

Avanco Capital Corp.

A Capital Pool Company

CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended July 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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 condensed interim financial statements have been prepared by and are the responsibility of management.

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

VANCOUVER, BC

September 27, 2016

Avanco Capital Corp.

(A Capital Pool Company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars - Unaudited)

	July 31, 2016	April 30, 2016
Assets		
Current		
Cash and cash equivalents	\$ 59,417	\$ 87,644
Prepaid expenses	11,325	11,325
Total Assets	\$ 70,742	\$ 98,969
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 7,361	\$ 6,500
Shareholders' Equity		
Share capital (Note 3)	100,000	105,000
Deficit	(36,619)	(12,531)
Total Shareholders' Equity	63,381	92,469
Total Liabilities and Shareholders' Equity	\$ 70,742	\$ 98,969

Date of approval: September 27, 2016

(signed) "Joanne Yan"

Director

(signed) "Sidney Dutchak"

Director

The accompanying notes are an integral part of these condensed interim financial statements

Avanco Capital Corp.

(A Capital Pool Company)

Condensed Interim Statement of Comprehensive Loss

(Expressed in Canadian dollars - Unaudited)

		Three Months Ended July 31, 2016
Expenses		
General & administrative expenses	\$	101
Professional fees		9,551
Transfer agent and filing fees		14,436
Net loss and comprehensive loss for the period	\$	24,088
Loss per share:		
Basic and diluted	\$	(0.01)
Weighted average number of common shares outstanding		
Basic and diluted		2,011,957

The accompanying notes are an integral part of these condensed interim financial statements

Avanco Capital Corp.

Condensed Interim Statements of Changes in Equity
(Expressed in Canadian dollars - Unaudited)

	Number of Shares	Share Capital	Deficit	Total
Balance, April 6, 2016 (Date of Inception)	-	\$ -	\$ -	\$ -
Shares issued for cash	2,100,000	105,000	-	105,000
Net loss for the period	-	-	(12,531)	(12,531)
Balance, April 30, 2016	2,100,000	\$ 105,000	\$ (12,531)	\$ 92,469
Repurchased and cancelled seed shares	(100,000)	(5,000)	-	(5,000)
Net loss for the period	-	-	(24,088)	(24,088)
Balance, July 31, 2016	2,000,000	\$ 100,000	\$ (36,619)	\$ 63,381

The accompanying notes are an integral part of these condensed interim financial statements

Avanco Capital Corp.

Condensed Interim Statement of Cash Flows
(Expressed in Canadian dollars - Unaudited)

		Three Months Ended July 31, 2016
Operating activities		
Net loss for the period	\$	(24,088)
Net change in non-cash working capital		
Accounts payable and accrued liabilities		861
Cash used in operating activities		(23,227)
Financing activities		
Shares repurchased for cash		(5,000)
Cash used in financing activities		(5,000)
Net change in cash		(28,227)
Cash and cash equivalents, beginning of period		87,644
Cash and cash equivalent, end of period	\$	59,417

The accompanying notes are an integral part of these condensed interim financial statements

Avanco Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2016

1. NATURE OF OPERATIONS

Avanco Capital Corp. (the “Company”) was incorporated on April 6, 2016 under the *Business Corporations Act* (British Columbia) and in the process of applying for listing as a capital pool company (“CPC”) as defined by the policy 2.4 (the “CPC policy”) of the TSX Venture Exchange (the “TSX-V” or “Exchange”).

Assuming a CPC listing is achieved, the Company’s principal business activity will be the identification and evaluation of assets, or businesses with the objective of completing a qualifying transaction (a “Qualifying Transaction”) as defined by the CPC Policy. Under these rules, a Qualifying Transaction must be entered into within 24 months of listing otherwise the Company will, subject to certain conditions, have its listing moved to the NEX board of the Exchange. As at the date of these condensed interim financial statements, the Company is not listed on the TSX-V.

For the period from the date of incorporation through to July 31, 2016, the Company has not generated any revenues and has incurred losses of \$36,619 since inception. The Company’s continued existence and plans for future growth depend on its ability to obtain additional capital. The Company’s ability to raise capital cannot be determined at this time.

	July 31, 2016	April 30, 2016
Deficit	\$ (36,619)	\$ (12,531)
Working capital	\$ 63,381	\$ 92,469

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize on the carrying value of its net assets and discharge its obligations in the normal course of operations. The Company’s continuing operations as intended are dependent upon the Company’s ability to identify, evaluate and negotiate the acquisition of an interest in properties, assets or a business, which is considered a Qualifying Transaction. Such an acquisition will be subject to regulatory approval and may be also subject to shareholder approval. In the case of a non-arm’s length transaction (as defined in the CPC Policy) a majority of the minority shareholder approval must also be obtained in accordance with the CPC Policy. Should the Company fail to complete such a transaction within the timeline stipulated in the CPC Policy, 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.

The head office, principal address and registered and records office of the Company are located at 2110, 28th Street, West Vancouver, BC, V7V 4M3.

1. NATURE OF OPERATIONS (continued)

The condensed interim financial statements of the Company for the period ended July 31, 2016 were authorized for issue in accordance with a resolution of the directors on September 27, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) and do not include all of the information required for full annual financial statements. The condensed interim financial statements should be read in conjunction with the financial statements for the period from April 6, 2016 (the date of inception) to April 30, 2016 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Basis of preparation

These condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Furthermore, these condensed interim financial statements are presented in Canadian dollars which is the functional currency of the Company and all values are rounded to the nearest dollar.

Significant Accounting Judgments and Estimates

The preparation of these condensed interim financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas where management’s estimates and judgments have been applied include:

Judgments

i.) Going concern

The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its working capital requirements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Judgments and Estimates (continued)

ii.) Deferred tax

Deferred tax assets are recognized for all deductible temporary differences, to the extent it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. In addition, the valuation of tax credits receivable requires management to make judgments on the amount and timing of recovery.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. There were no cash equivalents as at April 30, 2016.

The proceeds raised from the issuance of share capital and from the initial public offering (the "Offering") may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of \$210,000 or 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

Financial Instruments

Financial assets

Financial assets are classified into one of four categories:

- a) Fair value through profit or loss ("FVTPL");
- b) Held-to-Maturity ("HTM");
- c) Loans and receivables; and
- d) Available for sale ("AFS").

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss. The Company classified its cash and cash equivalents as FVTPL which is measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Held to maturity (“HTM”)

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available for sale (“AFS”)

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

Financial liabilities

Financial liabilities are classified into one of two categories:

- a) Fair value through profit or loss; and
- b) Other financial liabilities

Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities

This category includes accounts payable and accrued liabilities, which is recognized at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- a) significant financial difficulty of the issuer or counterparty; or
- b) default or delinquency in interest or principal payments; or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Capital Disclosures

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analyzed by the management and approved by the board of directors.

The Company's objectives when managing capital are:

- a) to safeguard the Company's ability to continue as a going concern;
- b) to facilitate the completion of a corporate objectives.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. As disclosed previously, there are restrictions on the use of cash.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Capital

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

Basic and Diluted Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes gains or losses, which generally accepted accounting principles requires recognizing in a period, but excluding from net income (loss) for that period.

Income Taxes

Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit. The deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period for the period of expected realization. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair

market value of shares issued, a nil carrying amount is assigned to the warrants. Warrants that are issued as payment for agency fees or other transactions costs are counted for as share-based payments. As at April 30, 2016, the Company has not issued any warrants.

Share-Based Payment Transactions

The stock option plan allows Company directors, officers and technical consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and the share based compensation is expensed based on graded vesting. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the share purchase options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. Forfeiture rates are estimated in advance and are used in the estimate of the share-based expense for the financial statement period. Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received.

However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee receives the goods or the services.

As at April 30, 2016, the Company has not granted any stock options.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Issued But Not yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2016

(i) IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements. The Company does not anticipate this amendment to have a significant impact on its financial statements.

Standard effective for annual periods beginning on or after January 1, 2018

(ii) IFRS 9 Financial Instruments

This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. The standard contains requirements in the following areas:

- Classification and measurement - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment - The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting - Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition - The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Issued But Not yet Effective (continued)

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

3. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued and outstanding common shares:

	Common shares	
	Number of Shares	Amount
Opening balance, April 6, 2016	-	-
Transactions during the period:		
Seed shares issued for cash at \$0.05	2,100,000	\$ 105,000
Balance, April 30, 2016	2,100,000	\$ 105,000
Seed shares repurchased and cancelled	(100,000)	(5,000)
Balance, July 31, 2016	2,000,000	\$ 100,000

The Company issued 2,100,000 seed shares at \$0.05 per share for total proceeds of \$105,000 on April 21, 2016.

In May 2016, the Company repurchased and cancelled 100,000 seed shares at \$0.05 per share.

In accordance with the requirements of the TSX-V, all issued common shares will be deposited in escrow pursuant to the terms of the Escrow Agreement, the form of which is prescribed by TSX-V, and will be released from escrow in stages over a period of up to three years after the date of Final Exchange Bulletin (issued for the completion of the Qualifying Transaction).

In the event the Company becomes a Tier 2 issuer in accordance with the CPC policy of the TSX-V, the release of the common shares in escrow is as follows:

3. SHARE CAPITAL (continued)

Release Dates	Percentage of Total Escrowed Securities to be Released	Total number of Escrowed Securities to be Released
Date of Final Exchange Bulletin	10%	200,000
6 months following the Final Exchange Bulletin	15%	300,000
12 months following the Final Exchange Bulletin	15%	300,000
18 months following the Final Exchange Bulletin	15%	300,000
24 months following the Final Exchange Bulletin	15%	300,000
30 months following the Final Exchange Bulletin	15%	300,000
36 months following the Final Exchange Bulletin	15%	300,000
TOTAL	100%	2,000,000

In the event the Company becomes a Tier 1 issuer in accordance with the policies of the Exchange, the release of the common shares in escrow is as follows:

Release Dates	Percentage of Total Escrowed Securities to be Released	Total number of Escrowed Securities to be Released
Date of Final Exchange Bulletin	25%	500,000
6 months following the Final Exchange Bulletin	25%	500,000
12 months following the Final Exchange Bulletin	25%	500,000
18 months following the Final Exchange Bulletin	25%	500,000
TOTAL	100%	2,000,000

4. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to credit risk, liquidity risk and foreign exchange risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

4. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through investing its cash with high credit quality financial institutions. Management believes that the Company is subject to minimal credit risk.

(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 ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently deposited in the accounts with high-credit quality financial institutions which is available on demand by the Company. As at July 31, 2016, the Company has accounts payable and accrued liabilities of \$7,361. Management intends to meet the financial obligations by raising funds through the completion of the Initial Public Offering.

(c) Foreign exchange risk

The functional currency of the Company is Canadian dollar. The Company does not have exposure to currency fluctuations.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to interest rate fluctuation because all of its funds is deposited in chequing account as of July 31, 2016.

(e) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors.

4. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

5. FINANCIAL INSTRUMENTS

As at July 31, 2016, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities. The fair values of cash and cash equivalents, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

6. RELATED PARTY TRANSACTIONS

During the period ended April 30, 2016, all 2,100,000 seed shares were purchased by three directors and one officer at \$0.05 per share. These shares are deposited in escrow.

During the period ended July 31, 2016, the Company repurchased and cancelled 100,000 seed shares at \$0.05 per share from an officer and were accordingly removed from escrow.