	January 31, 2017	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 17,683	$ 17,683	$ -	$ -
Total assets measured at fair value	$ 17,683	$ 17,683	$ -	$ -
No liabilities were measured at fair value	$ -	$ -	$ -	$ -

During the reporting period ending January 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

8. EQUITY INSTRUMENTS

(a) Common shares

As at January 31, 2017, the authorized share capital consists of an unlimited number of non-voting, non-participating, non-cumulative preference shares, redeemable at the option of the Corporation or the holder preferred shares and common shares. To date, no preferred shares have been issued. Changes in the issued common shares of the Corporation are as follows:

	Common shares	Amount
Balance, October 31, 2015	2,100,000	$ 105,000
Cancelled, May 18, 2016	(100,000)	(5,000)
Balance, October 31, 2016	2,000,000	100,000
Issued, November 3, 2016	300,000	15,000
Issued, December 30, 2016	100,000	5,000
Balance, January 31, 2017	2,400,000	$ 120,000

8. EQUITY INSTRUMENTS (CONT'D)

(b) Per share information

Per share amounts are calculated based on the weighted average number of common shares outstanding for the period ended January 31, 2017 of 2,325,000.

(c) Share issuance costs

Share issuance costs for the period ended January 31, 2017 totaled $42,183 and were incurred in relation to the IPO which occurred subsequently on February 27, 2017.

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the period.

The following reflects the earnings and unit data used in the basic and diluted earnings per share computations:

As of January 31,	**2017**	**2016**
Net income available to common shareholders (numerator)	$ (12,598)	$ (13,917)
Weighted average common shares outstanding (denominator) (000's)	2,325,000	2,100,000
Dilutive effect of exercise of stock options and warrants	-	-
Earnings per share (basic and diluted)	$ (0.01)	$ (0.01)

The Corporation has excluded common share purchase warrants and potential common share equivalents, comprised of incremental shares from stock options calculated using the treasury method from the earnings (loss) per share calculation, as they were anti-dilutive.

10. COMMITMENTS AND CONTINGENCIES

Contingencies

The Corporation is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Corporation is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Corporation.

Legal claim contingency

Except as explained within the contingencies, there are no other legal claim contingencies.

Commitments

On January 9, 2017, the Corporation and Chippingham Financial Group Limited (the "Agent") signed an Agency Agreement whereby the Corporation agreed to pay the Agent a commission of 10% of the gross proceeds of the Offering; a corporate financing fee of $7,500 (plus GST); and reimbursed the Agent for its expenses, including legal fees plus disbursements and applicable taxes.

The Corporation also granted the Agent a non-transferable Agent's Option to purchase common shares representing 10% of the final number of shares at closing of the IPO at a price of $0.10 per common share, with an expiry date of 24 months from the date the common shares are listed for trading on the TSXV.

Readers are also referred to the Corporation's Final Prospectus dated January 9, 2017 (the "Prospectus") which is filed on the System for Electronic Document analysis and Retrieval ("SEDAR"), under the heading "Risk Factors".

11. RELATED PARTY DISCLOSURES

All related party transactions are carried out in the normal course of operation and are recorded at fair value.

The Corporation has identified its directors and certain officers as its key management personnel.

There were $Nil (2015 - $Nil) in compensation costs for key management personnel for the period ended January 31, 2017.

During the period, the Corporation incured $325 (January 31, 2016 – $3,929) in legal costs to a related party. This transaction was incurred at market rates. As at January 31, 2017, $1,871 was due and outstanding to related parties (December 31, 2015: $1,871).

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation's primary risk management objective is to protect the Corporation's financial position and cash flow. The Corporation is exposed to market risk, credit risk, interest rate risk, foreign exchange risk and liquidity risk.

The Corporation's senior management oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Corporation. The Corporation's senior management provides assurance that the Corporation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Corporation's policies and group risk appetite. All derivative activities, if any, for risk management purposes are carried out by a team that has the appropriate skills, experience, and supervision. It is the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

(a) Credit Risk

The maximum exposure to credit risk at the balance sheet date is best represented by the carrying amount of the Corporation's cash.

(b) Liquidity Risk

The Corporation manages risk by forecasting cash flows from operations and anticipated investing and financing activities.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk.

(i) Interest Rate Risk

Debt and obligations under operating lease are subject to interest rate cash flow risk as the required cash flow to service the debt will fluctuate as a result of the changing prime interest rate. The interest rates on debentures are fixed. The Corporation did not arrange any interest rate swap or financial contracts to hedge the interest rate risk. The Corporation does not believe it is exposed to significant interest rate risk.

13. CAPITAL MANAGEMENT

The Corporation seeks the amount of capital it requires in proportion to risk. The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares when the time is appropriate.

There have been no changes in the Corporation's approach to capital management during the period ended January 31, 2017. No changes were made in the objectives, policies, or processes during the period ending January 31, 2017. The Corporation will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business.

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to quarter ended January 31, 2017, the Corporation closed its Initial Public Offering (IPO) on February 27, 2017 for net proceeds of $452,290. The Corporations shares commenced trading on March 6, 2017 on the TSX Venture Exchange under the trading symbol HSC.P.