

EXALT CAPITAL CORP.

FILING STATEMENT

with respect to a Qualifying Transaction
pursuant to Policy 2.4 of the TSX Venture Exchange

DATED AS AT JUNE 26, 2018
(unless otherwise stated)

Neither the TSX Venture Exchange Inc. (the “Exchange”) nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Exalt, Sachiel, Amalco and/or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: (A) the intention to complete the Name Change, the Concurrent Non-Brokered Financing, the Concurrent Brokered Financing, the Acquisition, the Amalgamation and the Qualifying Transaction; (B) the description of Amalco and/or the Resulting Issuer that assumes completion of the Acquisition; (C) the intention to grow the business and operations of Amalco and/or the Resulting Issuer; (D) the level of cash-flow and working capital at closing and in the future, including whether the cash-flow is positive or negative; (E) expectations or anticipations regarding the market and market participants, the terms and effects of marketing plan and strategy, as well as the regulatory environment and regime; and (F) proposals regarding the governance, operations and compensation matters for Amalco and/or the Resulting Issuer. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Filing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of Exalt, Sachiel, Amalco and/or the Resulting Issuer to satisfy conditions under the Acquisition Agreement, the Amalgamation Agreement or for the Qualifying Transaction; satisfy the requirements of the Exchange with respect to the Acquisition, the Amalgamation or the Qualifying Transaction; the efficiency and results of operations of Sachiel, Amalco and/or the Resulting Issuer; the economy generally; market participants’ interest in Amalco’s and/or the Resulting Issuer’s services and products; competition; and anticipated and unanticipated costs. While Exalt anticipates that subsequent events and developments may cause its views to change, each of Exalt, Sachiel, Amalco and the Resulting Issuer specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the views of any of Exalt, Sachiel, Amalco and the Resulting Issuer as of any date subsequent to the date of this Filing Statement. Although Exalt has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect Exalt, Sachiel, Amalco and/or the Resulting Issuer. Additional factors are noted under “*Risk Factors*” in this Filing Statement. The forward-looking statements contained in this Filing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Filing Statement are made as of the date of this Filing Statement and none of Exalt, Sachiel, Amalco or the Resulting Issuer undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

GLOSSARY

The following terms used in this Filing Statement have the meanings set forth below.

“Acquisition” means the acquisition by Exalt of all of the issued and outstanding securities of Sachiel pursuant to the Acquisition Agreement by way of the Amalgamation;

“Acquisition Agreement” means the acquisition agreement dated as of February 7, 2018, as amended by agreement dated April 12, 2018, between Exalt, Subco and Sachiel outlining the terms and conditions of the Acquisition;

“Affiliate” means a company that is affiliated with another company as described below.

A company is an **“Affiliate”** of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is **“controlled”** by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

“Agent” means Mackie Research Capital Corporation;

“Amalco” means “Sachiel Holdings Ltd.” (or such other name as may be agreed between Exalt and Sachiel), the corporation to be formed as a result of the Amalgamation;

“Amalgamation” means the amalgamation of Subco and Sachiel proposed by the terms of the Amalgamation Agreement;

“Amalgamation Agreement” means the amalgamation agreement to be entered into between Exalt, Subco and Sachiel pursuant to the terms of the Acquisition Agreement to give effect to the Amalgamation;

“Associate” when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or company,
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including:
 - (i) that person’s spouse or child, or
 - (ii) any relative of the person or of his spouse who has the same residence as that person;

but

- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**Board**” means the board of directors of Exalt or the Resulting Issuer, as the context requires;

“**Business Day**” means any day other than a Saturday, Sunday or a statutory holiday in the Province of British Columbia;

“**CPC Escrow Agreement**” means the escrow agreement dated July 17, 2017 among Exalt, TSX Trust Company and the securityholders of Exalt who are parties thereto;

“**Exalt**” means Exalt Capital Corp., a company incorporated pursuant to the provisions of the BCBCA;

“**Closing**” means the closing of the Acquisition and related transactions;

“**Common Shares**” means the common shares of Exalt or the Resulting Issuer, as the context requires;

“**company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Concurrent Brokered Financing**” means the brokered private placement by Exalt, through the Agent, of a minimum of 2,275,000 Common Shares and up to a maximum of 4,550,000 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of a minimum of \$500,500 and a maximum of \$1,001,000;

“**Concurrent Non-Brokered Financing**” means the non-brokered private placement by Exalt, of not less than 11,363,636 Common Shares at a price of \$0.22 per Common Share to arm’s length subscribers for aggregate gross proceeds of not less than \$2,500,000;

“**Control Person**” means, in respect of an issuer, any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**CPC**” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the completion of a Qualifying Transaction has not yet occurred;

“**CPC Policy**” means Exchange Policy 2.4 - *Capital Pool Companies*;

“**Discounted Market Price**” has the meaning ascribed to such term in Exchange Policy 1.1 Interpretation;

“**Escrow Agent**” means TSX Trust Company, in its capacity as escrow agent for the CPC Escrow Agreement and the Value Security Escrow Agreement;

“**Exchange**” means the TSX Venture Exchange Inc.;

“**Filing Statement**” means this filing statement;

“**Final Exchange Bulletin**” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction of Exalt and the submission of all required documentation, and that evidences the final Exchange acceptance of the Qualifying Transaction;

“**Final Prospectus**” means the final prospectus of Exalt dated September 13, 2017;

“Finder’s Fee Agreement” means the agreement dated April 18, 2018, as amended by agreement dated June 14, 2018, between Exalt, Sachiel and 1143833 B.C. Ltd. concerning the issuance of 1,602,727 Common Shares to 1143833 B.C. Ltd. as a fee for the introduction of Sachiel to Exalt;

“IFRS” means International Financial Reporting Standards;

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities;

“IPO” means the initial public offering by Exalt of its Common Shares as a CPC;

“LOI” means the letter of intent entered into by Exalt and Sachiel dated December 6, 2017, relating to the Acquisition, as amended to date;

“MD&A” means management’s discussion and analysis;

“Member” has the meaning ascribed to such term in Rule A of the rules and policies of the Exchange;

“Name Change” means the proposed change in the name of Exalt to “Astron Connect Inc.”, to be effective at or before the time of the Closing;

“NI 45-106” means National Instrument 45-106 - *Prospectus Exemptions*;

“Non-Arm’s Length Party” means, in relation to an issuer, a promoter, officer, director, other Insider or Control Person of that issuer and any Associates or Affiliates of any such person. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

“Option Plan” means the stock option plan of Exalt prior to Closing, and of the Resulting Issuer following Closing, as the context requires;

“Person” means a company or individual;

“Principal” means:

- (a) a Person who acted as a Promoter of the issuer within two years or Associates or Affiliates thereof, before the IPO prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a **“20% holder”** – a Person that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s IPO or immediately after the Final Exchange Bulletin for non-IPO transactions;
- (d) a **“10% holder”** – a Person that:

- (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non-IPO transactions; and
- (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In calculating these percentages, securities that may be issued to the holder under outstanding convertible securities are included in both the holder's securities and the total securities outstanding.

A company more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the securities of the entity held by the Principals and the total securities of the entity outstanding.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements;

"Promoter" means:

- (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer; or
- (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10 per cent or more of any class of securities of the issuer or 10 per cent or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business;

"QT" or **"Qualifying Transaction"** means a transaction whereby a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and, specifically in the case of Exalt, means the Acquisition, the Concurrent Non-Brokered Financing, Concurrent Brokered Financing, and the Name Change, as more particularly described herein;

"Resulting Issuer" means Exalt upon completion of the Concurrent Non-Brokered Financing, Concurrent Brokered Financing, Acquisition and Name Change and following the issuance of the Final Exchange Bulletin;

"Sachiel", "Sachiel Connect" or the **"Company"** means Sachiel Connect Inc., a company incorporated under the BCBCA;

"Sachiel Water" or the **"Subsidiary"** means Sachiel Water Inc., a wholly-owned subsidiary of Sachiel;

"Sachiel Business" means the business carried on by Sachiel, as of the date hereof;

"Sachiel Common Share" means a common share in the capital of Sachiel;

"SEDAR" means the System for Electronic Document Analysis and Retrieval;

"Seed Shares" means securities issued before the IPO of an issuer, or by a private target company before a reverse take-over bid, change of business or a Qualifying Transaction, regardless of whether the securities are subject to resale restrictions or are free trading;

"Shareholders" means the holders of Common Shares;

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange;

“Subco” means 1148535 B.C. Ltd., a direct, wholly-owned subsidiary of Exalt incorporated under the BCBCA;

“Subsidiary” includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“Taxation Year” means the taxation year of the Resulting Issuer for the purposes of the Tax Act;

“Transfer Agent” means TSX Trust Company, the transfer agent and registrar of Exalt; **“Value Security Escrow Agreement”** means the escrow agreement in Form 5D to be entered into by and among the Escrow Agent, the Resulting Issuer and certain principals of the Resulting Issuer prior to the Closing; and

“we”, “us”, and “our” means Exalt, Sachiel, and/or the Resulting Issuer, as the context requires.

SUMMARY OF THE FILING STATEMENT

The following is a summary of information relating to Exalt, Sachiel and the Resulting Issuer (assuming completion of the Acquisition) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized terms are defined in the Glossary. Unless otherwise stated, references herein to “\$” or “dollars” mean the lawful currency of Canada.

Exalt

Exalt was incorporated pursuant to the provisions of the BCBCA on February 20, 2017 and completed its IPO under the CPC Policy on October 4, 2017. The Common Shares were listed for trading on the Exchange on October 10, 2017 under the symbol “EXT.P”.

As disclosed in the Final Prospectus, Exalt’s business has been restricted to the identification and evaluation of businesses or assets for the purposes of completing its Qualifying Transaction.

Sachiel

Sachiel was incorporated pursuant to the provisions of the BCBCA on July 28, 2016. Sachiel began as a bottled water exporter, and subsequently developed an additional web portal platform to serve as a gateway for, initially, Chinese, and later consumers from other countries, to access information on “Safe and Clean Foods from Canada”. Sachiel currently carries on both lines of business, with the bottled water export business being carried principally through Sachiel’s wholly-owned subsidiary Sachiel Water Inc. Sachiel’s objective is to participate and become a leader in the agricultural and food products industries, and in furtherance of that objective, intends to seek additional business opportunities in those sectors.

The Qualifying Transaction

Management of Exalt has identified the acquisition of Sachiel as an appropriate transaction to constitute its Qualifying Transaction. It is proposed that Exalt will acquire 100% of the issued and outstanding Sachiel Common Shares in exchange for the issuance of 29,099,992 Common Shares to the shareholders of Sachiel as described herein.

The purchase price in connection with the Acquisition was determined pursuant to arm’s length negotiations between Exalt and Sachiel.

The Acquisition will be completed by way of the Amalgamation between Subco and Sachiel pursuant to the terms of the Amalgamation Agreement, including the following:

- (a) Subco and Sachiel will amalgamate, with the amalgamated entity to be named “Sachiel Connect Inc.”, or such other name as may be agreed between Exalt and Sachiel, and continuing as a direct, wholly-owned subsidiary of the Resulting Issuer;
- (b) Exalt will issue Common Shares to the shareholders of Sachiel, at an exchange ratio of approximately 7.97 Common Shares for each Sachiel Common Share. Based on the number of Sachiel Common Shares outstanding as of the date of this Filing Statement, the aggregate number of Common Shares to be issued is expected to be 29,099,992.

Note that the numbers referenced above may be subject to minor deviation as a result of the effects of rounding at the individual shareholder level.

The Acquisition is subject to certain conditions, including but not limited to, the Exchange being satisfied that after completion of the Acquisition, Exalt will satisfy the Exchange’s initial listing requirements in order to become a Tier 2 Industrial or Life Science or Technology Issuer on the Exchange and other regulatory approvals and conditions customary for transactions of this nature. Other conditions include the completion of the Concurrent Non-Brokered Financing and the Concurrent Brokered Financing.

The Resulting Issuer will change its name from “Exalt Capital Corp.” to “Astron Connect Inc.”. The Name Change is expected to be completed on or prior to Closing.

The Resulting Issuer

Following the Closing, Amalco will be a direct, wholly-owned subsidiary of the Resulting Issuer. The capital structure of the Resulting Issuer will remain unchanged, other than for the issuances of securities contemplated by the Acquisition. Upon completion of the Qualifying Transaction and subject to the approval of the Exchange, the Resulting Issuer is expected to become a Tier 2 Industrial or Life Science or Technology Issuer on the Exchange. See “*Information Concerning the Resulting Issuer – Corporate Structure*”.

The proposed directors and officers of the Resulting Issuer following the Closing are as follows:

Name and Municipality of Residence	Proposed Position With Resulting Issuer
S. Randall Smallbone – Burlington, ON	Chief Executive Officer and Director
Ian Mallmann - Richmond, BC	Chief Financial Officer and Corporate Secretary
Bei Nie - Richmond, BC	Chief Operating Officer and Director
Wei Kang – Vancouver, BC	Director
Iris Duan – Vancouver, BC	Director

Interests of Insiders, Promoters and Control Persons

No Insider, Promoter or Control Person of Exalt and their respective Associates and Affiliates (before giving effect to the Qualifying Transaction) have any interest in Sachiel.

Conflicts of Interest

There are no known conflicts of interest known to the directors and officers of Exalt and Sachiel.

Not a Non-Arm’s Length Qualifying Transaction

The Qualifying Transaction was negotiated on an arm’s length basis and involves arm’s length parties and, therefore, does not constitute a Non-Arm’s Length Qualifying Transaction. As a result, Shareholders are not required to approve the Qualifying Transaction pursuant to the policies of the Exchange.

Available Funds and Principal Purposes

After completion of the Qualifying Transaction, and taking into account legal and other professional costs and filing fees, the Resulting Issuer is expected to have working capital as follows:

	Assuming Minimum Concurrent Brokered Financing	Assuming Maximum Concurrent Brokered Financing
Estimated funds of Exalt	\$240,000	\$240,000
Estimated funds of Sachiel	\$80,000	\$80,000
Funds from Concurrent Non-Brokered Financing	\$2,500,000	\$2,500,000
Funds from minimum Concurrent Brokered Financing	\$500,500	-
Funds from maximum Concurrent Brokered Financing	-	\$1,001,000
Agent’s expenses and commission related to Concurrent Brokered Financing	(\$85,000)	(\$115,030)
Estimated costs of the Acquisition (e.g. legal, auditor, Exchange fees, etc.)	(\$150,000)	(\$150,000)
Estimated available funds:	\$3,085,500	\$3,555,970

While management currently intends to use the available funds as set forth in this Filing Statement, the Resulting Issuer may reallocate available funds for sound business reasons from time to time.

See “*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*”.

Selected Financial Information

Exalt

Since Exalt is currently a CPC, other than its IPO, its business has to date consisted solely of identifying a suitable Qualifying Transaction. The expenses incurred by Exalt in connection with the IPO and the listing of the Common Shares on the Exchange were \$76,885. General and administrative expenses incurred by Exalt since the date of its incorporation up until March 31, 2018, were \$8,898. As of March 31, 2018, Exalt had working capital in the amount of \$247,770, had no outstanding capital commitments, and had not pledged any of its assets as security for loans, or otherwise, and was not subject to any debt covenants. Management believes that Exalt has sufficient working capital to meet its anticipated financial obligations for 2018, and to pursue another Qualifying Transaction should the Acquisition not be completed.

The Sachiel Business

The table below sets out certain financial data for the Sachiel in respect of the periods for which financial information is included elsewhere in this Filing Statement.

	For the period from incorporation until September 30, 2017	For the 6 months ended March 31, 2018
Total Revenues	\$727,070	\$5,038
Net Income (Loss)	\$(390,988)	\$(564,386)
Total Assets	\$1,128,771	\$495,348

The Resulting Issuer

The following table summarizes certain *pro forma* financial information for the Resulting Issuer after giving effect to the Acquisition and should be read in conjunction with the *pro forma* financial statements and the notes thereto for the Resulting Issuer attached hereto as Appendix “E”.

As at March 31, 2018	
Current Assets	\$3,290,457
Total Assets	\$3,618,311
Current Liabilities	\$175,915
Shareholders’ Equity	\$3,442,396

Common Shares

The holders of the Common Shares are entitled to receive notice of and attend any meeting of Exalt’s shareholders and are entitled to one vote for each Common Share held. The holders of the Common Shares are entitled to receive dividends, if, as and when declared by Exalt’s board of directors. In the event of liquidation, dissolution or winding-up of Exalt, the holders of the Common Shares are entitled to share pro rata in the remaining assets of Exalt.

Market Price of Common Shares

The Common Shares are listed on the Exchange under the symbol “EXT.P”. The closing market price of the Common Shares on December 5, 2017, the last trading day immediately preceding the announcement of the Acquisition, was \$0.22. See “*Information Concerning Exalt Capital Corp. – Market Price and Trading Volume Data*” for information relating to the trading price of the Common Shares from October 10, 2017 to December 5, 2017.

Sponsorship

Sponsorship for the Qualifying Transaction is required by the CPC Policy unless an exemption from the sponsorship requirement is granted to Exalt by the Exchange. Exalt has applied for, and the Exchange has provided Exalt with, an exemption from the sponsorship requirement on the basis that the Resulting Issuer will not be a Foreign Issuer nor an Emerging Market Issuer (as those terms are defined in the Exchange’s *Corporate Finance Policies*), the proposed directors and senior officers of the Resulting Issuer

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collectively possess the experience, qualifications and positive history with junior public companies in North America, possess the necessary technical expertise to run Sachiel's business, and the Agent for the Concurrent Non-Brokered Financing has provided the Exchange with confirmation that it has completed appropriate due diligence on both the transaction and the disclosure document that is generally in compliance with the relevant standards and guidelines applicable in the Exchange's Policy 2.2.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA. See "*Risk Factors*".

Interest of Experts

No person or company who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has, or will have immediately following completion of the Qualifying Transaction, any direct or indirect interest in Sachiel or in Exalt.

Risk Factors

There are inherent risks in the business of Exalt and in the business of Sachiel. The Qualifying Transaction must be considered speculative due to the nature of the business of Exalt and Sachiel, and each company's relatively formative stage of development. Shareholders of Exalt must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of Exalt and the Resulting Issuer. There is no guarantee that the Resulting Issuer will be able to secure future financing to meet its future needs on reasonable terms. The business of the Resulting Issuer will be subject to risks and hazards related to Exalt and Sachiel, some of which are beyond its control.

Risk factors include, but are not limited to: regulatory risks, changes in laws, regulations and guidelines; changes in tax laws; Sachiel's limited operating history; Sachiel's reliance on management; the fact that Sachiel has a history of net losses; Sachiel's need for additional financing in the future; competition; risks inherent in e-commerce, agricultural and food products e-businesses; risks associated with unfavourable publicity or consumer perception; the fact that Sachiel is subject to global trading sentiments; dependence on suppliers, buyers, third party services and skilled labour; risks related to data protection and privacy; risks associated with network interruptions; difficulty to forecast; operating risk and insurance coverage; management of growth; conflicts of interest; litigation; the fact that the market price of the Resulting Issuer's Common Shares may be subject to wide price fluctuations; the fact that the Resulting Issuer does not anticipate paying any dividends on the Common Shares in the foreseeable future; the limited market for the securities of the Resulting Issuer; risks related to general economic condition changes; and risks arising from the limited experience of management operating a public company and a Licensed Producer. See "*Risk Factors*" for a detailed summary of the risk factors.

Conditional Listing Approval

The Exchange has conditionally accepted the Acquisition, subject to Exalt fulfilling all of the requirements of the Exchange on or before September 9, 2018.

RISK FACTORS

For a description of the risk factors facing Exalt as a CPC, please see the Final Prospectus, available under Exalt's profile at www.sedar.com.

The following risk factors should be carefully considered in evaluating Sachiel, Amalco, the Resulting Issuer and the Qualifying Transaction. The risks presented below may not be all of the risks that the Resulting Issuer and Sachiel may face. It is believed that these are factors that could cause actual results to be different from expected and historical results. Other sections of this Filing Statement include additional factors that could have an effect on the business and financial performance of the business following the completion of the Qualifying Transaction. The markets in which Sachiel currently competes is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. In addition, the Resulting may identify new business opportunities in the agricultural and food products industries which may carry risks unknown at this time. You should not rely upon forward-looking statements as a prediction of future results. For the purposes of the risk factors presented below and herein, references to "we", "our" "Sachiel", "Sachiel Connect" and/or the "Resulting Issuer", based on the context, shall be, and be deemed to be, also references to Amalco and the business of the Resulting Issuer and its subsidiaries.

We have a limited operating history.

We have a limited operating history and participate in rapidly evolving online e-commerce markets. Online e-commerce has undergone significant changes during our history as a result of changes in the services provided, changes in market conditions, and is expected to continue to change for similar reasons. We cannot assure you that our current business strategy will be successful in the long term. We have a limited history of operating in the bottled water business, and may also enter into new business in the agricultural and food products industries. We cannot be certain that any of our businesses will succeed and become profitable.

Our limited operating history makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment. We were incorporated in 2016 and, as a result, have only a limited operating history upon which our business and future prospects may be evaluated. Although we believe we will experience substantial revenue growth, we may not be able to reach the expected rate of growth or even maintain our current revenue levels.

We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of our limited resources; achieving market acceptance of our existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers. Our current operational infrastructure may require changes for us to scale our business efficiently and effectively to keep pace with demand for our solution, and achieve long-term profitability. If we fail to implement these changes on a timely basis or are unable to implement them effectively, or at all due to factors beyond our control, our business may suffer. We cannot assure you that we will be successful in addressing these and other challenges we may face in the future.

To sustain or increase our revenue, we must add new members to our e-commerce platform to purchase additional offerings from us. As the online private business-to-consumer ("B2C") and/or business-to-business ("B2B") industry matures and as competitors introduce lower cost or differentiated products or services that compete with or are perceived to compete with ours, our ability to sell our solution to new and existing clients based on our offerings, pricing, technology platform and functionality could be impaired. Although some of our e-commerce platform members can be repeat users and can tend to increase their expenditures over time, conversely, some members that are newer to our solution tend to spend less than, and may not return as frequently as, members who have used online B2C and B2B networks for longer periods of time.

If we fail to retain or cultivate the spending of our newer, lower-spending members, it will be difficult for us to sustain and grow our revenue from a limited number of clients. Even with long-time customers, we may reach a point of saturation at which we cannot continue to grow our revenue from those clients because of internal limits

that advertisers may place on the allocation of their budgets to products and services or for other reasons not known to us.

If we are unable to attract new members or obtain new business from existing members, our revenue, growth and our business may be adversely affected. If we do not manage our growth effectively, the quality of our solution may suffer, and our operating results may be negatively affected.

Our business is at an early stage of commercialization.

We are still at an early stage of commercialization. There can be no assurance that we will meet its objectives. As in any early stage development company, there is no assurance that our business will be successful.

We have incurred losses and may continue to incur losses.

Our operating results have fluctuated significantly in the past from quarter to quarter and may continue to do so in the future. In addition, we have experienced net losses since we have commenced our business operation, and such losses may very well continue.

You should not rely on the results for any particular period as an indication of our future performance. It is possible that, in future periods, our results of operations may be below the expectations of public market analysts and investors. Fluctuations in our quarterly operating results or our inability to achieve or maintain profitability may cause volatility in the price of our common stock in the public market.

Our business depends on the establishment of a known and trusted brand and reputation.

Maintaining the trusted status of our e-commerce ecosystem is critical to our success, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, financial condition and results of operations. We are trying to establish a recognizable brand name and reputation for our e-commerce ecosystem in China. Any loss of trust in our Web Portal platform could harm the value of our brand and result in buyers and sellers ceasing to transact business on our marketplaces as well as participants reducing the level of their commercial activity in our ecosystem, which could materially reduce our revenue and profitability. Our ability to maintain our position as a trusted platform for online and mobile commerce is based in large part upon:

- the reliability and security of our platform;
- the functionality of products and the wide range of services of our Canadian businesses;
- the rules governing our marketplaces;
- the quality and breadth of products and services offered by sellers through our marketplaces;
- the strength of our consumer protection measures; and
- our partners' ability to provide reliable and trusted payment and escrow services through our arrangements.

We may not be able to maintain and improve the network effects of our ecosystem, which could negatively affect our business and prospects.

Our ability to maintain a healthy and vibrant ecosystem that creates strong network effects between buyers, sellers and other participants is critical to our success. The extent to which we are able to maintain and strengthen these network effects depends on our ability to:

- offer a secure and open platform for all participants;
- provide tools and services that meet the evolving needs of buyers and sellers;
- provide a wide range of high-quality product and service offerings to buyers;
- provide our Canadian sellers with a high level of traffic flow with strong commercial intent and effective online marketing services;
- enhance the attractiveness of our planned mobile platform;
- our partners demonstrate secure and trusted payment settlement and escrow services;
- coordinate fulfillment and delivery services with third-party logistics and delivery companies; and
- attract and retain third party service providers who are able to provide quality services on commercially reasonable terms to our sellers.

We are subject to global trade sentiments.

Our current operations are dependent on the trade sentiment between Canada and the destination markets. As such, this is an externality that we as a company cannot address directly.

We are subject to rapidly changing e-Commerce user behaviour.

User behavior on e-Commerce web sites and on mobile devices is rapidly evolving, and if we fail to successfully adapt to these changes, our competitiveness and market position may suffer. Buyers, sellers and other participants are increasingly using mobile devices in China for a wide range of purposes, including for e-Commerce. While a significant and growing portion of participants access our platforms through mobile devices, this area is relatively new and developing rapidly and we may not be able to continue to increase the level of mobile access to and engagement on our marketplaces. The variety of technical and other configurations across different mobile devices and platforms increases the challenges associated with this environment. Our ability to successfully expand the use of mobile devices to access our platform is affected by the following factors:

- our ability to continue to provide compelling commerce platforms and tools in a multi-device environment;
- the quality of our mobile offerings, or mobile-based payment services;
- our ability to successfully deploy apps on popular mobile operating systems that we do not control, such as iOS and Android;
- our ability to adapt to the device standards used by third-party manufacturers and distributors; and
- the attractiveness of alternative platforms.

We may not be able to engage and retain sufficient buyers to drive revenue growth.

If we are unable to attract significant numbers of new buyers and increase levels of engagement, our ability to maintain or grow our business would be materially and adversely affected. We may not be able to successfully monetize traffic on our platform, which could have a material adverse effect on our business. An increasing percentage of our users are accessing our marketplaces through mobile devices, a trend that we expect to continue. Our ability to monetize our mobile user traffic is critical to our business and our growth.

We may not be able to continually innovate or adapt to changing e-Commerce trends.

If we are not able to continue to innovate or if we fail to adapt to changes in our industry, our business, financial condition and results of operations would be materially and adversely affected.

The e-Commerce industry is characterized by rapidly changing technology, evolving industry standards, new service and product introductions and changing customer demands. Furthermore, our competitors are constantly developing innovations in Internet search, online marketing, communications, social networking and other services to enhance users' online experience.

We intend to continue to invest significant resources in our infrastructure, research and development and other areas in order to enhance our platform technology and our existing products and services as well as to introduce new high-quality products and services that will attract more participants to our marketplaces.

The changes and developments taking place in our industry may also require us to re-evaluate our business model and adopt significant changes to our long-term strategies and business plan. Our failure to innovate and adapt to these changes would have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks relating to data protection and privacy.

Our business generates and processes a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects. Our marketplaces and platform generate and process a large quantity of transaction, demographic and behavioral data.

We face risks inherent in handling large volumes of data and in protecting the security of such data.

In particular, we face a number of challenges relating to data from transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any systems failure or security breach or lapse that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

As we expand our operations, we may be subject to these laws in other jurisdictions where our sellers, buyers and other participants are located. Our privacy policies and practices concerning the collection, use and disclosure of user data are posted on our websites. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

We may not be able to maintain or grow our revenue or business.

We will primarily derive our revenue from online marketing services, commissions based on transaction value derived from certain of our marketplaces and fees from the sale of memberships on our wholesale marketplaces.

Potential changes in our strategy for monetizing our wholesale marketplaces could result in prolonged reductions in revenue from those marketplaces. In addition, our revenue growth may slow or our revenues may decline for other reasons, including decreasing consumer spending, increasing competition, slowing growth of the China retail or China online retail industry, changes in government policies or general economic conditions. In addition, our revenue growth rate will likely decline as our revenue grows to higher levels.

Our business could be disrupted by network interruptions

Our ecosystem depends on the efficient and uninterrupted operation of our computer and communications systems. Substantially all of our computer hardware and our cloud computing services are currently located in US and China. In addition, a large number of sellers maintain their enterprise resource planning, or ERP, and customer relationship management, or CRM, systems on our cloud computing platform, which contains substantial quantities of data relating to their accounts, transaction data, buyer information and other data that enables sellers to operate and manage their businesses. Although we have prepared for contingencies through redundancy measures and disaster recovery plans, such preparation may not be sufficient, and we do not carry business interruption insurance. Despite any precautions we may take, the occurrence of a natural disaster, such as an earthquake, flood or fire, or other unanticipated problems at our facilities, including power outages, telecommunications delays or failures, break-ins to our systems or computer viruses, could result in delays or interruptions to our marketplaces and platforms, loss of our and customers' data and business interruption for us and our customers. Any of these events could damage our reputation, significantly disrupt our operations and the operations of the sellers and other participants in our ecosystem and subject us to liability, which could materially and adversely affect our business, financial condition and results of operations.

Our business is dependent on third party logistics and delivery services.

Our sellers use third-party logistics and delivery companies to fulfill and deliver their orders. If these logistics and delivery companies fail to provide reliable delivery services, or our logistics information platform were to malfunction, suffer an outage or otherwise fail, our business and prospects, as well as our financial condition and results of operations, may be materially and adversely affected.

We cooperate with a number of third-party logistics and delivery companies to help our sellers fulfill orders and deliver their products to buyers. Interruptions to or failures in these third-parties' logistics and delivery services, or in our logistics information platform, could prevent the timely or proper delivery of products to buyers, which would

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harm the reputation of our marketplaces and our ecosystem. These interruptions may be due to events that are beyond our control or the control of these logistics and delivery companies, such as inclement weather, natural disasters, transportation disruptions or labor unrest. These logistics and delivery services could also be affected or interrupted by industry consolidation, insolvency or government shut-downs. We do not have agreements with logistics and delivery companies that require them to offer services to our sellers. The sellers on our marketplaces may not be able to find alternative logistics and delivery companies to provide logistics and delivery services in a timely and reliable manner, or at all. If the logistics information platform we use were to fail for any reason, our logistics providers would be severely hindered from or unable to connect with our sellers, and their services and the functionality of our ecosystem could be severely affected. If the products sold on our marketplaces are not delivered in proper condition, on a timely basis or at shipping rates that marketplace participants are willing to bear, our business and prospects, as well as our financial condition and results of operations could be materially and adversely affected.

If third-party service providers on our ecosystem fail to provide reliable or satisfactory services, our business, financial condition and results of operations may be materially and adversely affected.

We do not have any agreements that require these third-party participants to provide services to sellers. To the extent these third-party service providers are unable to provide satisfactory services to sellers on commercially acceptable terms or at all or if we fail to retain existing or attract new quality service providers to our marketplaces, our ability to retain or attract sellers and buyers may be severely limited, which may have a material and adverse effect on our business, financial condition and results of operations.

We are dependent on key personnel.

We depend on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business. Our future success is significantly dependent upon the continued service of our key executives and other key employees. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth.

The size and scope of our ecosystem also require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels as we expand our business and operations. Competition for talent in the Internet industry is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. Any failure to attract or retain key management and personnel could severely disrupt our business and growth.

We are subject to changes general economic conditions

The markets in which we operate are affected by changes in general economic conditions, including China's marketplace, and political and economic conditions, international, national, regional and local economic conditions, all of which are outside of our control. Economic slowdowns, cyclical trends, increases in interest rates and other factors could have a material adverse effect on our financial performance and financial condition.

We are subject to governmental regulation.

Government regulation can affect us. Failures to comply with applicable and new emerging regulatory requirements can, among other things, result in fines, suspension of regulatory approvals, seizures, operating restrictions and criminal prosecutions. All of the foregoing regulatory matters will also be applicable to development and marketing undertaken by any collaborative partners.

Our research and market development may not prove to be profitable.

There can be no assurances that our research and market development activities will prove profitable.

Our middle management has limited experience managing a public company.

The Board and officers of the Resulting Issuer will have overall responsibility for management of the Resulting Issuer and, while certain of the Resulting Issuer's directors and officers have extensive experience in management and finance as well as in the operation of publicly-owned businesses, middle management has limited experience operating a public company. In addition, the Resulting Issuer will be required to develop control systems and procedures required to operate as a public company, and these systems and procedures could place a significant strain on the Resulting Issuer's management systems, infrastructure and other resources. The Resulting Issuer cannot assure Shareholders that its management's past experience will be sufficient to enable the Resulting Issuer to successfully operate as a public company.

If the Resulting Issuer is unable to successfully operate as a public company, this could substantially reduce its earnings and its ability to generate stable positive cash flow from its operations and may reduce the value of its Shares and adversely affect the Resulting Issuer's ability to raise additional capital.

We may require additional financing.

In order to execute our growth strategy, we may require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to us when needed or on terms which are acceptable. Our inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit our growth and may have a material adverse effect upon future profitability. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Our insurance may not be sufficient to cover insured losses.

Sachiel has insurance to protect its assets, operations and employees. While Sachiel believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Sachiel is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Sachiel's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Sachiel were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Sachiel were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Our board and management may be subject to conflicts of interest.

Certain of the directors and officers of Sachiel are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of Sachiel and as officers and directors of such other companies. The Resulting Issuer will be subject to various potential conflicts of interest because of the fact that some of its officers and directors are engaged in a range of business activities. In addition, the Resulting Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers and directors.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or corporations with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. The

interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the BCBCA.

We may be subject to litigation.

Sachiel may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Sachiel becomes involved be determined against Sachiel, such a decision could adversely affect Sachiel's ability to continue operating and the market price for the Resulting Issuer's Common Shares and could use significant resources. Even if Sachiel is successful in litigation, litigation can redirect significant company resources.

The market price of our common shares may be subject to wide price fluctuations.

The market price for the Resulting Issuer's Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, changes in the business prospects for the Resulting Issuer and its subsidiaries, as well as many that are beyond the Resulting Issuer's control, including the following:

- actual or anticipated fluctuations in the Resulting Issuer's results of operations;
- changes in estimates of future results of operations by the Resulting Issuer or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Resulting Issuer;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or other transfer restrictions on outstanding Shares;
- sales or perceived sales of additional securities by the Resulting Issuer;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer's Common Shares, and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Resulting Issuer's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

We may not pay any dividends.

The Resulting Issuer has **no** dividend record, and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of the Resulting Issuer may deem relevant. As a result, investors may not receive any return on an investment in Common Shares unless they sell the Common Shares for a price greater than that which such investors paid for it.

There may be a limited market for our common shares.

Upon completion of the Qualifying Transaction, the Resulting Issuer's Common Shares will be listed on the Exchange, however, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

INFORMATION CONCERNING EXALT CAPITAL CORP.

CORPORATE STRUCTURE

Name and Incorporation

Exalt's full corporate name is "Exalt Capital Corp.". Exalt was incorporated pursuant to the BCBCA on February 20, 2017. The head office of Exalt is located at Suite 515, 4538 Kingsway Avenue, Burnaby, British Columbia V5H 4T9, and its registered office is located at Suite 2900, 595 Burrard Street, Vancouver, British Columbia V7X 1J5.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Exalt is a CPC and to date has not carried on any operations. The principal business of Exalt has been to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate an acquisition or participation subject to acceptance by the Exchange.

Exalt completed its IPO under the CPC Policy on October 4, 2017. The Common Shares were listed for trading on the Exchange on October 3, 2017 under the symbol "EXT.P".

The share capital of Exalt consists of an unlimited number of Common Shares. As of the date hereof, 5,500,000 Common Shares are issued and outstanding.

Exalt has no subsidiaries except for Subco. Subco is a wholly-owned subsidiary of Exalt formed solely for the purpose of entering into the Acquisition Agreement and completing the Amalgamation. Subco was incorporated on January 10, 2018 pursuant to the BCBCA.

THE ACQUISITION

Management of Exalt has identified the acquisition of Sachiel as an appropriate transaction to constitute its Qualifying Transaction. It is proposed that Exalt will acquire 100% of the issued and outstanding Sachiel Common Shares in exchange for 29,099,992 Common Shares as described herein.

The purchase price in connection with the Acquisition was determined pursuant to arm's length negotiations.

The Acquisition will be completed by way of the Amalgamation between Subco and Sachiel pursuant to the terms of the Amalgamation Agreement including the following:

- (a) Subco and Sachiel will amalgamate, with the amalgamated entity to be named "Sachiel Holdings Inc.", or such other name as may be agreed between Exalt and Sachiel, and continuing as a direct, wholly-owned subsidiary of the Resulting Issuer;
- (b) Exalt will issue Common Shares to the shareholders of Sachiel, at an exchange ratio of approximately 7.97 Common Shares for each Sachiel Common Share. Based on the number of Sachiel Common Shares outstanding as of the date of this Filing Statement, the aggregate number of Common Shares to be issued is expected to be 29,099,992.

The Acquisition is subject to certain conditions, including but not limited to the Exchange being satisfied that after completion of the Acquisition, Exalt will satisfy the Exchange's initial listing requirements in order to become a Tier 2 Industrial or Life Science or Technology Issuer on the Exchange. Other conditions include the completion of the Concurrent Non-Brokered Financing and the Concurrent Brokered Financing.

The Resulting Issuer will change its name from “Exalt Capital Corp.” to “Astron Connect Inc.”. The Name Change is expected to be completed on or prior to Closing.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSIONS & ANALYSIS OF EXALT

MD&A for the period from incorporation to the financial year ended June 30, 2017 is attached hereto as Appendix “A”. This MD&A should be read in conjunction with Exalt’s financial statements for the same period, also attached as Appendix “A”. MD&A for the nine month period ended March 31, 2018 is attached hereto as Appendix “B”. This MD&A should be read in conjunction with Exalt’s financial statements for the same period, also attached as Appendix “B”.

The Exalt financial statements are prepared in accordance with IFRS which requires estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed elsewhere in this filing statement. See "Forward-Looking Information" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions relating to those statements.

Since Exalt is a CPC, other than its IPO, its business to date has consisted solely of identifying a suitable Qualifying Transaction. Since incorporation, Exalt has incurred costs in carrying out its IPO, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer. The following tables set out selected historical financial information for Exalt for the period from February 20, 2017 (the date of incorporation) to the financial year ended June 30, 2017, and the nine-month period ended March 31, 2018. Such information is derived from the financial statements set out in “Appendix “A” – Financial Statements and Management’s Discussion and Analysis of Exalt Capital Corp. for the period from incorporation to the financial year ended June 30, 2017” and “Appendix “B” - *Financial Statements and Management’s Discussion and Analysis of Exalt Capital Corp. for the nine months ended March 31, 2018*”.

Income Statement Data	9-Months Ended March 31, 2018 (unaudited)	From Incorporation, February 20, 2017, to the financial year ended June 30, 2017 (audited)
Revenues	Nil	Nil
Total Expenses	\$137,118	\$38,156
Net Income (Loss)	\$(137,118)	\$(38,156)

Balance Sheet Data	As at March 31, 2018 (unaudited)	As at June 30, 2017 (audited)
Cash and cash equivalents	\$ 267,463	\$76,903
Total Assets	\$ 272,463	\$77,372
Shareholders’ equity	\$ 247,770 ¹	\$61,844

¹ Shareholders’ equity has been offset by share issuance costs in the amount of \$80,438 incurred by Exalt in connection with the IPO.

The cumulative expenses of Exalt for the period from February 20, 2017 (the date of incorporation) to March 31, 2018 were \$175,274, and consist of the following:

Transfer agent and filing fees	\$56,620
Professional fees	\$59,712
Stock based payments	\$32,544
Office and general	\$8,898
Expenses related to Qualifying Transaction	\$17,500

Exalt continues to expect to generate negative cash flow from operating activities in the future until Exalt commences revenue generation upon completion of the Qualifying Transaction.

As of March 31, 2018, Exalt has working capital in the amount of \$247,770, has no outstanding capital commitments, and had not pledged any of its assets as security for loans, or otherwise, and was not subject to any debt covenants. Management believes that Exalt has sufficient working capital to meet its anticipated financial obligations for 2018, and to pursue another Qualifying Transaction should the Acquisition not be completed.

RELATED PARTY TRANSACTIONS

On May 25, 2017, the Company granted incentive stock options to its directors and officers to purchase up to 400,000 common shares exercisable at \$0.10 per share expiring on May 25, 2022, fully vested on the date of grant and held in escrow pursuant to the CPC Escrow Agreement. The options will be released from escrow upon the Escrow Agent receiving notice from the Exchange that Exalt has completed its QT.

DESCRIPTION OF THE SECURITIES

Exalt is authorized to issue an unlimited number of common shares without nominal or par value of which, as of the date hereof, 5,500,000 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares of Exalt.

The holders of Common Shares are entitled to dividends, if, as and when declared by the directors, to one vote per Common Share at meetings of the shareholders of Exalt, upon dissolution, to share equally in such assets of Exalt as are distributable to the holders of Common Shares of Exalt.

Exalt has granted incentive stock options to the directors and officers of Exalt to acquire, in aggregate, 400,000 Common Shares at a price of \$0.10 per Common Share exercisable for a period expiring on May 25, 2022, subject to the terms of the Option Plan. In connection with the aforementioned options, Exalt has reserved, in aggregate, 400,000 Common Shares of Exalt for issuance upon exercise of the options. All stock options set out above are fully vested on the Listing Date and are held in escrow pursuant to the CPC Escrow Agreement. The options will be released from escrow upon the Escrow Agent receiving notice from the Exchange that Exalt has completed its QT. As of the date hereof, none of the optionees had exercised any options.

Also, in connection with the closing of the IPO, Exalt granted Mackie Research Capital Corporation agent's warrants to purchase up to 350,000 Common Shares at a price of \$0.10 per Common Share exercisable for a period expiring on October 4, 2019.

OPTIONS AND WARRANTS TO PURCHASE SECURITIES OF EXALT

The following are the options and warrants granted and outstanding as of March 31, 2018.

Number of Options Outstanding	Weighted Average Exercise Price	Remaining Contractual Life (years)	Number of Options Exercisable	Expiry Date
400,000	\$0.10	4.10	400,000	May 25, 2022 ¹
350,000	\$0.10	1.15	350,000	October 10, 2019

¹ Pursuant to the terms of the Option Plan, the expiry date of the options held by the existing directors and officers of Exalt who, at the time of closing of the Qualifying Transaction are not continuing as a director, officer, technical consultant or employee of the Resulting Issuer, will be adjusted to be the date that is 12 months after the date on which the Final Bulletin is issued by the Exchange in evidence of the final acceptance by the Exchange of the Qualifying Transaction.

Exalt has adopted the Option Plan, which provides that the directors of Exalt may from time to time, in their discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants of Exalt, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the number of then issued and outstanding Common Shares. Such options will be exercisable for a period of up to ten years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the number of then

outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the number of then outstanding Common Shares. Options may be exercised within the greater of 12 months after completion of the Qualifying Transaction and 30 days following cessation of the optionee's position with Exalt, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

PRIOR SALES

Since the date of incorporation of Exalt, 5,500,000 Common Shares have been issued as follows:

Date of Issue	Number of Common Shares	Aggregate Issue Price	Issue Price Per Common Share	Consideration Received
February 20, 2017	2,000,000 ¹	\$100,000	\$0.05	Cash
October 4, 2017	3,500,000	\$350,000	\$0.10	Cash
Total	5,500,000	\$450,000		

¹ These Common Shares were issued to Non-Arm's Length Parties of Exalt and are held in escrow pursuant to the terms of the CPC Escrow Agreement. See "*Escrowed Securities*" for detailed disclosure of escrowed securities held by each of the Non-Arm's Length Parties of Exalt.

ESCROWED SECURITIES

All Common Shares acquired on 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.

In addition, all Common Shares acquired in the secondary market prior to the completion of the Qualifying Transaction by a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of Exalt held by Principals of the Resulting Issuer will also be escrowed.

Notwithstanding the foregoing, Common Shares acquired by Principals of Exalt or Principals of the Resulting Issuer pursuant to a private placement will not be subject to escrow provided that various conditions, as set forth in the CPC Policy, are met.

The following table sets out, as at the date hereof, the number of Common Shares which are held in escrow.

Name and Municipality of Residence of Shareholders	Number of Escrowed Common Shares	Percentage of Common Shares Held
Wei Kang ¹ Vancouver, British Columbia	600,000	10.91%
Herrick Lau ¹ Vancouver, British Columbia	600,000	10.91%
(Iris) Hong Duan ¹ Vancouver, British Columbia	600,000	10.91%
Ian Mallmann ¹ Richmond, British Columbia	200,000	3.64%

¹ Non-Arm's Length Parties of Exalt at the time of issuance of the escrowed securities.

Where the Common Shares, which are required to be held in escrow, are held by a holding company, each holding company pursuant to the CPC Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the CPC Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issue of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

The prior consent of the Exchange must be obtained before a transfer within escrow of the escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

Under the Value Security Escrow Agreement, if the Resulting Issuer meets Tier 2 Initial Listing Requirements of the Exchange as currently anticipated, 10% of the escrowed Common Shares will be released from escrow on the issue of the Final Exchange Bulletin (the “**Initial Release**”) and an additional 15% of the escrowed Common Shares will be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released.

If the Resulting Issuer meets the Exchange’s Tier 1 minimum listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the released of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 Issuer and the Exchange has issued a bulleting that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

MARKET PRICE AND TRADING VOLUME DATA

The Common Shares have been listed and posted for trading on the Exchange since October 10, 2017. The following table sets forth certain trading information for the Common Shares on the Exchange, for the periods noted below.

Period	High	Low	Close	Volume
December 2017 ¹	\$0.22	\$0.20	\$0.21	6,000
November 2017	\$0.35	\$0.20	\$0.21	28,150
October 2017	\$0.40	\$0.15	\$0.35	117,400

¹ Trading of the Common Shares has been halted by the Exchange since December 6, 2017, the date upon which the LOI was signed.

INTERESTS OF INSIDERS

No Insider, Promoter or Control Person of Exalt and their respective Associates and Affiliates (before giving effect to the Qualifying Transaction) have any interest in Sachiel.

CONFLICT OF INTERESTS

To the knowledge of the management of Exalt, the directors and officers of Exalt have no conflicts of interest in respect of the proposed Qualifying Transaction

ARM’S LENGTH TRANSACTIONS

The proposed Qualifying Transaction described in this Filing Statement does not constitute a Non-Arm’s Length Qualifying Transaction for Exalt within the meaning of the CPC Policy.

LEGAL PROCEEDINGS

Exalt is not currently a party to any legal proceedings, nor is Exalt currently contemplating any legal proceedings, which are material to its business. Management of Exalt is currently not aware of any legal proceedings contemplated against Exalt.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor for Exalt is Smythe LLP, located at Suite 700, 355 Burrard Street, Vancouver, BC, V6C 2G8.

Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares is TSX Trust Company, located at Suite 2700, 650 West Georgia Street, Vancouver, BC, V6B 4N9.

MATERIAL CONTRACTS

Exalt has not entered into any material contracts and is not expected to enter into any material contracts prior to the Closing, other than:

- (a) the Transfer Agent, Registrar and Disbursing Agent Agreement dated July 17, 2017 between Exalt and TSX Trust Company;
- (b) the CPC Escrow Agreement;
- (c) the Acquisition Agreement; and
- (d) the Finder's Fee Agreement; and
- (e) an agency agreement expected to be executed in connection with the Concurrent Brokered Private Placement.

Copies of the agreements listed under (a) – (d) are available, and the agreement described in item (e) will be available upon its execution, for inspection at the office of Exalt, at any time during ordinary business hours and until 30 days after the completion of the Acquisition.

INFORMATION CONCERNING SACHIEL CONNECT INC.

CORPORATE STRUCTURE

Name and Incorporation

The Company has its head office located at Suite 2368, 666 Burrard Street, Vancouver, British Columbia V6C 2X8. The Company was incorporated under the BCBCA on July 28, 2016.

Intercorporate Relationships

Sachiel has a wholly-owned subsidiary named Sachiel Water Inc. Sachiel Water was incorporated under the BCBCA on May 10, 2017. Sachiel Water's operations office is located at 309 - 1991 Savage Road, Richmond, British Columbia, V6V 1A4.

Share Structure

- Sachiel has one class of common shares. The majority shareholder, Bei Nie, is the founder of the organization.
- Sachiel Water has one class of common shares and all shares are owned by Sachiel.

General Development of Business

The Company was incorporated on July 28, 2016 and re-named as "Sachiel Connect Inc." on May 4, 2017. The Company began its business as a bottled water exporter.

Due to the historical, consistent inquiry from existing Sachiel clientele, the Company started development of a Web portal platform to serve as a gateway for, initially, Chinese, and later consumers from all around the globe, to access information on "Safe and Clean Foods from Canada". This is the general business premise that Sachiel Water and now the Company have been founded around. The initial bottled water business was assigned to the Company's wholly-owned subsidiary, Sachiel Water.

Currently, the Company's has a strategic partnership ("**BTL Agreement**") with BanJia (Shenzhen) Technology Ltd. ("**BTL**") to serve as the e-Commerce fulfillment platform for the Company in China. Under this strategic partnership, the Company will provide to BTL, at no cost, all of the products listed on the Company's web portal (the "**Company Portal**") that the Company has accumulated from Canadian suppliers. In return for this distribution right, BTL has agreed to assist the Company in its acquisition of Chinese buying/buyer members. BTL has created a WeChat-based e-Commerce platform that is focused on selling fast-moving consumer goods from Canada to China.

Significant Acquisitions and Dispositions

- On August 15, 2017, CanShield Global Capital Inc. was issued 54,750 common shares of Sachiel Connect Inc. at a deemed price of C\$2.00 per share in consideration of the lease and water use rights agreement to the Haven Spring water source in the Kamloops area for a period of at least ten (10) years, commencing by February 28, 2018. The lease is in good standing.
- The issuance of the 54,750 Sachiel Connect common shares to CanShield Global Capital Inc. was an arm's length transaction.
- At present, the Company is not utilizing the Haven Spring water source. All bottled water currently being sold by the Company is produced with Whistler Water Inc. and Natural Glacial Waters Inc.

NARRATIVE DESCRIPTION OF BUSINESS

Sachiel Connect Inc.'s Business

The Company's current e-Commerce business is an information services platform that provides Canadian-based food and beverage producers assistance in exporting their products – initially in China - through the Company Portal. The Company focuses on connecting Canadian-based small and medium-sized enterprises (i.e., "**SMEs**") in the food and beverage industries with businesses and buyers in China, Africa and New Zealand. the Company's core product offering is providing Canadian SME-class suppliers with access to buyers from across the globe. The Company's management notes that its beta version 1.0 the Company's portal has been built and completed and was operational as at June 20, 2017. The Company portal can be found and accessed at: www.sachielconnect.net.

The Business of Sachiel Water

Sachiel Water seeks to supply China and emerging markets with clean drinking water.

Sachiel Water currently sells natural spring water from the mountains of Whistler, British Columbia and from Vancouver Island and has engaged Whistler Water Inc. and Natural Glacial Waters Inc. for original equipment manufacturer production.

Whistler Water Inc. provides Sachiel Water with the following:

- (1) water source;
- (2) extraction of water;
- (3) bottling the water;
- (4) labelling the product; and
- (5) packaging the product for shipping and onsite storage.

Natural Glacial Waters Inc. provides Sachiel Water with the following:

- (1) water source;
- (2) extraction of water; and
- (3) bottling the water and onsite storage of the product.

Labelling for water bottled at Natural Glacial Waters Inc. is provided by Taiwan Hon Chuan Ent. Co. on-site at the bottling facility.

Sachiel Water mainly exports to mainland China and Africa.

Operations

Sachiel Connect's Operations

- The Company provides its services to customers (Canadian suppliers) via an online Web Portal.
- The Company places each supplier's product offerings onto the Company Portal and passes on the appropriate marketing information to Sachiel Connect's strategic partnerships with order aggregators, such as BTL. BTL is focused on Greater China. Sachiel Connect deals with Africa and New Zealand customers independently.
- The Company does not produce, subcontract, wholesale or purchase any of its supplier's products.
- The Company's strategic partnership with BTL is solely based on their ability to assist the Company with buyer membership acquisition. In exchange, the Company shares the Canadian supplier list and contacts with BTL without charge.
- Sachiel Connect and Sachiel Water have a total of six (6) employees.

The Company carries Commercial General Liability insurance in the amount of C\$5 million. The Company also has insurance for privacy and data protection. Taxes, customs duties, and insurance are negotiated by the buyer and suppliers. It is up to buyers/sellers to handle the details of any transaction on the Company ISP. The Company doesn't charge any transaction fees.

Sachiel Water's Operations

Sachiel Water uses Whistler Water Inc. and Natural Glacial Waters Inc. to provide Sachiel Water a turnkey water product that Sachiel Water exports primarily to China.

Market

Sachiel Connect Inc.

Safe and Quality Food Needs in China and Asia

Food security problem is attracting more consumers' attention in recent years, especially in Asia. Based on the official definition from Food and Agriculture Organization of the United Nation ("FAO"), food security includes a country's ability to provide its people with safe food, satisfy each person's essential nutritional needs, and install resilient and sustainable food production systems¹.

Recent years, food scandals happened frequently, which resulted in enormous casualty loss and food safety crisis. In the melamine scandal of 2008, six infants were killed and 300,000 people took ill in China². In Vietnam, a range of biological, chemical and physical hazards have been found in foodstuff because of high use of pesticides and antimicrobials³. In China again, only in the first nine months of 2016, 500,000 food-related incidents were recorded, ranging from false advertising to counterfeit ingredients and contaminated products⁴.

¹ New Solutions to Old Problems: Food Security in China and Canadian Agri-Innovation, Asia Pacific Foundation of Canada. September 2016. url:< <https://www.asiapacific.ca/fr/blog/new-solutions-old-problems-food-security-china-and-canadian>>

² China Wants More, Country Guide. February 2017. url:< <https://www.country-guide.ca/2017/02/28/chinas-demand-for-safe-high-quality-foods-is-exploding/50531/>>

³ Food Safety in Asia: 5 issues to consider, Food Quality. April 2017. url:< <https://www.foodqualitynews.com/Article/2017/04/11/Meeting-changing-food-safety-challenges-in-Asia>>

⁴ Food Safety in Asia: 5 issues to consider, Food Quality. April 2017

Contamination is another factor that is threatening food safety. Taking China as an example, due to rapid industrial and economic development in the 20th century, 19.4% of China's arable farmland is contaminated⁵, and 60.1% of the monitored groundwater was considered badly and very badly polluted in 2016⁶. More specifically, in 2013, rice crops produced in Hunan Province were found to be heavily tainted by cadmium, a toxic metal linked to kidney failure and skeletal problems; China Daily reported that the area of contaminated land in 2013 was the same size as Belgium⁷. Both farmland and water are key factors in food production. Therefore, these contaminations have led to the contamination of the penetration of pollutants into the food chain.

According to figures provided by the UN's FAO, a total of 578 million people are undernourished in the Asia-Pacific area, which accounts for 62.4% of the all undernourished population worldwide⁸. Looking at China in particular, 9.2% of China's population is undernourished⁹.

In the meantime, the world's population is growing rapidly. According to Bloomberg News, ballooning populations in Asia, Africa, and South America will add another 2 billion people within a generation¹⁰. Similarly, citing from FAO, Asia, the most populous continent, would reach its population peak between 2050 and 2060¹¹. With more and more mouths to feed, Asia is facing food scarcity problem under the situation that a great many farmlands are not arable. It is said that it takes about one acre to feed the average U.S. consumer whereas China only has about 0.2 acres of arable land per citizen, and this includes those fields degraded by pollution¹².

As a result, Asian consumers are now highly vigilant when purchasing edible products. "Chinese people are much more aware of food-safety problems today than a decade ago," said Sam Geall, a research fellow at the U.K.'s University of Sussex who focuses on China's environment and agriculture¹³. They are paying more attention to where their food comes from, what it contains, and how it was produced¹⁴.

Attributed to the rapid pace of industrialization and urbanization that has been ongoing in China since the 1980s, 56% of China's population lived in urban areas in 2015, and this number was expected to keep edging up to 60% by 2020¹⁵. According to a research conducted by consultants McKinsey & Co., more than three-quarters of China's urban consumers will earn between 60,000 and 229,000 RMB (approximately C\$11,600 to C\$44,400) a year¹⁶. This means that the purchasing power of China's middle class is on the rise. The lingering distrust, combined with the rising wealth of the middle class and more food availability, has led to Chinese consumers' changing demand from focusing on having enough food to caring about quality¹⁷. In other words, the quality of food is now the main need for Chinese consumers, instead of quantity. They focus more on health and are willing to pay more for safety.

⁵ Farming the World: China's Epic Race to Avoid a Food Crisis, Bloomberg. May 2017. url:<<https://www.bloomberg.com/graphics/2017-feeding-china/>>

⁶ 2016 State of Environment Report by Ministry of Environmental Protection Review, China Water Risk. June 2016. url:< <http://chinawaterrisk.org/resources/analysis-reviews/2016-state-of-environment-report-review/>>

⁷ New Solutions to Old Problems, Asia Pacific Foundation of Canada. September 2016.

⁸ Undernourishment by region in 2010, Food and Agriculture Organization of the United Nations

⁹ New Solutions to Old Problems, Asia Pacific Foundation of Canada. September 2016.

¹⁰ Farming the World: China's Epic Race to Avoid a Food Crisis, Bloomberg. May 2017.

¹¹ The Future of Food and Agriculture: Trends and Challenges, Food and Agriculture Organization of the United Nations. Rome, 2017.

¹² Farming the World: China's Epic Race to Avoid a Food Crisis, Bloomberg. May 2017.

¹³ Farming the World: China's Epic Race to Avoid a Food Crisis, Bloomberg. May 2017.

¹⁴ China Wants More, Country Guide. February 2017.

¹⁵ China Wants More, Country Guide. February 2017.

¹⁶ Mapping China's Middle Class, McKinsey & Company. October 2017. url:<<https://www.mckinsey.com/industries/retail/our-insights/mapping-chinas-middle-class>>

¹⁷ China Wants More, Country Guide. February 2017.

While losing their trust in locally manufactured foods due to frequently happened food scandals, Chinese consumers are now seeking food products from more reliable sources. According to the Performance of Countries based on their 2017 Food Security Score conducted by Global Food Security Index, Ireland, the United States and the United Kingdom are the top three countries in the world. Other countries in the Top 10 were mostly European, including Singapore, Australia, Netherlands, Germany, France, Canada, and Sweden¹⁸. Now, it is easy for Chinese consumers to purchase products from these countries. Tetra packs of milk from Denmark, Germany, New Zealand and Australia line the shelves of Chinese grocery stores, and North American and European cooking oils, cereal, confectionary and dry goods are widely sold in both online and traditional market settings¹⁹.

Fortunately, the Chinese government has been strengthening regulations on food safety. For example, the government has raised its standards for crop quality and will now turn away a substandard crop, which did not use to happen in the past²⁰. More importantly, governments throughout Asia have drafted new food safety laws and regulatory frameworks, often in partnership with global entities, such as the World Bank and World Health Organizations. For instance, Vietnam's 2011 Food Safety Law introduced 54 regulations, ranging from microbiological, heavy metal and mycotoxin contamination to food additive specifications and food contact materials²¹.

Asian food security can only be achieved through increases in the amount of food produced and delivered to consumers. This increase will have to accommodate the 100 per cent growth in Asian demand for food by 2050, and will require food imports from other regions.

Number of SMEs in Canada

As of December 2015, there were 1.17 million employer businesses in Canada, as shown in the table below. Of these, 97.9 percent were small businesses, 1.8 percent were medium-sized businesses and 0.3 percent were large enterprises²².

Provinces/ Territories	Employer Businesses				Number of SMEs per 1,000 Population (aged 15+ years)
	Small (1–99)	Medium (100–499)	Large (500+)	Total	
Newfoundland and Labrador	17,174	307	45	17,526	39.1
Prince Edward Island	5,838	83	14	5,935	48.7
Nova Scotia	29,298	556	68	29,922	37.3
New Brunswick	25,002	443	64	25,509	40.0
Quebec	235,075	4,301	590	239,966	34.7
Ontario	407,175	8,437	1,189	416,801	36.3
Manitoba	37,776	829	107	38,712	37.3
Saskatchewan	40,453	644	88	41,185	45.5
Alberta	165,792	3,076	437	169,305	50.0
British Columbia	176,014	2,623	329	178,966	45.2
Yukon	1,723	34	0	1,757	57.3
Northwest Territories	1,606	51	1	1,658	48.5
Nunavut	704	31	1	736	29.6
Canada	1,143,630	21,415	2,933	1,167,978	39.2
Percentage	97.9	1.8	0.3	100.0	

Source: Statistics Canada, Business Register, December 2015.

¹⁸ Performance of Countries based on their 2017 Food Security Scores, Global Food Security Index. 2017. url:<
http://foodsecurityindex.eiu.com/Index>

¹⁹ China Wants More, Country Guide. February 2017.

²⁰ China Wants More, Country Guide. February 2017.

²¹ Food Safety in Asia: 5 issues to consider, Food Quality. April 2017.

²² Source: Statistics Canada, Business Register, December 2015.

Of the 1,167,978 employer businesses active in Canada, micro-enterprises (firms with one to four employees) constitute 54.1 percent of all private employers, which is the largest SME group. If the groups of employer businesses with 5 to 9 and 10 to 19 employees are included, they account for 86.2 percent of employer businesses

The majority of Canadian businesses are service oriented. Of all employer businesses, 78.5 percent operate in the service-producing sector, compared with 21.5 percent in the goods-producing sector.

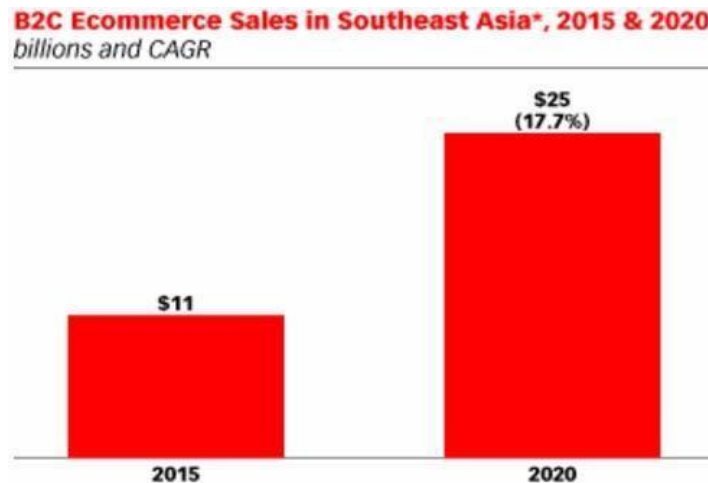
Over half of the 1.14 million small businesses are concentrated in five industries: retail trade (12.5 percent), construction (12.2 percent), professional, scientific and technical services (12.0 percent), other services (9.6 percent) and health care and social assistance (9.2 percent).

The distribution of medium-sized businesses across business sectors is different, with nearly half concentrated across manufacturing (14.6 percent), retail trade (13.5 percent), health care and social assistance (10.3 percent) and administrative and support, waste management and remediation services (7.5 percent)²³.

Sachiel's target market is Canadian SMEs in the food and beverage and the agriculture sectors, which represent approximately 20 percent of the total number of SMEs.

Online and e-Commerce

Market research expert – Frost & Sullivan – noted in August 2016 that its analysis of Southeast Asian e-commerce indicates that business-to-consumer (“**B2C**”) e-commerce sales in the region are predicted to grow from US\$11 billion in 2015 to US\$25 billion by 2020, representing a compound annual growth rate of 17.1%.²⁴



The bulk of the growth in retail e-commerce will come from China, where sales are expected to reach US\$899.09 billion this year, representing almost half (47.0%) of all such sales worldwide. While there is plenty of opportunity for growth in China, some of the ASEAN economies are still faced with challenges. An underdeveloped digital payments infrastructure and a weak logistics framework have made those markets unprepared to handle high

²³ Key Small Business Statistics, Innovation, Science and Economic Development Canada. June 2016. url:<
[https://www.ic.gc.ca/eic/site/061.nsf/vwapj/ksbs-psrpe_june-juin_2016_eng.pdf/\\$file/ksbs-psrpe_june-juin_2016_eng.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/ksbs-psrpe_june-juin_2016_eng.pdf/$file/ksbs-psrpe_june-juin_2016_eng.pdf)>

²⁴ Analysis of Southeast Asian eCommerce Market Frost & Sullivan. August 2016. url:<
<http://www.frost.com/sublib/display-report.do?id=P8F7-01-00-00-00&bdata=aHR0cHM6Ly93d3cuZ29vZ2x1LmNhL0B%2BQJEhY2tAfKAxNTIyODAxOTI3NzA5>>

volumes of e-commerce orders and have kept e-commerce at a nascent stage. These markets represent a great opportunity for expansion.

Asia's consumer market will continue to be driven by preferences of the rising middle class, and particularly the growing influential younger consumers in the region. Consumers are now more connected, mobile and socially fluid. They demand personal products and services, look for greater satisfaction in life experience and have a strong desire for convenience and immediacy²⁵.

E-commerce players have stepped up their online expansion, reaching out to more customers in Asia. B2C marketplaces, in particular, have seen rapid development over recent years.

Retail sales and Internet sales of selected Asian economies

	Retail sales (US\$ billion)	yoy growth (%)	Internet sales (US\$ billion)	yoy growth (%)	Share of internet sales in retail sales (%)
China	2,016.7	8.1	347.4	33.9	17.2
Japan	947.2	0.9	67.7	8.5	7.1
South Korea	234.3	7.8	43.0	20.4	18.4
Taiwan	90.8	2.6	8.9	12.5	9.8
Singapore	21.9	-1.7	1.1	33.1	4.8
Malaysia	41.1	2.9	0.5	18.0	1.3
Thailand	86.9	4.0	1.5	11.2	1.7

Source: Euromonitor International; compiled by Fung Business Intelligence

In many Asian countries, mobile commerce (m-commerce) is becoming popular among shoppers. Some retailers have also partnered with payment service providers to offer electronic payment services and mobile wallets to provide their online customers a frictionless payment experience.

Driven by accelerated smartphone penetration and the increased amount of time consumers spend online, the number of social media users has increased drastically in Asia. The social media boom has underpinned the growth of social media driven commerce in the region, especially in Southeast Asia. Social media driven commerce currently accounts for a third of all online shopping transactions the Southeast Asian region.

The concept of “experience shopping” has also garnered significant attention in Asia's retail market. When it comes to shopping, consumers in Asia are more sophisticated and increasingly looking for additional value – exceptional services and personalized experiences. This has prompted retailers to create an “experiential shopping” environment so as to provide consumers with immersive shopping experiences and services.

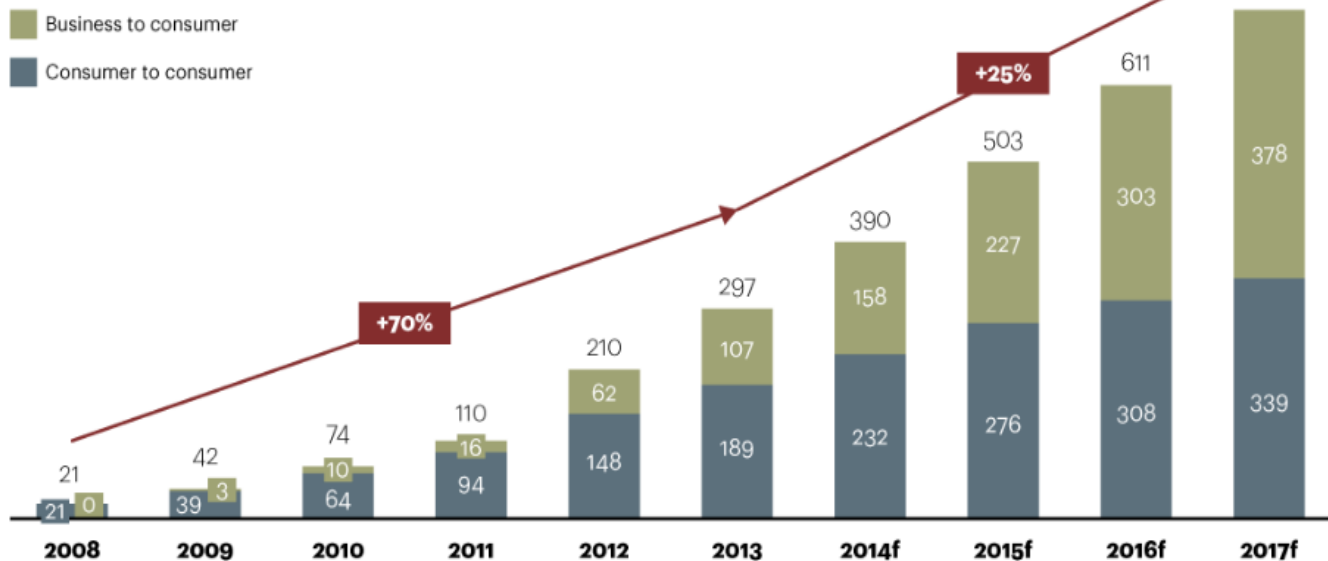
²⁵ Asia Retail: 9 Key Trends and Developments – Illustrated with cases and observation, Fung Business Intelligence. March 2017. url:< https://www.fbicgroup.com/sites/default/files/AsiaRetail_9KeyTrends.pdf>

Increasing numbers of traditional Asian retailers have set up online stores, while major Asian e-commerce players have expanded their online marketplaces both in their own countries and across the region. In addition, Many Asian retailers have launched mobile-enabled websites and mobile apps with location-based and other interactive functions.

Online shopping will continue to grow in China, though more modestly

E-commerce market size

(\$ billion)



Note: Exchange rate is 6.2 yuan per dollar. Totals may not resolve due to rounding.

Sources: iResearch, Analysys International; A.T. Kearney analysis

- Sachiel Connect's platform is currently offered only to suppliers in Canada.
- Sachiel Connect operates in the information services industry.
- Sachiel Connect's market place is the foods and beverage and agriculture sectors.

Sachiel Connect is an information services platform ("ISP"). ISPs are platforms that provide individuals with a means to conduct broad or specific searches to find what they are looking for. ISPs such as Google and Yahoo provide consumers with an information index of unlimited categories. They also act as intermediaries that help consumers access other more specialized ISPs such as WebMD. WebMD is a specialized ISP that helps consumers find information specific to illnesses and those best equipped to treat those illnesses. Another example of a specialized ISP is Angie's List which allows homeowners to access a database of home improvement professionals.

Sachiel Connect is a specialized ISP that helps consumers and businesses across the world find Canadian food and beverage producers and agricultural suppliers seeking to export their products.

The largest market for e-commerce in the world is China with over 625 million active buyers. According to research

conducted by McKinsey & Company²⁶, the upper middle class in China itself are “poised to become the principal engine of consumer spending over the next decade.”

Large e-Commerce platforms such as Alibaba, its subsidiary T-Mall and Amazon do offer consumers in China food and beverage products. However, these platforms are very large and very crowded and multi-national corporations have an advantage in sales and marketing resources and brand recognition.

As Sachiel Connect is dedicated to Canadian food and beverage producers, it offers Canadian SME’s a means of avoiding this uneven playing field and provides them with a platform through which to increase their visibility, enhance their marketing and export their products across the world.

Sachiel Connect, has signed up over 100 suppliers since launching in 2017. Sachiel Connect has a sales team which recruits suppliers through outbound-calls, referrals, and attendance at regional and national trade shows

Sachiel Connect’s aboriginal business members are exempt from membership fees, as we believe that it is a crucial aspect of our corporate social responsibility. It is our belief that we are giving back to our community by providing aboriginal businesses the opportunity to grow by exporting their products.

Using Blockchain Technology to Develop Means of Authentication

Sachiel Connect believes that blockchain technology is the future of implementing means of authentication on the Company’s platform. Blockchain technology has the potential to help identifying counterfeit goods, as well as provide a transparent environment where duplicating premium food and beverage products will be impossible. This will allow the Company to further protect buyers and suppliers by providing buyers with an added layer of protection from counterfeit, unsafe goods and providing suppliers with an added layer of protection from having their products duplicated. Blockchain technology also has the potential to track fraudulent transactions.

As such the Company intends to use blockchain technology as an anti-counterfeit measure to protect buyers and sellers from fraudulent transactions.

Sachiel Connect is in the process of identifying partners to licence or co-develop certain applications of blockchain technology, aiming at developing means of tagging each product, as well as validating and recording them as a means of anti-counterfeiting. The buyers will potentially be able to use mobile devices for verification, as a means of ensuring that the goods received are authentic. Furthermore, each product and store will have a recorded history so that buyers can view a recorded history of each product and store as further means of authentication for a product being sold by a particular supplier.

Sachiel Connect plans to implement this blockchain authentication strategy in the second year after completion of the QT.

Marketing Strategy

Sachiel Connect’s marketing strategy is focused on making it easier for people to find the platform aiming at exporting foods and beverages from Canada to other countries. At the core of its marketing are the ideas of reach, frequency and engagement. Our interactive tools enable our SC Business Members in better collecting, measuring and managing their data and to more effectively manage their product sales in China and Asia.

Building brand awareness and familiarity around Sachiel’s product offerings are keys aspects of the marketing strategy.

²⁶ Mapping China’s Middle Class, McKinsey & Company. October 2017.
url:<<https://www.mckinsey.com/industries/retail/our-insights/mapping-chinas-middle-class>

- Search Engine Optimization - Short Term
- Social Media Management – Short Term
- Weekly Blog or Newsletter - Short Term
- Pop- Up Advertisements – Medium Term
- Attend Trade Shows – Medium Term
- Further develop existing social media presence – Medium Term
- Supplier & Government Agency Referrals - Long Term
- Engage Local Media Print & Television - Long Term

Competitive Environment

- Sachiel's principal competitors are Store1 and Aslin Canada
- Store1 is not solely focused on exporting Canadian produced foods and beverages to China. They export American and European products as well.
- Aslin Canada specializes in exporting Canadian foods and wine products to China.
- Aslin uses a traditional business model, acquiring goods directly from suppliers and re-selling them.
- Other traditional food suppliers into Asia.
- Leading global providers of food and beverage products.



Store1 - Store1 is an online re-seller of Canadian food and beverage products based in Richmond, BC. Their primary target market is China. They are not solely focused on exporting Canadian products but also sell products from the United States of America and Europe. Store1 pulls product info and images from the public domain and lists them on its own website. They will purchase the inventory from original equipment manufacturers or local wholesale/retail stores to fill any potential orders.

ASLIN Canada Trading Ltd. - Aslin is an import-export consultancy based in Vancouver, BC. The main focus is the export of Canadian foods and beverage to China. They are export managers who take Canadian product to foreign markets and introduce global buyers to a quality Canadian suppliers. The operation is offline and based on the marketing skills of their principal. The pricing model is based on an hourly consulting fee plus a per unit shipped commission based on performance.

Eat Marketing - Eat Marketing is a food marketer and export agent, based in Vancouver, British Columbia, for Canadian food brands entering the Asian Market. Markets of interest include Hong Kong, China, Taiwan, Japan and Korea. In addition, they also facilitate Asian investment into British Columbian/Canadian investment opportunities, which may include food production businesses for sale or investment into new or existing food production

businesses. This is an offline service whereby Eat Marketing periodically purchase inventory and attempt to sell to the Chinese market at a markup. Eat Marketing's success is based chiefly on the owner operator.

Amazon.com, Inc. – Amazon is an e-commerce company based in Seattle, United States of America. Founded by Jeff Bezos in 1994, the tech giant is the largest Internet retailer in the world. The amazon.com website started as an online bookstore later diversifying to sell other electronics, jewelry, foods and beverages. They are able to provide a wide range of foods and beverages especially after the acquisition of Whole Foods. Amazon has separate retail websites for Canada.

Alibaba Group Holding Ltd. – Launched in 1999, Alibaba.com is the leading platform for global wholesale trade. Serving millions of buyers and suppliers around the world, Alibaba.com brings hundreds of millions of products in over 40 different major categories, including foods and beverages. Buyers for these products are located in 190+ countries and regions. As a platform they aim to help businesses discover new opportunities. Whether it's sourcing from the mobile phone or contacting suppliers in their local language, Alibaba.com caters to all of the customers' business needs.

JD.com, Inc. – Incorporated in January 2014, JD.com, Inc. is an online direct sales company. The company sells electronics and home appliances, general merchandise products and foods and beverages sourced from manufacturers in China on the Internet through its website. It also offers an online marketplace that enables third-party sellers to sell their products to customers on the company's Website. The company operates through the provision of a single class of services for accelerating and improving the delivery of its products over the Internet. The company also offers online and in-person payment options and customer services. The company operates approximately 210 warehouses with an aggregate gross floor area of approximately four million square meters in over 50 cities. The company's offerings are organized into over 10 product categories on its website.

Sachiel Water Inc.

China Bottled Water Market

Supplying water of adequate quality and in sufficient quantities is one of the major challenges facing China today.

With one-fifth of the world's population to sustain, China only has about 6.5% of the planet's renewable water resources. According to the World Health Organization, although China is ranked sixth regarding the total volume of fresh water available worldwide, the amount of fresh water available per capita in China is only a quarter of the global average²⁷.

Water contamination has made this problem even worse. Based on the official classification, the groundwater drinkability can be categorized into five grades. Only the first three grades are considered to be acceptable for human consumption²⁸. The 2016 State of Environment Report released by Ministry of Environmental Protection stated that the proportion of water that is 'unfit for human contact' (Grade 4 or worse) was 28.8%. Also, 60.1% of groundwater was considered badly and very badly polluted²⁹. In the same year, the Ministry of Water Resources in China declared four-fifths of groundwater contaminated, which means it is unfit for drinking or daily use³⁰.

Studies have shown that these water contaminations included compounds used in fungicides, such as manganese, fluoride, or triazoles, and that pollution through heavy metals was found in some areas, too. Chinese consumers are now taking contamination very seriously after several scandals were disclosed by media. For example, in early 2013,

²⁷ Bottled Water Market in China, Daxue Consulting. March 2017. url:< <http://daxueconsulting.com/bottled-water-market-in-china/>>

²⁸ Bottled Water Market in China, Daxue Consulting. March 2017.

²⁹ 2016 State of Environment Report by Ministry of Environmental Protection Review, China Water Risk. June 2016.

³⁰ Bottled Water Market in China, daxueconsulting. March 2017.

7,500 rotten pig carcasses were found floating in the Huangpu River. The event aroused mass media and people's attention, as the river supplies 80% of tap water to Shanghai³¹.

As a result, Chinese consumers had serious concerns about their drinking water. With higher disposable incomes, more Chinese people are now increasingly thirsty for quality water and demonstrate health-conscious drinking habits. According to a survey conducted with 30,000 urban residents in 100 cities by China Water Supply Services Union in 2014, 41% of them preferred bottled water as the first choice over a home water filtration system, whereas the remaining still drank boiled tap water³². The result suggested a great potential in China's bottled water market.

In 2013, China surpassed the United States, becoming the world's biggest bottled water market by volume. According to International Bottled Water Association ("IBWA"), by 2015, China accounted for close to one-quarter of global bottled water volume³³. The market has experienced an increase from 19 billion to 37 billion litres of bottled water in the years from 2010 to 2015 in China³⁴, which registered an aggressive 14.3% CAGR (Compound Annual Growth Rates) for this period³⁵. The market is expected to continue growing during 2016 to 2021. Specifically, GlobalData expects China's bottled water market to expand at a CAGR of 7.42% and lead the global market with almost 58 billion litres expected to be consumed in 2021 alone³⁶. Moreover, Statistica forecasts the retail sales value of bottled water to be five-fold in 2019 compared to 2009, which is expected to be 346.2 billion RMB³⁷.

Even though China is leading the world's bottled water market in absolute volume, it is a different picture in per capita terms. Even though China's per capita consumption of bottled water has been on a steady upswing, from 23.6 litres in 2013 to 29 litres in 2016, it is running below the global per capita bottled water consumption average of 30 litres per person³⁸. China's per capita consumption is just around one-fifth of that of the United States, and it was considered to result from China's huge population and scarce available water resource. It suggests great potential for China's bottled water market.

Research has shown that currently, China's bottled water market is mainly driven by businesses that are primarily competing in soft drinks: *Nongfu Spring*, surpassing *Ting Hsin* in 2015, *Wahaha*, *C'est Bon* produced by *Hua Run* and *Ice Dew* produced by *Coca-Cola*. Domestic brands are controlling a majority of the volume and value of sales³⁹. However, international brands such as *Coca-Cola* and *Nestlé*, has established a presence in China's market and has threatened those national brands due to food security concerns in China. For example, the *Economist* has reported that in December 2014, the authorities in Shanghai found a quarter of the bottled water sold by some of the largest brands was contaminated⁴⁰.

³¹ Bottled Water Market in China, daxueconsulting. March 2017.

³² China's Pollution is so Bad This Company Built A Water Bottle That Doesn't Let in Air, Business Insider. February 2017. url:< <http://uk.businessinsider.com/chinese-company-built-a-water-bottle-that-doesnt-let-in-air-2017-2>>

³³ Bottled Water 2015 Acceleration – U.S. and International Developments and Statistics, International Bottled Water Association. 2015. url: < http://www.bottledwater.org/public/BWR_Jul-Aug_2016_BMC%202015%20bottled%20water%20stat%20article.pdf >

³⁴ Bottled Water Market in China, daxueconsulting. March 2017.

³⁵ Bottled Water 2015 Acceleration – U.S. and International Developments and Statistics, International Bottled Water Association. 2015.

³⁶ China will Remain World's Largest Bottled Water Market to 2021, Says GlobalData, GlobalData. December 2017. url:< <https://www.globaldata.com/china-will-remain-worlds-largest-bottled-water-market-2021-says-globaldata/>>

³⁷ Bottled Water Market in China, daxueconsulting. March 2017.

³⁸ China will Remain World's Largest Bottled Water Market to 2021, Says GlobalData, GlobalData. December 2017.

³⁹ Bottled Water Market in China, Daxue Consulting. March 2017.

⁴⁰ Bottled Water in China: Spring Tide, the Economist. February 2015. url:< <https://www.economist.com/node/21645215/all-comments>>

In addition, the Chinese consumer culture is of great advantage to the bottled water market. To be specific, Chinese consumers are willing to pay higher prices for products with better quality. Also, according to Ellen Rivers, a consumer analyst at GlobalData, growing purchasing power has seen consumers spending more on high-end products. Factors such as exposure to brands and large-scale marketing have served to tip the scales in favor of premium bottled water⁴¹.

The increasing consciousness of health among Chinese consumers and the desire to avoid waterborne diseases has seen the continuous sale increase of bottled water and which will continue in the future; which means high-end bottled water will still play a significant role in the water market⁴².

According to the “Blue Paper of China Public Healthy Drinking Water” published by China Health Association Drinking Health Committee on March 22, 2016, the top considerations of consumers in China during the decision making process when buying bottled water (in order of priority) are water quality, personal habits, location of water source, brand, taste, price in the sequence of significance. Management of Sachiel Water views itself as having a competitive advantage with respect to water quality and location of water source, two of the top three considerations of consumers in China.

In China, the bottled water market is primarily segmented into the following segments: purified water, mineral water, natural spring water, and natural spring mineral water. Amongst them, purified water and mineral water are the largest and highly commoditized. The segments of natural spring water and natural spring mineral water are much smaller and considered as high-end and mid-end water with a higher sale price. In the natural spring mineral water segment, Evian is the leading high-end brand followed by the other local high-end and mid-end brands. However, in the segment of natural spring water, the largest player is Nongfu Spring but there is no high-end brand yet. Given the top quality of the Canadian natural water resource, Sachiel expects to take the high-end position in the segment of natural spring water in China. Sachiel Water now is also seeking new water resource to enter the segment of Natural Spring Mineral Water in China.

At present, Sachiel Water’s marketing is geared towards targeted promotions at high-end clubs and hotels. Post-natal care centres have also been targeted, with the 2000 ml water being the main product sold at these centres.

Sachiel Water plans on using promotional tools to target larger corporations/enterprises and increase sales.

- For the remainder of 2018, Sachiel Water’s marketing strategy is to continue pushing for sales in the tier-1 cities of China, including Beijing, Shanghai, Shenzhen and Guangzhou.
- Sachiel Water is also in the process of developing a product specifically for the hotel market. This bottle will have a distinct mark on the lid that allows hotel customers to see whether or not the bottle has been opened.

Competitive Environment

Since Sachiel Water currently exports to China only, its principal competitors are Nongfu Spring, Ganten, Laoshan, Kunlun, Evian, and 5100.

Nongfu Spring is the leader both in bottled water and in the segment of natural spring water with water sources from Thousand-Island Lake in Zhejiang Province, Wanlv Lake in Guangdong Province, Danjiangkou in Hubei Province, Changbai Mountain in Jilin Province, Manas of Mount Tianshan in Xinjiang Province, Mount Taibai in Shaanxi Province, Mount Emei in Sichuan Province, and Wuling Mountain in Guizhou Province. With water sources across China, Nongfu Spring has an advantage in the areas of logistic and production costs.

Ganten is the second leading provider of natural water in China and the leader in exports. Ganten has its natural spring mineral water source and facility located in Luofu Mountain in Guangdong province.

Other top players in China are as follows:

⁴¹ China will Remain World’s Largest Bottled Water Market to 2021, Says GlobalData, GlobalData. December 2017.

⁴² Bottled Water Market in China, Daxue Consulting. March 2017.

- Laoshan, a leading natural water provider with its water source and facility located in Laoshan, Qingdao, Shandong province; its business is comparatively regional in Shandong province
- Kunlun, a leading natural mineral water provider with its water source located at an altitude of 6,000 metres, and its facility located at an altitude of 4,115 metres in Qinghai province
- Evian, the leading imported brand (with the top retail price) distributed in high-end grocery stores, high-end hotels and resorts, high-end club, restaurant, and entertainment places, and airport
- 5100, a popular brand in the natural mineral water segment with its water source located in Tibet at an altitude of 5100 metres; 5100 uses a unique distribution strategy and has captured the bottled water market in the stores on high speed trains in China

Proposed Future Developments of the Business

A mobile platform is also being developed for Sachiel Connect in the form of a mobile application to better distribute the products of its Canadian suppliers.

YingShi Consulting Ltd. has engaged software developers in China to develop the mobile app. Phase 1 of the mobile app is still under development and is not ready for testing.

Software developers have also been engaged to develop a data mining system that uses artificial intelligence to monitor user behavior and track trends and patterns. This information will be used to help suppliers better identify their consumers and target them.

The Company's short-term objectives are to become an interactive platform and electronic advertising portal provider in China. The Company spent much of the last year strategically planning an overall development framework and test marketing for its planned rolled out.

Intellectual Property Protection

The Sachiel logo and design are registered trademarks in Canada and China.

The Company owns its online website portal domain at www.sachielconnect.net. The Company uses third party developers to develop the infrastructure, and program and maintain the content for its website portal. Pursuant to the terms of such development and services agreements, all intellectual property created by the third party developers are to be owned by the Company. It is expected that protection of future enhancements to Sachiel's basic software will be of significant importance.

All staff are subject to non-disclosure agreements and the Company's code of conduct in order to protect the Company's know-how, trade secrets and other intellectual property. Violations of the relevant non-disclosure undertakings or code of conduct can result in disciplinary action up to and including dismissal. In addition, the Company also negotiates, where feasible, similar non-disclosure covenants in its agreements with its business partners.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION & ANALYSIS OF SACHIEL

Annual Information

The table below sets out certain financial data for Sachiel Business in respect of the periods for which financial information is included elsewhere in this Filing Statement. This information should be read in conjunction with the financial statements and the notes thereto set out in "Appendix "C" – *Financial Statements and Management's Discussion and Analysis of Sachiel Connect Inc. for the period from incorporation to the financial year ended September 30, 2017*".

		For the period from incorporation to September 30, 2017		For the six (6) month period ended March 31, 2018
Total Revenues		\$727,070		\$5,038
Net Income (Loss)		\$(390,988)		\$(564,386)
Total Assets		\$1,128,771		\$495,348

Management's Discussion and Analysis of Financial Condition and Results of Operations

MD&A for the period from incorporation to the financial year ended September 30, 2017 is attached hereto as Appendix "C". This MD&A should be read in conjunction with Sachiel's financial statements for the same period, also attached as Appendix "C". MD&A for the six month period ended March 31, 2018 is attached hereto as Appendix "D". This MD&A should be read in conjunction with Sachiel's financial statements for the same period, also attached as Appendix "D"

The Sachiel financial statements are prepared in accordance with IFRS which requires estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the reporting period. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed elsewhere in this filing statement. See "Forward-Looking Information" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions relating to those statements.

DESCRIPTION OF SECURITIES

Sachiel is authorized to issue an unlimited number of common shares of which 3,649,750 common shares are issued and outstanding as fully paid and non-assessable as at the date hereof. See "*Prior Sales*" and "*Financing*".

The holders of common shares of Sachiel are entitled to dividends, if, as and when declared by the board of directors of Sachiel, to receive notice of and attend all meetings of shareholders of Sachiel, to one vote per share at such meetings and, upon liquidation, to rateably receive such assets of Sachiel as are distributable to the holders of such common shares.

CONSOLIDATED CAPITALIZATION

Designation of Security	Shares Authorized	Shares Outstanding as of March 31, 2018	Shares Outstanding as of the date hereof
Common Shares	Unlimited	3,649,750	3,649,750

Sachiel's deficit as at March 31, 2018 was \$955,374, and shareholders' equity was \$344,126.

Sachiel does not have any outstanding options or other convertible securities:

PRIOR SALES

The following were the sales and issuances of securities by Sachiel in the past 12 months preceding the date of this Filing Statement.

Date	Number of Common Shares	Issue Price	Aggregate Proceeds	Consideration Received
April 28, 2017	295,000	\$2.00	\$590,000	Cash
August 15, 2017 ¹	54,750	\$2.00	\$109,500	Lease Occupancy

¹ Sachiel entered into a Lease and Exclusive Water Use Rights Agreement with Canshield Global Capital Inc. whereby Sachiel leased the water bottling plant located at 8602 Trans Canada Highway, Three Valley, British Columbia, and obtained access to and exclusive use of the Haven Spring water source and license for a period of ten (10) years. The rent and water usage fee of \$109,500 for the term of the agreement was paid by the issuance of 54,750 common shares in the capital of Sachiel at a deemed issue price of \$2.00 per share.

EXECUTIVE COMPENSATION

Introduction

This compensation discussion and analysis describes and explains the policies and practices of Sachiel with respect to the compensation of the named executive officers (together, the “NEOs”) of Sachiel.

Overview

The objective of Sachiel with respect to compensation of executive officers is to provide compensation levels necessary to attract and retain high quality executives. This objective is met by the principal component of Sachiel’s executive compensation program which has been focused on base compensation.

Compensation Components

Base Salaries

Base salary is reflective of responsibilities and annual increases should, at a minimum, reflect inflationary pressures and changes in duties. At the date of hire, base salary is determined using a number of factors including industry comparators and relevant experience and is set out in the employment agreement. Annual increases are determined based upon reference to data on compensation levels of executives in comparable companies as well as the annual performance evaluation and underlying economic circumstances.

The following table sets out the compensation for the Chief Executive Officer of Sachiel for the period from July 28, 2016 (date of incorporation) to September 30, 2016 and for the financial year ended September 30, 2017:

Name and Principal Position	Fiscal Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
<i>Bei Nie</i> <i>Chief Executive Officer</i>	2017	\$20,000	Nil	Nil	Nil	Nil	Nil	Nil	\$20,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards

Sachiel has no incentive plan, and has not granted any share based or option based awards.

Executive Employment Contracts

Sachiel has entered into an employment agreement with Ms. Bei Nie, pursuant to which Ms. Nie has agreed to act as Chief Executive Officer and a director of Sachiel. Ms. Nie is currently paid an annual base salary of \$60,000 per year.

The employment agreement with Ms. Nie does not contain any severance, change of control, termination or constructive dismissal provisions.

Management Contracts

Sachiel does not have any agreements with any third party providing for management of Sachiel.

LEGAL PROCEEDINGS

Management of Sachiel is not aware of any material pending or threatened proceedings.

NON-ARM'S LENGTH TRANSACTIONS

During the period from incorporation to the date hereof, Sachiel had no non-arm's length transactions.

MATERIAL CONTRACTS

The following is a list of each material contract of Sachiel, other than contracts entered into in the ordinary course of business, that were entered into within the two years before the date of this Filing Statement:

- (a) the lease and water use rights agreement with Canshield Global Capital Inc.;
- (b) the BTL Agreement
- (c) the agency agreement dated March 1, 2018 between Sachiel Water and Shanghai Sachiel Commercial & Trading Co., Ltd.;
- (d) the agency agreement dated March 15, 2018 between Sachiel Water and Junding Industry Ltd.;
- (e) the exclusive agency agreement dated November 1, 2016 between Sachiel Water and BTL; and
- (f) the Acquisition Agreement.

Copies of the contracts may be inspected, without charge, during business hours at the offices of Sachiel at Suite 2368, 666 Burrard Street, Vancouver, British Columbia until the date of closing of the Acquisition and for a period of thirty (30) days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this part is forward-looking in nature and assumes completion of the Acquisition. See *"Notice Concerning Forward-Looking Information"*.

CORPORATE STRUCTURE

Name and Incorporation

The corporate name of the Resulting Issuer is expected to be "Astron Connect Inc.", or such other name as may be selected by the directors, in their discretion, and accepted by the Exchange. The Resulting Issuer will be a corporation governed by the laws of the Province of British Columbia. The Resulting Issuer's head office address will be Suite 2368, 666 Burrard Street, Vancouver, BC.

Intercorporate Relationships

Following closing of the Acquisition, Amalco will be a wholly-owned subsidiary of the Resulting Issuer. Amalco will continue to carry on the online e-Commerce business of Sachiel, and its wholly-owned subsidiary Sachiel Water will continue to carry on the business of the sale and export of bottled water.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Resulting Issuer will be a holding company holding all of the outstanding shares of Amalco as its wholly-owned subsidiary. Amalco will be the operating company continuing to carry on the business of Sachiel, and its wholly-owned subsidiary Sachiel Water will continue to carry on its business as described above under “*Information Concerning Sachiel Connect Inc. – General Development of the Business*” and “*Information Concerning Sachiel Connect Inc. – Narrative Description of the Business*”.

The business objectives the Resulting Issuer expects to accomplish using the available funds (refer to “*Available Funds and Principal Purposes – Funds Available*”) and the related milestones are as follows:

Objective A: To further the technical development of Sachiel Connect’s platform.

- Milestone A1: The development of the mobile application to better disseminate the products of Sachiel’s Canadian suppliers
- Milestone A2: The use of data mining to target consumers with precision, building confidence in Sachiel Connect across Canada
- Milestone A3: The construction of a decentralized ledger system for better product verification performance on the platform

Objective B: To further develop distribution channels for Sachiel Water

- Milestone B1: The engagement of more distribution agents in emerging markets

Objective C: To enhance Sachiel’s market position

- Milestone C1: The completion and launch of Sachiel’s interactive platform after thorough testing to ensure stability
- Milestone C2: The establishment of an innovative brand known for connecting Canadian small-medium enterprises and its promotion through search engine optimization and weekly blogs/newsletter

DESCRIPTION OF SECURITIES

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Common Shares.

PRO FORMA CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table sets out the *pro forma* consolidated capitalization of the Resulting Issuer, based on the *pro forma* balance sheet attached hereto as Appendix “E” after giving effect to the Qualifying Transaction.

		Prior to Giving Effect to the Acquisition and the Concurrent Non-Brokered Financing and Concurrent Brokered Financing	After Giving Effect to the Acquisition and the Concurrent Non-Brokered Financing and the minimum Concurrent Brokered Financing	After Giving Effect to the Acquisition, the Concurrent Non-Brokered Financing and the maximum Concurrent Brokered Financing
Designation of Security	Amount Authorized	Amount Outstanding	Amount Outstanding ^{1, 2, 3, 4}	Amount Outstanding ^{2, 3, 4, 5}
Common Shares	Unlimited	5,500,000	49,841,355	52,116,355
Options	N/A	400,000	400,000	400,000
Agent's Warrants/Options	N/A	350,000	486,500	623,000

¹ Assumes the completion of the (a) Concurrent Non-Brokered Financing of the 11,363,636 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of \$2,500,000, and (b) Concurrent Brokered Financing in the minimum amount of 2,275,000 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of \$500,500.

² Assumes that none of the outstanding options or warrants of Exalt are exercised.

³ Assumes the issuance of the finder's fee of 1,602,727 Common Shares.

⁴ Assumes that none of the broker warrants issuable in connection with the Concurrent Non-Brokered Financing and the Concurrent Brokered Financing are exercised.

⁵ Assumes the completion of (a) the Concurrent Non-Brokered Financing of the 11,363,636 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of \$2,500,000, and (b) Concurrent Brokered Financing in the maximum amount of 4,550,000 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of \$1,001,000.

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Qualifying Transaction.

Securities Outstanding	Amount Outstanding (Assuming Minimum Concurrent Brokered Financing)	Percentage of Class (fully diluted)	Amount Outstanding (Assuming Maximum Concurrent Brokered Financing)	Percentage of Class (fully diluted)
<i>Existing Exalt</i>				
Common Shares outstanding as of the date hereof	5,500,000	10.84%	5,500,000	10.35%
Common Shares issuable on exercise of options and warrants outstanding as of the date hereof	750,000	1.48%	750,000	1.41%
<i>Existing Sachiel</i>				
Common Shares issuable to current holders of Sachiel Common Shares	29,099,992	57.36%	29,099,992	54.76%
<i>Concurrent Non-Brokered Financing</i>				
Common Shares	11,363,636 ¹	22.40%	11,363,636 ¹	21.39%
<i>Concurrent Brokered Financing</i>				
Common Shares	2,275,000 ²	4.49%	4,550,000 ³	8.56%
Common Shares issuable on exercise of broker's warrants associated with Concurrent Brokered Financing	136,500	0.27%	273,000	0.51%
<i>Finder's Fee</i>				
Common Shares issuable as finder's fee to 1143833 B.C. Ltd.	1,602,727	3.16%	1,602,727	3.02%
Total	50,727,855	100.00%	53,139,355	100.00%

¹ Assumes the completion of the Concurrent Non-Brokered Financing of 11,363,636 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of \$2,500,000.

² Assumes the completion of the minimum Concurrent Brokered Financing of 2,275,000 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of \$500,500.

³ Assumes the completion of the maximum Concurrent Brokered Financing of 4,550,000 Common Shares at a price of \$0.22 per Common Share for aggregate gross proceeds of \$1,001,000.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Funds Available

The table below sets forth the estimated total funds available to the Resulting Issuer upon completion of the Acquisition.

	Assuming Minimum Concurrent Brokered Financing	Assuming Maximum Concurrent Brokered Financing
Estimated funds of Exalt	\$240,000	\$240,000
Estimated funds of Sachiel	\$80,000	\$80,000
Funds from Concurrent Non-Brokered Financing	\$2,500,000	\$2,500,000
Funds from minimum Concurrent Brokered Financing	\$500,500	-
Funds from maximum Concurrent Brokered Financing	-	\$1,001,000
Agent's expenses and commission related to Concurrent Brokered Financing	(\$85,000)	(\$115,030)
Estimated costs of the Acquisition (e.g. legal, auditor, Exchange fees, etc.)	(\$150,000)	(\$150,000)
Estimated available funds:	\$3,085,500	\$3,555,970

Dividends

It is not anticipated that the Resulting Issuer will pay any cash dividends in the foreseeable future. It is expected that the Resulting Issuer will use its earnings to finance further business development. Any future determination to pay dividends will be at the discretion of the Resulting Issuer's board of directors and will depend on, among other things, the Resulting Issuer's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the board of directors may deem relevant. There are no restrictions on the Resulting Issuer's ability to pay dividends.

Principal Purpose of Funds

The table below sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Qualifying Transaction will be used. The following are estimates only – there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to effect the planned undertakings of the Resulting Issuer, and as such management considers it to be in the best interest of the Resulting Issuer and its shareholders to permit management a reasonable degree of flexibility as to how the Resulting Issuer's funds are employed among the below uses or for other purposes, if and when the need arises.

Estimated Available Funds	\$3,085,500	\$3,555,970
Objective A: To further the technical development for Sachiel Connect's platform		
Milestone A1: Mobile application developments	\$150,000	\$150,000
Milestone A2: "Big data" mining	\$150,000	\$150,000
Milestone A3: Blockchain authentication application	\$150,000	\$150,000
Objective B: To further develop distribution channels for Sachiel Water		
Milestone B1: Engage more distribution agents in emerging markets	\$150,000	\$150,000
Objective C: To enhance the Resulting Issuer's market position		
Milestone C1: Website development	\$250,000	\$250,000
Milestone C2: Social media marketing	\$200,000	\$200,000
General corporate requirements	\$1,000,000	\$1,000,000
Unallocated Working Capital	\$1,035,500	\$1,505,970
Estimated Available Funds	\$3,085,500	\$3,555,970

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and senior officers of each of Exalt and Sachiel, as of the date hereof, no shareholder is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Acquisition, other than Bei Nie, who will hold 23,919,447 Common Shares, or 47.99% of the Common Shares of the Resulting Issuer (assuming the issuance of 11,363,636 Common Shares at \$0.22 per Common Share for aggregate gross proceeds of \$2,500,000 pursuant to the Concurrent Non-Brokered Financing, and the issuance of 2,275,000 Common Shares at \$0.22 per Common Share for aggregate gross process of \$500,500 pursuant to the minimum Concurrent Brokered Financing and 1,602,727 Common Shares pursuant to the Finder's Fee Agreement).

DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holdings

Following completion of the Acquisition, the following will be the directors and officers of the Resulting Issuer:

	Principal Occupation for the Past Five (5) Years	Common Shares Held (non-diluted)	Common Shares Held (after exercise of options and warrants)	Percentage after Completing Acquisition²
S. Randall Smallbone (63) Chief Executive Officer and Director Burlington, Ontario	Director of Hanwei Energy Services Inc.; director of NFP's and advisor to various private companies.	Nil	Nil	Nil
Ian Mallmann (57) Chief Financial Officer and Corporate Secretary Richmond, BC	Principal of Chagford Square Capital Inc.	200,000	300,000	0.60%
Bei Nie (55) Chief Operating Officer, Director and Promoter ¹ Richmond, BC	Founder and Chief Executive Officer of Sachiel Connect Inc. Chief Executive Officer of F-Pacific Optical Communications Ltd. (2014 to 2017)	23,919,447	23,919,447	47.99%
Wei Kang (59) Director and Promoter ¹ Vancouver, BC	President, Chief Executive Officer and director of Exalt; principal of Wei Kang & Company, a public practice accounting firm. VP Finance of Centerpoint Resources Inc. (2007 to 2013)	600,000	700,000	1.40%
Iris Duan (50) Director Vancouver, BC	Partner with MNP LLP	600,000	700,000	1.40%
		25,319,447	25,619,447	51.40%

¹ Bei Nie is a promoter of Sachiel and it is expected that she will be paid a salary by the Resulting Issuer, the amount of which has not yet been determined. Wei Kang is a promoter of Exalt and it is expected that he will be paid a consulting fee by the Resulting Issuer, the amount of which has not yet been determined.

² Assumes completion of the Acquisition, the Concurrent Non-Brokered Financing, the minimum Concurrent Brokered Financing and the issuance of the Common Shares pursuant to the Finder's Fee Agreement.

Assuming completion of the Acquisition, the Concurrent Non-Brokered Financing and the minimum Concurrent Brokered Financing, and the issuance of the Common Shares pursuant to the Finder's Fee Agreement the proposed directors and officers of the Resulting Issuer will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 25,619,447 Common Shares, representing approximately 51.40% of the issued and outstanding Common Shares of the Resulting Issuer.

Compensation of Directors

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services. However, the amounts of such fees will be determined in the discretion of the Board following completion of the Qualifying Transaction.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of their service as directors of the Resulting Issuer. The actual timing, amounts, terms (including exercise price and vesting terms) of these future option-based awards will similarly be considered and determined in the discretion of the board of directors of the Resulting Issuer following completion of the Qualifying Transaction.

Committees

It is anticipated that Iris Duan will chair the audit committee of the Resulting Issuer (other proposed members: Wei Kang and S. Randall Smallbone), and Wei Kang will chair the compensation committee of the Resulting Issuer (other proposed members: Iris Duan and Bei Nie). However, the actual composition of such committees will be considered and determined in the discretion of the board of directors of the Resulting Issuer following the completion of the Qualifying Transaction.

Management

The following are brief résumés of the proposed directors and officers of the Resulting Issuer:

S. Randall Smallbone - Chief Executive Officer, President and Director

Mr. Smallbone is currently a director and Chairman of the Audit Committee of TSX listed Hanwei Energy Services, and a director of the National Youth Orchestra of Canada, Burlington Economic Development Corporation, Burlington Chamber of Commerce and Joseph Brant Hospital Foundation. He is on the Advisory Board of privately owned Pneu-Hyd Industries. Mr. Smallbone has been Chief Financial Officer of TSX listed companies, Migao Corporation, KCP Income Fund, Decoma International Inc. (acquired by Magna International Inc.) and is a director and Chairman of the Audit Committee of Norcast Income Fund.

Mr. Smallbone is a financial executive with more than 35 years of operations experience in global manufacturing of consumer goods, contract manufacturing, automotive and aerospace parts. Mr. Smallbone has significant experience in financial management, capital markets, M&A, investor relations and board governance. Mr. Smallbone will provide his services as a consultant and it is expected that he will devote approximately 75% of his time to the Resulting Issuer. He is a resident of Ontario.

Ian Mallmann - Chief Financial Officer and Corporate Secretary

Mr. Mallmann is a director of Exalt. He has been a principal of Chagford Square Capital Inc. since October 2003. He is a senior executive with an extensive background in corporate finance, real estate investment, finance, acquisitions, development and asset management gained over a 20-year career. Mr. Mallmann is currently a director of Crownia Holdings Ltd. (listed on the TSX Venture Exchange) and Glorious Creation Limited (listed on the Canadian Securities Exchange). He has also served as a director of ASB Capital Inc. (listed on the NEX Board of the TSX Venture Exchange), Canada Renewable Bio-energy Corp. (listed on the Canadian Securities Exchange), IEMR Resources Inc. (listed on the TSX Venture Exchange), and Symax Lift (Holding) Co. Ltd. (listed on the TSX Venture Exchange). He also previously served as Chief Financial Officer and Director of CY Oriental Holdings Ltd. and as Chief Executive Officer, President and Trustee of Del Cano Properties Trust.

Mr. Mallmann holds a Masters of Business Administration (1988), Juris Doctor in Law (1985) and a Bachelor of Arts (1981), all from the University of British Columbia. Mr. Mallmann will provide his services as a consultant and it is expected that he will devote approximately 40% of his time to the Resulting Issuer. He is a resident of British Columbia.

Bei Nie - Chief Operating Officer and Director

Bei Nie is the founder and Chief Executive Officer of Sachiel Connect and its subsidiary, Sachiel Water. Prior to creating Sachiel, she was the Chief Executive Officer of F-Pacific Optical Communication Ltd. based in Richmond, {00977409;12}

BC. In 1995, Mrs. Nie founded Tianjing Guangdao Communications Ltd., and secured the primary distribution rights of Hakuto Co. Ltd.'s fibre optic equipment in China. She was the Chief Representative in China of Japan Pacific Technology Inc. in the early 1990s, tasked with the sales of fibre-optic connectors in the Chinese market. Mrs. Nie started her business career as a facilitator of technology transfers from Japan to China. Mrs. Nie will provide her services as an employee and it is expected that she will devote approximately 100% of her time to the Resulting Issuer. She is a resident of British Columbia.

Wei Kang - Director

Wei Kang is a director of Exalt and its President and Chief Executive Officer. He is also the principal of Wei Kang & Company, a public practice accounting firm. Prior to forming Wei Kang & Company, Mr. Kang was VP Finance, from 2007 to 2013, at Centerpoint Resources Inc., a company focussed on the ownership of natural resource properties, mine exploration and development, and investment in other public and private natural resource companies.

Mr. Kang obtained his CGA designation in 2003 and is currently holds his CPA designation from the Chartered Professional Accountants of British Columbia. Mr. Kang will provide his services as a consultant and it is expected that he will devote approximately 25% of his time to the Resulting Issuer. He is a resident of British Columbia.

Iris Duan - Director

(Iris) Hong Duan is a director of Exalt. She is also currently a Partner with MNP LLP, one of the largest full-service chartered accountancy and business advisory firms in Canada. Prior to joining MNP LLP, Ms. Duan was a Senior Manager with Ernst and Young for four years, before becoming Chief Financial Officer at Yalian Steel Corporation, a TSX Venture Exchange listed company, from 2008 to 2009. She joined Chang Lee LLP in 2009, which later merged with MNP LLP in 2011.

Ms. Duan obtained her CPA designation from the California Board of Accounting in 2002 and her CA/CPA designation from the Chartered Professional Accountants of British Columbia in 2008. Ms. Duan will provide her services as a consultant and it is expected that she will devote approximately 25% of her time to the Resulting Issuer. She is a resident of British Columbia.

Corporate Cease Trade Orders or Bankruptcies

CY Oriental Holdings Ltd. became subject to a cease trade order in July 2008 because of a delay in filing annual financial statements. The company was delisted from the TSX Venture Exchange in July 2009 after trading had been suspended for more than 12 months. Mr. Mallmann joined the board in April 2009 in order to assist the company with organizing its financial affairs and complying with its reporting obligation. He ceased to be a director in March 2010. He was Chief Financial Officer for the company from March 2010 to May 2011.

Canada Renewable Bio-energy Corp., of which Ian Mallmann was a director from March 2012 until August 2016, became subject to an insider cease trade order in August 2014 due to late filing of annual financial statements.

Other than the forgoing, no director, officer or Promoter of the Resulting Issuer, or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or has been within the past ten years, a director, officer, Insider or Promoter of any other issuer that, while such person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, officer or Promoter of the Resulting Issuer, or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or

sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable securityholder making a decision about the Acquisition.

Personal Bankruptcies

No director, officer or Promoter of the Resulting Issuer, or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or personal holding company of any such persons, has within the past ten years, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Conflicts of Interest

There are potential conflicts of interest to which some of the directors, officers, Insiders and the promoter of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors, officers, Insiders and the promoter have been engaged in, are engaged in and will continue to be engaged in corporations or businesses which may be in competition with those of the Resulting Issuer. Accordingly, situations may arise where some or all of the directors, officers, Insiders and the promoter will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. See “*Risk Factors*”.

Other Reporting Issuer Experience

The following table sets out the directors, officers and Promoter(s) of the Resulting Issuer that are, or have been within the last five (5) years, directors, officers or Promoters of other reporting issuers.

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	From	To
S. Randall Smallbone	Hanwei Energy Services Inc.	TSX	Director	April 2008	Present
Ian Mallmann	Crownia Holdings Ltd.	TSXV	Director/CFO	Sept. 2015	Present
	Symax Lift (Holding) Co., Ltd.	TSXV	Director	Dec. 2009	April 2016
	IEMR Resources Inc.	TSXV	Director	Dec.2010	Oct. 2012
	Canada Renewable Bio-Energy Corp.	CSE	Director	March 2012	Aug. 2016
	ASB Capital Inc.	NEX	Director	Oct. 2011	Dec. 2016
	Glorious Creation Limited	TSX-V	Director	May 2016	Present

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis describes and explains the proposed policies and practices of the Resulting Issuer with respect to the compensation of its executive officers.

Overview

The Resulting Issuer’s proposed executive compensation program will be designed to provide short and long-term rewards to its executive officers that are consistent with individual and corporate performance and their contribution to the Resulting Issuer’s short and long-term objectives. The objectives of the Resulting Issuer with respect to compensation of executive officers will be to provide compensation levels necessary to attract and retain high quality executives and to motivate key executives to contribute to the interests of the Resulting Issuer. These objectives are intended to be met by the principal components of the Resulting Issuer’s proposed executive compensation program, which will be focused on a combination of base compensation, bonus remuneration and long-term incentives in the form of stock options.

It is expected that management, the Compensation Committee of the Resulting Issuer and the Board will each rely on their concurrent and past experiences and collective knowledge of both public and private companies. Generally, determinations as to executive compensation are expected to be based, ultimately, on (i) informal discussion among Board members and management, (ii) negotiation with the executive in question and (iii) a view to what is in the best interests of the Resulting Issuer and its various stakeholders. Periodically, the Compensation Committee of the Resulting Issuer or the Board may seek and receive professional advice from external independent compensation experts with respect to the compensation levels for the Resulting Issuer's executive officers.

Compensation Components

Base Salaries

Base salary will be reflective of responsibilities and annual increases should, at a minimum, reflect inflationary pressures and changes in duties. At the date of hire, base salary will be determined using a number of factors including industry comparators and relevant experience and is set out in the employment agreement. Annual increases will be determined based upon reference to data on compensation levels of executives in comparable companies as well as the annual performance evaluation and underlying economic circumstances.

It is anticipated that either the Compensation Committee of the Resulting Issuer would recommend the annual base salary increases for the Chief Executive Officer to the Board for approval, or the Board would determine same.

Annual Incentive Compensation and Benefits

Cash bonuses may be awarded to recognize the achievement of annual corporate objectives and to recognize contributions that enhance the intrinsic value of the Resulting Issuer. It is anticipated that benefits commensurate with those paid to senior officers of companies of similar size and scope to the Resulting Issuer will be paid to its executive officers.

The annual incentive plan will be a cash performance plan under which a payment is made to executives following the end of the Resulting Issuer's fiscal year, based on the achievement of established corporate and individual goals and objectives. It is anticipated that the annual objectives of the Resulting Issuer will be presented to the Compensation Committee of the Resulting Issuer or the Board at the relevant time followed by periodic updates. Following the completion of the fiscal year, it is anticipated that an evaluation of corporate performance versus objectives would be undertaken and the Board, on recommendation from the Compensation Committee as applicable, would then be expected to have final approval of the amounts paid to the Chief Executive Officer and his direct reports under the annual incentive plan.

Long-Term Incentives and Stock Options

The long-term component of compensation for executive officers is expected to continue to be based on stock options. This component of compensation is intended to reinforce management's commitment to long-term improvements in the Resulting Issuer's performance.

The stock option plan of the Resulting Issuer may include initial option grants upon hire and executives may be eligible for an annual award of stock options. An initial grant of options could occur at the initial hire date for each executive which is proportionate to annual base salary. Thereafter, options could be granted on an annual basis based upon guidelines set by the Compensation Committee of the Resulting Issuer or the Board. The annual option grants for the executive officers of the Resulting Issuer are expected to be determined by the Compensation Committee of the Resulting Issuer or the Board based upon pre-determined guidelines. Annual option awards would be made during the first quarter of the fiscal year following the completion of the annual audit and the determination of financial performance for the preceding year. The amount of options previously granted to an executive is not expected to be a factor in determining the amount of the annual option award.

Following closing of the Acquisition, the Resulting Issuer does not anticipate other forms of compensation. However, the Resulting Issuer may in the future evaluate alternatives or additional programs which would be enacted with the objective of providing key employees with short and long-term incentives through employee retention and performance bonuses.

Summary Compensation Table

The following table sets out the anticipated compensation for the Chief Executive Officer and the two other executive officers of the Resulting Issuer for the 12-month period ending September 30, 2019 after giving effect to the Acquisition:

Name and Principal Position	Year ended Sept. 30	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards ¹ (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
S. Randall Smallbone <i>Chief Executive Officer</i>	2019	\$84,000	Nil	Nil	Nil	Nil	Nil	Nil	\$84,000
Ian Mallmann <i>Chief Financial Officer</i>	2019	\$36,000	Nil	Nil	Nil	Nil	Nil	Nil	\$36,000
Bei Nie <i>Chief Operating Officer</i>	2019	\$60,000	Nil	Nil	Nil	Nil	Nil	Nil	\$60,000

¹ It is anticipated that the NEOs and other management of the Resulting Issuer may receive additional Option-Based Awards. However, the actual award amounts, if any, will be determined by the Board of the Resulting Issuer.

Employment Agreements

In connection with the closing of the Acquisition, it is expected that each of the executive officers listed in the table above will enter into employment agreements or consulting agreements with the Resulting Issuer. The employment or consulting agreements will provide that each employee must not engage in any other business without prior approval. The employment or consulting agreements will also provide for a one (1) year non-compete in the event the executive voluntarily terminates their contract and one (1) year non-solicitation provisions.

Insurance Coverage for Directors and Officers and Indemnification

It is expected that the Resulting Issuer will obtain a directors' and officers' liability insurance policy, which will cover corporate indemnification of directors and officers and individual directors and officers of the Resulting Issuer in certain circumstances. In addition, the Resulting Issuer will enter into indemnification agreements with its directors and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the officers or directors of Exalt or Sachiel and none of the proposed directors or officers of the Resulting Issuer, have been indebted to either Exalt or Sachiel at any time during the most recently completed fiscal year of Exalt or Sachiel, as applicable, nor has Exalt or Sachiel guaranteed or otherwise supported the indebtedness of any such person during that period.

INVESTOR RELATIONS ARRANGEMENTS

Exalt has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market. Any such agreement or understanding that may be entered into following the Closing will be at the determination of the Board.

OPTIONS TO PURCHASE SECURITIES

STOCK OPTION PLAN

The Option Plan will operate as the Resulting Issuer's stock option plan following the completion of the Qualifying Transaction. See "Information Concerning Exalt – Stock Option Plan".

For outstanding options as of the date of this Filing Statement, see “Information Concerning Exalt – Options to Purchase Securities”.

Outstanding Share-based Awards and Option-based Awards

The following table summarizes for the Resulting Issuer’s Chief Executive Officer and two other executive officers of the Resulting Issuer, the number of options which are expected to be held by such executive officer under the Option Plan after the Acquisition:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
S. Randall Smallbone <i>Chief Executive Officer</i>	Nil	N/A	N/A	N/A	Nil	Nil	Nil
Ian Mallmann Chief Financial Officer	100,000	\$0.22	May 25, 2022	\$ 8,136	Nil	Nil	Nil
Bei Nie Chief Operating Officer	Nil	N/A	N/A	N/A	Nil	Nil	Nil

NOTE: Exalt used the Black-Scholes option pricing model at the time the options were granted to establish the fair value of the options granted. Details of these calculations are included in note 3 of Exalt’s financial statements for the six months ended March 31, 2018.

Employment Arrangements and Agreements

The employment agreement currently in place between Sachiel and Ms. Nie is expected to continue in place on substantially the same terms following the closing of the Acquisition.

Randall Smallbone and Ian Mallmann will enter into consulting agreements with the Resulting Issuer containing non-competition and non-solicitation provisions substantially the same as those of other NEOs.

ESCROWED SECURITIES

As of the date of this Filing Statement, all of the Common Shares issued by Exalt prior to the IPO which are still outstanding are deposited with the Escrow Agent under the CPC Escrow Agreement.

All Common Shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, if any, must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Common Shares of Exalt acquired in the secondary market prior to the Closing by any person or company who becomes a Control Person, if any, are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Resulting Issuer held by Principals of the Resulting Issuer will be escrowed. For details on Common Shares issued by Exalt currently held in escrow as of the date of this Filing Statement, see “Escrowed Securities” under “Information Concerning Exalt Capital Corp.” in this Filing Statement.

The following table sets out the number of securities which are anticipated to be held in escrow by the Escrow Agent pursuant to the CPC Escrow Agreement and/or the Value Security Escrow Agreement immediately following the closing of the Acquisition.

Name and Municipality of Residence of Securityholder	Designation of Class	Before Giving Effect to the Acquisition		After Giving Effect to the Acquisition	
		Number of Securities to be held in Escrow	Percentage of Securities	Number of Securities to be held in Escrow	Percentage of Securities
Herrick Lau Vancouver, BC	Common Shares	600,000	10.91%	600,000	1.19%
Iris Duan Vancouver, BC	Common Shares	600,000	10.91%	600,000	1.19%
Wei Kang Vancouver, BC	Common Shares	600,000	10.91%	600,000	1.19%
Ian Mallmann Richmond, BC	Common Shares	200,000	3.64%	200,000	0.40%
Bei Nie Richmond, BC	Common Shares	nil		23,919,447	47.61%
	TOTAL	2,000,000		25,919,447	51.58%

General

The escrowed Common Shares of the Resulting Issuer are and will be held by the Escrow Agent, pursuant to the terms of the CPC Escrow Agreement for Persons who are existing Non-Arm's Length Parties to Exalt and the Value Security Escrow Agreement for Person who are or become Non-Arm's Length Parties to the Resulting Issuer at the time of closing of the Qualifying Transaction. Pursuant to the CPC Escrow Agreement and the Value Security Escrow Agreement, assuming that the Resulting Issuer meets the Exchange's Tier 2 minimum listing requirements upon completion of the Qualifying Transaction as is currently anticipated, 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 each of the dates that is 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

The escrow agreements described above provide, inter alia, that all voting rights attached to escrowed securities shall be exercised by the registered holder of such securities.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor for the Resulting Issuer is Smythe LLP, at its offices at Suite 700, 355 Burrard Street, Vancouver, British Columbia V6C 2G8.

Transfer Agent and Registrar

The transfer agent and registrar for the Resulting Issuer's common shares is TSX Trust Company, located at Suite 2700, 650 West Georgia Street., Vancouver, British Columbia V6B 4N9.

GENERAL MATTERS

SPONSORSHIP

Sponsorship for the Qualifying Transaction is required by the CPC Policy unless an exemption from the sponsorship requirement is granted to Exalt by the Exchange. Exalt has applied for, and the Exchange has provided Exalt with, an exemption from the sponsorship requirement on the basis that the Resulting Issuer will not be a Foreign Issuer nor an Emerging Market Issuer (as those terms are defined in the Exchange's *Corporate Finance Policies*), the proposed directors and senior officers of the Resulting Issuer collectively possess the experience, qualifications and positive history with junior public companies in North America, and possess the necessary technical expertise to run Sachiel's business.

EXPERTS

The financial statements of Sachiel included in this Filing Statement have been audited by Smythe LLP, Chartered Professional Accountants, at its offices at Suite 700, 355 Burrard Street, Vancouver, British Columbia V6C 2G8 as set forth in their audit reports. Smythe LLP is the independent auditor of the Resulting Issuer and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

No person or company who is named as having prepared or certified a part of the Filing Statement or prepared or certified a report or valuation described or included in the Filing Statement has, or will have, immediately following completion of the Acquisition, any direct or indirect interest in the Sachiel Business or in Exalt or in the Resulting Issuer.

OTHER MATERIAL FACTS

There are no additional material facts about Exalt, Sachiel, the Resulting Issuer or the Acquisition that are not otherwise disclosed and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to Exalt, Sachiel and the Resulting Issuer.

BOARD APPROVAL

The board of directors of Exalt has approved the contents of this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Exalt, Exalt has relied upon information furnished by such Person. Exalt disclaims any responsibility with respect to the accuracy and adequacy of such information.

CERTIFICATE OF EXALT CAPITAL CORP.

DATE June 26, 2018

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Exalt Capital Corp. assuming completion of the Qualifying Transaction.

By: "Wei Kang"
Wei Kang
Chief Executive Officer

By: "Herrick Lau"
Herrick Lau
Chief Financial Officer

On behalf of the Board of Directors

By: "Iris Duan"
Iris Duan
Director

By: "Ian Mallmann"
Ian Mallmann
Director

CERTIFICATE OF SACHIEL CONNECT INC.

DATE June 26, 2018

The foregoing, as it relates to Sachiel Connect Inc., constitutes full, true and plain disclosure of all material facts relating to the securities of Sachiel Connect Inc.

By: "Bei Nie"
Bei Nie
Chief Executive Officer

By: "Bei Nie"
Bei Nie
Signing as Chief Financial Officer

On behalf of the Board of Directors

By: "Bei Nie"
Bei Nie
Sole Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any items in the attached Filing Statement that are analogous to items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40, and 41 of Form 3B2 of the Exchange, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B to the Corporate Finance Manual of the Exchange (“Appendix 6B”)) pursuant to this Filing Statement; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated at Burnaby, BC as of June 26, 2018.

EXALT CAPITAL CORP.

By: “Wei Kang”
Wei Kang
Director and Chief Executive Officer

APPENDIX “A”

**FINANCIAL STATEMENTS AND MANAGEMENT’S DISCUSSION AND ANALYSIS
OF EXALT CAPITAL CORP. FOR THE PERIOD FROM INCORPORATION
TO THE FINANCIAL YEAR ENDED JUNE 30, 2017**

Exalt Capital Corp.

(A Capital Pool Company)

FINANCIAL STATEMENTS

Period from inception on February 20, 2017 to June 30, 2017

Expressed in Canadian Dollars



INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EXALT CAPITAL CORP.

We have audited the accompanying financial statements of Exalt Capital Corp., which comprise the statement of financial position as at June 30, 2017 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from inception on February 20, 2017 to June 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Exalt Capital Corp. as at June 30, 2017, and its financial performance and its cash flows for the period from inception on February 20, 2017 to June 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 15, 2017

Exalt Capital Corp.
(A Capital Pool Company)
Statement of Financial Position
As of June 30
(Expressed in Canadian Dollars)

		2017
Assets		
Current		
Cash	\$	76,903
GST receivable		469
Total Assets	\$	77,372
Liabilities		
Current		
Accounts payable and accrued liabilities	\$	15,528
Shareholders' Equity		
Share capital (Note 4)		100,000
Deficit		(38,156)
Total Shareholders' Equity		61,844
Total Liabilities and Shareholders' Equity	\$	77,372

Approved and authorized by the Board:

Herrick Lau

"Herrick Lau"

Ian Mallmann

"Ian Mallmann"

The accompanying notes are an integral part of these financial statements

Exalt Capital Corp.

(A Capital Pool Company)

Statement of Loss and Comprehensive Loss

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

		2017
Expenses		
Professional fees	\$	34,103
Filing fees		2,625
General and administrative expenses		1,428
Net Loss and Comprehensive Loss for the Period	\$	(38,156)
Loss Per Share:		
Basic and diluted	\$	(0.00)
Weighted Average Number of Common Shares Outstanding		
Basic and diluted		-

The accompanying notes are an integral part of these financial statements

Exalt Capital Corp.

(A Capital Pool Company)

Statement of Changes in Shareholders' Equity

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Deficit	Total
Balance, February 20, 2017 (Date of Inception)	1	\$ -	\$ -	\$ -
Redemption of shares	(1)	-	-	-
Shares issued for cash	2,000,000	100,000	-	100,000
Net loss for the period	-	-	(38,156)	(38,156)
Balance, June 30, 2017	2,000,000	\$ 100,000	\$ (38,156)	\$ 61,844

The accompanying notes are an integral part of these financial statements

Exalt Capital Corp.

(A Capital Pool Company)

Statement of Cash Flows

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

		2017
Operating Activities		
Net loss for the period	\$	(38,156)
Change in non-cash working capital item		
GST receivable		(469)
Accounts payable and accrued liabilities		15,528
Cash Used in Operating Activities		(23,097)
Financing Activity		
Shares issued for cash		100,000
Net change in cash		76,903
Cash, Beginning of Period		-
Cash, End of Period	\$	76,903

The accompanying notes are an integral part of these financial statements

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Exalt Capital Corp. (the “Company”) was incorporated on February 20, 2017 under the *Business Corporations Act* (British Columbia) and is in the process of applying for status as a capital pool company (“CPC”) as defined by the policy 2.4 (the “CPC policy”) of the TSX Venture Exchange (the “TSX-V”).

The Company’s principal place of business is at 4538 Kingsway, Suite 515, Burnaby, BC V5H 4T9 and registered and records office is located at 2900 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J5.

As a CPC, the Company’s principal business activity is the identification and evaluation of assets, properties or businesses with the objective of completing a qualifying transaction (a “Qualifying Transaction”) under TSX-V rules. Under these rules, a Qualifying Transaction must be entered into within 24 months of listing. As at the date of these financial statements, the Company is not yet listed on the TSX-V.

As of June 30, 2017, the Company has not generated any revenues and has incurred losses of \$38,156 since inception. The Company will need to raise additional funds when an acquisition or participation is warranted. The Company’s continued existence and plans for future growth depend on its ability to obtain additional capital. The Company's ability to achieve these objectives cannot be determined at this time.

These 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 foreseeable future and will be able to realize its 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. 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 the carrying value of its net assets.

There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These uncertainties may cast significant doubt on the ability of the Company to continue as a going concern. The financial statements do not include any adjustments to assets and liabilities should the Company be unable to continue in existence or complete its Qualifying Transaction within the required period. Such adjustments could be material.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These are the Company's first financial statements and IFRS has been applied since February 20, 2017 (date of inception).

These financial statements have been prepared on a 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 financial statements are presented in Canadian dollars which is the functional currency of the Company.

(b) Approval of Financial Statements

The financial statements of the Company for the period from February 20, 2017 (date of inception) to June 30, 2017 were authorized for issue in accordance with a resolution of the directors on August 15, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Use of Significant Accounting Judgements and Estimates

The preparation of these financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Judgement 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 judgements have been applied include:

Judgements

(i) Going concern

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

(ii) Deferred tax

Deferred tax assets are recognized for all deductible temporary differences, to the extent it is probably 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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash

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 TSX-V.

(c) Financial Instruments

(i) 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

A financial asset is classified at fair value through profit or loss if it is a derivative, principally 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 as FVTPL.

Held to maturity

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.

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.

Exalt Capital Corp.
(A Capital Pool Company)
Notes to the Financial Statements
Period from inception on February 20, 2017 to June 30, 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

(i) Financial assets (continued)

Available for sale

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.

(ii) 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 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 measured at amortized cost using the effective interest method.

(iii) 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 is becoming probable that the borrower will enter bankruptcy or financial re-organization.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

(iii) Impairment of financial assets (continued)

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.

(iv) Fair value hierarchy

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.

(d) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's 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.

(e) 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 is calculated using the treasury stock method. Under the treasury stock method, the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Share-based Payment Transactions

The Company records all share-based payments at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share-based payments reserve. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

(g) 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 (loss), in which case the income tax is recognized in equity or other comprehensive income (loss).

Current income 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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 have been excluded from the list below.

IFRS 9 Financial Instruments

This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. 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.

The mandatory effective date of IFRS 9 is for the Company's annual period beginning on July 1, 2018. The Company does not anticipate this amendment to have a significant impact on its financial statements.

4. SHARE CAPITAL

Authorized:

Unlimited common shares without par value

Issued:

The Company issued 1 incorporator's initial share for \$0.05 on February 20, 2017, which was repurchased and cancelled by the Company on March 27, 2017 for \$0.05. On June 30, 2017, the Company issued 2,000,000 shares at \$0.05 per share for total proceeds of \$100,000. These shares will be released from escrow pro rata to the shareholders as to 10% upon issuance of the Final Exchange Bulletin and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These shares have been excluded from the calculation of loss per share.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

The stock option plan of the Company established on May 25, 2017, provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the exchange requirements, grant to directors, officers, consultants and employees 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 total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of the grant. The Company has not granted any stock options during the period ended June 30, 2017.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2017, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of cash and 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.

The Company has exposure to credit risk, liquidity risk and foreign exchange risk from its use of financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(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 has cash of \$76,903 to apply against short-term business requirements and current liabilities of \$15,528. Accounts payable and accrued liabilities are due within three months of the year end date.

(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 fluctuations.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(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 and accumulated deficit. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable growth. The Company is not subject to externally imposed capital requirements.

6. INCOME TAX

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rate to the amounts recognized in the statement of loss and comprehensive loss for the period ended June 30, 2017:

	2017
Loss before income taxes	\$ (38,156)
Income tax recovery at statutory rate of 26%	(9,921)
Changes in deferred tax asset not recognized	9,921
	\$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets at June 30, 2017 are comprised of the following:

	2017
Non-capital loss carryforwards	\$ 9,921
Unrecognized deductible temporary differences	\$ 9,921

The Company has non-capital loss carryforwards of approximately \$38,156 as of June 30, 2017 which may be carried forward to apply against future income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2037.

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation and director transactions

There was no key management compensation and no post-employment benefits, termination benefits or other long-term benefits paid to key management personnel during the period.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Financial Statements

Period from inception on February 20, 2017 to June 30, 2017

(Expressed in Canadian Dollars)

8. SUBSEQUENT EVENT

The Company engaged Mackie Research Capital Corp. (the “Agent”) to act as the agent for an initial public offering of minimum 3,000,000 common shares and maximum 3,500,000 common shares at \$0.10 per common share (the “Offering”). The Agent will receive a commission of 10% of the gross proceeds payable in cash and also a work fee of \$12,500 (of which \$6,500 has been paid) and the reimbursement of expenses. In addition, the Company will issue to the agent compensation options equal to 10% of all common shares sold pursuant to the Offering. Additional cash costs of the Offering are estimated to be \$61,000. The proposed transactions are subject to regulatory approval.

Exalt Capital Corp.
A Capital Pool Company
Management Discussion and Analysis
For the Period from inception on February 20, 2017 to June 30, 2017

This Management Discussion and Analysis (“MD&A”) is prepared as at August 15, 2017, and is based on the audited financial statements of Exalt Capital Corp. (the “Company”) for the period ended June 30, 2017. This MD&A should be read in conjunction with the audited financial statements for the period ended June 30, 2017. Unless otherwise indicated, all dollar amounts are in Canadian dollars. Additional information relevant to the Company activities can be located on SEDAR at www.sedar.com.

This MD&A may contain certain forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to business by directors, escalating professional fees, and escalating transaction costs. Readers are cautioned not to place undue reliance on forward-looking statements, which are effective only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

Actual results may differ materially and adversely from those expressed in any forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements for any reason.

Description of the Company’s Business

The Company was incorporated on February 20, 2017 under the Business Corporations Act (British Columbia) with one class of shares, being common shares (“Common Shares”) without par value, and is in the process of applying for listing on the TSX Venture Exchange (the “Exchange”) as a capital pool company (“CPC”) as defined by policy 2.4 (the “CPC Policy”) of the Exchange.

Assuming a CPC listing is achieved, the principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a “Qualifying Transaction” (as defined by the CPC Policy). Until the completion of a Qualifying Transaction, the Company will not carry on any other business. The Company has not commenced commercial operations and has no assets other than a minimal amount of cash.

In order to achieve CPC listing, the Company will close its initial public offering (the “Offering”) as a capital pool company and issue a total of 3,500,000 common shares at \$0.10 per share for gross proceeds of \$350,000. Mackie Research Capital Corporation will act as the agent (the “Agent”) for the Company in connection with the Offering. In connection with the agency agreement, the Company will pay the Agent a corporate finance fee of \$12,500 and a 10% cash commission equal to 10% of the gross proceeds of the Offering. The Company will also grant the Agent warrants to purchase up to 350,000 common shares of the Company exercisable at a price of \$0.10 per share.

The purpose of this Offering is to provide the Company with a minimum of funds with which to identify and evaluate assets or businesses with a view to completing a “Qualifying Transaction” (as defined by the CPC Policy). Until the completion of a Qualifying Transaction, the Company will not carry on any other business. The Company has not commenced commercial operations and has no meaningful assets other than a minimal amount of cash.

Selected Annual Information

	<i>From February 20, 2017 (Date of Inception) to June 30, 2017 -\$-</i>
Net loss	(38,156)
Loss per share	(0.00)
Total assets	77,372
Total equity	61,844

Results of Operations

From February 20, 2017 (Date of Inception) to June 30, 2017

For the period ended February 20, 2017, the Company incurred a net loss of \$38,156, comprised of general and administrative expense of \$1,428, professional fees of \$34,103, and filing fees of \$2,625.

Summary of Quarterly Results

	<i>Three months ended June 30, 2017 -\$-</i>	<i>From February 20, 2017 (Date of inception) to March 30, 2017 -\$-</i>
Total assets	77,372	-
Working capital	61,844	-
Shareholders' equity	61,844	-
Net loss for the period	(38,156)	-
Loss per share	(0.00)	(0.00)

Three Months Ended June 30, 2017

For the three months ended June 30, 2017, the Company incurred a net loss of \$38,156, comprised of general and administrative expense of \$1,428, professional fees of \$34,103, and filing fees of \$2,625.

Discussion of Operations and Financial Conditions

For the year ended June 30, 2017, the Company recorded a net loss of \$38,156. The Company had no continuing source of operating revenues or related expenditures.

Liquidity and Capital Resources

From inception to June 30, 2017, the Company's capital resources were raised by way of the purchase of Common Shares. As at June 30, 2017, the Company had raised net cash proceeds of \$100,000 and had working capital of \$61,844.

Uncertainties and Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Critical Accounting Estimates

The Company's financial statements have been prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results may differ materially from these estimates. Areas where management uses subjective judgment include, but are not limited to, income tax valuation allowances, fair values of assets and liabilities, and potential impairments of properties. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

There was no key management compensation and no post-employment benefits, termination benefits or other long-term benefits paid to key management personnel during the period.

Outstanding Share Information

Common Shares

As at this report date, the Company has 2,000,000 Common Shares outstanding and all Common Shares are held in escrow.

Legal proceedings

As at this report date management is not aware of any legal proceedings involving the Company.

APPENDIX “B”
FINANCIAL STATEMENTS AND MANAGEMENT’S DISCUSSION AND ANALYSIS
OF EXALT CAPITAL CORP. FOR THE NINE MONTHS ENDED MARCH 31, 2018

Exalt Capital Corp.

A Capital Pool Company

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine months ended March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

Exalt Capital Corp.

(A Capital Pool Company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars - Unaudited)

	March 31, 2018	June 30, 2017
Assets		
Current		
Cash	\$ 267,463	76,903
GST receivables	5,000	469
Total Assets	\$ 272,463	77,372
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 24,693	15,528
Shareholders' Equity		
Share capital (Note 3)	369,562	100,000
Reserves	53,482	-
Deficit	(175,274)	(38,156)
Total Shareholders' Equity	247,770	61,844
Total Liabilities and Shareholders' Equity	\$ 272,463	77,372

Date of approval: May 30, 2018

(signed) "Herrick Lau"

Director

(signed) "Ian Mallmann"

Director

Professional fees	17,117	6,000	25,609	6,000
Share-based payments	-	-	32,544	-
Transfer agent and filing fees	36,610	-	53,995	-
Net loss and comprehensive loss for the period	75,507	7,464	137,118	7,464
E: Loss per share:				
(A) Basic and diluted	(0.01)	(0.08)	(0.03)	(0.25)
C: Weighted average number of common shares outstanding				
(F) Basic and diluted	5,500,000	89,888	4,205,128	29,304

	Three Months Ended March 31, 2018 \$	Period from February 20 to March 31 2017 \$	Nine Months Ended March 31 2018 \$	Period from February 20 to March 31 2017 \$
Expenses				
General & administrative expenses	4,280	1,464	7,470	1,464
Expenses related Qualifying Transaction	17,500	-	17,500	-
Professional fees	17,117	6,000	25,609	6,000
Share-based payments	-	-	32,544	-
Transfer agent and filing fees	36,610	-	53,995	-
Net loss and comprehensive loss for the period	75,507	7,464	137,118	7,464
Loss per share:				
Basic and diluted	(0.02)	-	(0.06)	-
Weighted average number of common shares outstanding				
Basic and diluted	3,500,000	-	2,205,128	-

Exalt Capital Corp.

(A Capital Pool Company)

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars - Unaudited)

	Number of Shares	Share Capital \$	Reserves \$	Deficit \$	Total \$
Balance, February 20, 2017 (Date of Inception)	1	-	-	-	-
Redemption of shares	(1)	-	-	-	-
Shares issued for cash	2,000,000	100,000	-	-	100,000
Net loss for the period	-	-	-	(7,464)	(7,464)
Balance, March 31, 2017	2,000,000	100,000	-	(7,464)	92,536
Balance, June 30, 2017	2,000,000	100,000	-	(38,156)	61,844
Shares issued for cash	3,500,000	350,000	-	-	350,000
Share issuance costs	-	(80,438)	20,938	-	(59,500)
Share-based payments	-	-	32,544	-	32,544
Net loss for the period	-	-	-	(137,118)	(137,118)
Balance, March 31, 2018	5,500,000	\$369,562	\$53,482	(175,274)	\$247,770

Exalt Capital Corp.

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

	Nine Months Ended March 31, 2018 \$	Period from inception on February 20, 2017 to March 31, 2017 \$
Operating activities		
Net loss for the period	(137,118)	(7,464)
Items not affecting cash:		
Share-based payments	32,544	-
Net change in non-cash working capital		
GST receivables	(4,531)	-
Accounts payable and accrued liabilities	9,165	7,365
Cash used in operating activities	(99,940)	(99)
Financing activities		
Issue of share capital, net of share issuance costs	290,500	100,000
Cash from financing activities	290,500	100,000
Net change in cash	190,560	99,901
Cash, beginning of period	76,903	-
Cash, end of period	267,463	99,901

Exalt Capital Corp.

Condensed Interim Statement of Cash Flows

(Expressed in Canadian dollars - Unaudited) For the Nine Months ended March 31, 2018

1. NATURE OF OPERATIONS

Exalt Capital Corp. (the “Company”) was incorporated on February 20, 2017 under the *Business Corporations Act* (British Columbia). In October, 2017, the Company is listed 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”). On October 10, 2017, the Company’s common shares effectively commenced trading on the Exchange under the symbol “EXT-P”.

The Company’s principal place of business is at 4538 Kingsway Suite 515, Burnaby BC V5H 4T9 and registered and records office is located at 2900 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J5.

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.

On December 6, 2017, the Company entered into a letter of intent to acquire Sachiel Connect Inc (“Sachiel Connect”) (the “Transaction”). Pursuant to the terms of the letter of intent, the Company will acquire all of the issued and outstanding securities of Sachiel Connect from its existing shareholders, and as consideration, the Company will issue 29,100,000 common shares in the capital of the Company to the current shareholders of Sachiel Connect, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000. The Transaction will result in a reverse takeover of the Company by Sachiel Connect shareholders. Upon closing of the Transaction, Sachiel Connect is expected to be a wholly owned subsidiary of the Company.

Upon closing of the Transaction and subject to acceptance of the Exchange, a finder’s fee will be paid by the issuance of 1,602,727 common shares at the deemed price of \$0.22 per share for an aggregated value of \$352,600.

This Transaction is intended to constitute the Company’s Qualifying Transaction and is not a non-arm’s-length qualifying transaction (as defined by the policies of the Exchange). The Transaction is subject to Exchange approval.

The Company has not generated any revenues and has incurred accumulated losses of \$175,274 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.

	March 31, 2017	June 30, 2017
Deficit	\$ (175,274)	\$(38,156)
Working capital	\$ 247,770	\$ 61,844

Exalt Capital Corp.

Condensed Interim Statement of Cash Flows

(Expressed in Canadian dollars - Unaudited) For the Nine Months ended March 31, 2018

1. NATURE OF OPERATIONS (continued)

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 condensed interim financial statements of the Company for the period ended March 31, 2018 were authorized for issue in accordance with a resolution of the directors on May 30, 2018.

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 February 20, 2017 (the date of inception) to June 30, 2017 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

Exalt Capital Corp.

Condensed Interim Statement of Cash Flows

(Expressed in Canadian dollars - Unaudited) For the Nine Months ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Judgments and Estimates (continued)

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.

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.

Qualifying Transaction Expenses

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").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exalt Capital Corp.

Condensed Interim Statement of Cash Flows

(Expressed in Canadian dollars - Unaudited) For the Nine Months ended March 31, 2018

Financial Instruments (continued)

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.

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:

- e) Fair value through profit or loss; and
- f) 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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Other financial liabilities

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

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:

- g) significant financial difficulty of the issuer or counterparty; or
- h) default or delinquency in interest or principal payments; or
- i) 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:

- j) to safeguard the Company's ability to continue as a going concern;
- k) 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

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

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.

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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

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.

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

(i) 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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

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

(a) Common Shares

Authorized: Unlimited common shares without par value

Issued and outstanding common shares:

The Company issued 1 incorporator's initial share for \$0.05 on February 20, 2017, which was repurchased and cancelled by the Company on March 27, 2017 for \$0.05. On March 27, 2017, the Company issued 2,000,000 seed shares at \$0.05 per share for total proceeds of \$100,000. These shares will be released from escrow pro rata to the shareholders as to 10% upon issuance of the Final Exchange Bulletin for approved of the Qualifying Transaction and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These shares have been excluded from the calculation of loss per share.

On October 10, 2017, the Company closed initial public offering of 3,500,000 common shares at a price of \$0.10 per share for gross proceeds of \$350,000. In connection with the offering and pursuant to the agency agreement signed by the Company, the Company paid the Agent a corporate finance fee of \$12,500 and a 10% cash commission equal to 10% of the gross proceeds of the Offering. The Company also granted the Agent warrants to purchase up to 350,000 common shares of the Company exercisable at a price of \$0.10 per share until October 10, 2019. Issuance of these warrants has been recorded as share issuance cost in the amount of \$20,938 based on a Black Scholes calculation using a risk-free interest rate of 1.55%, a volatility of 117%, an expected life of two years.

(b) Agent Warrants

The following is a summary of agent's warrant transactions for the period ended March 31, 2018:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (Years)	Weighted Average Fair Value of Agent's Warrants (per Warrant)
October 10, 2019	\$0.10	350,000	1.15	\$0.10

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

3. SHARE CAPITAL (continued)

(c) Incentive Stock Options

The stock option plan of the Company established in 2017, provides that the Board of directors of the Company may from time to time, in its discretion and in accordance with the exchange requirements, grant to directors, officers, consultants and employees 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 total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of the grant.

On May 25, 2017, the Company granted Incentive Stock Options to its directors and officers to purchase up to 400,000 common shares exercisable at \$0.10 per share expiring on May 25, 2022, fully vested on the Listing Date. Issuance of these options has been recorded as stock-based payments in the amount of \$32,544 based on a Black Scholes calculation using a risk-free interest rate of 0.94%, a volatility of 117%, an expected life of five years.

A summary of stock options outstanding and exercisable as at June 30, 2017 and March 31, 2018 are as follows:

	Number of Options Outstanding & Exercisable	Average Exercise Price
Balance, June 30, 2017 and inception date	-	-
Stock options granted	400,000	\$0.10
Balance, March 31, 2018	400,000	

Grant Date	Expiry Date	Number of Options Outstanding & Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
May 25, 2017	May 25, 2022	400,000	\$0.10	4.10

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessary provide reliable measure of the fair value of the Company's stock options.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

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.

(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 March 31, 2018, the Company has accounts payable and accrued liabilities of \$24,693.

(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 March 31, 2018.

(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.

Exalt Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended March 31, 2018

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 March 31, 2018, the Company's financial instruments consist of cash, accounts payable and accrued liabilities. The fair values of cash, 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 March 31, 2018, share-based payments totaling of \$32,544 to directors and officers were recognized.

All common shares and stock options issued to director and officers are subject to an escrow agreement on terms prescribed by the Exchange.

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Exalt Capital Corp.
A Capital Pool Company
Management Discussion and Analysis
For the nine months ended March 31, 2018

This Management Discussion and Analysis (“MD&A”) is prepared as at May 30, 2018 and is based on the financial statements of Exalt Capital Corp. (the “Company”) for the nine months ended March 31, 2018. The financial information was prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards (“IFRS”). This MD&A should be read in conjunction with the audited financial statements for the period from February 20, 2017 (the date of inception) to June 30, 2017 and the unaudited condensed interim financial statements for the nine months ended March 31, 2018. Unless otherwise indicated, all dollar amounts are in Canadian dollars. Additional information relevant to the Company activities can be located on SEDAR at www.sedar.com.

This MD&A may contain certain forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic conditions, general business conditions, limited time being devoted to business by directors, escalating professional fees, and escalating transaction costs. Readers are cautioned not to place undue reliance on forward-looking statements, which are effective only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

Actual results may differ materially and adversely from those expressed in any forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements for any reason.

Description of the Company’s Business

The Company was incorporated on February 20, 2017 under the *Business Corporations Act* (British Columbia) with one class of shares, being common shares (“Common Shares”) without par value, and is a capital pool company (“CPC”) as defined by policy 2.4 (the “CPC Policy”) of the TSX Venture Exchange (“Exchange”).

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a “Qualifying Transaction” (as defined by the CPC Policy). Until the completion of a Qualifying Transaction, the Company will not carry on any other business. The Company has not commenced commercial operations and has no assets other than a minimal amount of cash.

On May 25, 2017, the Company has granted Incentive Stock Options to its directors and officers to purchase up to 400,000 common shares exercisable at \$0.10 per share expiring on May 25, 2022, fully vested on the Listing Date.

In October 2017, the Company closed its initial public offering (the “Offering”) as a capital pool company and issued a total of 3,500,000 common shares at \$0.10 per share for gross proceeds of \$350,000. The common shares of the Company effectively commenced trading on the TSX Venture Exchange on October 10, 2017 under the symbol “EXT-P”. Mackie Research Capital Corporation acted as the agent (the “Agent”) for the Company in connection with the Offering. In connection with the agency agreement, the Company paid the Agent a corporate finance fee of \$12,500 and a 10% cash

commission equal to 10% of the gross proceeds of the Offering. The Company also granted the Agent warrants to purchase up to 350,000 common shares of the Company exercisable at a price of \$0.10 per share until Oct. 10, 2019.

On December 6, 2017, the Company entered into a letter of intent to acquire Sachiel Connect Inc (“Sachiel Connect”) (the “Transaction”). Pursuant to the terms of the letter of intent, the Company will acquire all of the issued and outstanding securities of Sachiel Connect from its existing shareholders, and as consideration, the Company will issue 29,100,000 common shares in the capital of the Company to the current shareholders of Sachiel Connect, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000. The Transaction will result in a reverse takeover of the Company by Sachiel Connect shareholders. Upon closing of the Transaction, Sachiel Connect is expected to be a wholly owned subsidiary of the Company.

Upon closing of the Transaction and subject to acceptance of the Exchange, a finder’s fee will be paid by the issuance of 1,602,727 common shares at a deemed price of \$0.22 per share for an aggregated value of \$352,600.

This Transaction is intended to constitute the Company’s Qualifying Transaction and is not a non-arm’s-length qualifying transaction (as defined by the policies of the Exchange). The Transaction is subject to Exchange approval. For information regarding Sachiel Connect Qualifying Transaction, readers are referred to news releases of the Company.

Selected Annual Information

	<i>From February 20, 2017 (Date of Inception) to June 30, 2017</i>
	<i>-\$-</i>
Total assets	77,362
Working capital	61,844
Shareholders’ equity	61,844
Total expenses	38,156
Net loss for the period	(38,156)
Loss per share	(0.00)

Results of Operations

From February 20, 2017 (Date of Inception) to June 30, 2017

For the period ended June 30, 2017, the Company incurred a net loss of \$38,156, comprised of general and administrative expense of \$1,428, professional fees of \$34,103, and filing fees of \$2,625.

Summary of Quarterly Results

	<i>Three months ended March 31,</i>	<i>Three months ended December 31,</i>	<i>Three months ended September 30,</i>	<i>Three months ended June 30, 2017</i>	<i>From February 20, 2017 (Date of Inception) to March 31, 2017</i>
Total assets	272,318	327,338	48,980	77,372	99,901
Working capital	247,770	323,277	38,870	61,844	92,536
Shareholders' equity	247,770	323,277	38,870	61,844	92,536
Total expenses	75,507	38,637	22,974	30,692	7,464
Net loss for the period	(75,507)	(38,637)	(22,974)	(30,692)	(7,464)
Loss per share	(0.02)	(0.02)	(0.00)	(0.00)	(0.00)

Nine months Ended March 31, 2018

For the nine months ended March 31, 2018, the Company incurred a net loss of \$137,118 (2017-\$7,464), comprised of general and administrative expense of \$7,470 (same period in 2017-\$1,464), expenses related to Qualifying Transaction of \$17,500 (2017-\$nil), professional fees of \$25,609 (2017-\$6,000), stock based payments of 32,544(2017-\$nil) and transfer agent and filing fees of \$53,995(2017-\$nil). The increase in consulting fee, professional fee and filing fees was due to initial regulatory filings, financial statement filings, and the completion and filing of the Prospectus for the Offering and Qualifying Transaction.

Three months Ended March 31, 2018

For the three months ended March 31, 2018, the Company incurred a net loss of \$72,607 (same quarter in 2017 - \$7,464), comprised of general and administrative expense of \$4,280 (same quarter in 2017 - \$1,464), expenses related to Qualifying Transaction of \$17,500 (same quarter in 2017 - \$nil), professional fees of \$14,217 (same quarter in 2017 - \$6,000), stock based payments of 32,544 (same quarter in 2017 - \$nil) and transfer agent and filing fees of \$36,610 (same quarter in 2017 - \$nil). The increase in filing fees was due to regulatory filings, financial statement filings, and the completion and filing of the Prospectus for the Qualifying Transaction.

Discussion of Operations and Financial Conditions

For the quarter ended March 31, 2018, the Company recorded a net loss of \$137,118. The Company had no continuing source of operating revenues or related expenditures.

Liquidity and Capital Resources

From inception to March 31, 2018, the Company's capital resources were raised by way of the purchase of Common Shares. To March 31, 2018, the Company had raised net cash proceeds of \$390,500 and had working capital of \$247,770.

Uncertainties and Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Critical Accounting Estimates

The Company's financial statements have been prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results may differ materially from these estimates. Areas where management uses subjective judgment include, but are not limited to, income tax valuation allowances, fair values of assets and liabilities, and potential impairments of properties. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the period ended March 31, 2018, stock option's with a fair value of \$32,544 were granted to directors and officers.

All of these Common Shares and stock options are subject to an escrow agreement on terms prescribed by the Exchange.

Outstanding Share Information

Common Shares

As at this report date, the Company has 5,500,000 Common Shares outstanding all which are held in escrow.

Stock Options

As at this report date, the Company has 400,000 stock options outstanding at a weighted average exercise price of \$0.10 per share expiring on May 25, 2022.

Warrants

As at this report date, the Company has 350,000 agent warrants outstanding at a weighted average exercise price of \$0.10 per share expiring on October 10, 2019.

Legal proceedings

As at the this report date management is not aware of any legal proceedings involving the Company.

APPENDIX “C”
FINANCIAL STATEMENTS AND MANAGEMENT’S DISCUSSION AND ANALYSIS
OF SACHIEL CONNECT INC. FOR THE PERIOD FROM INCORPORATION
TO THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2017

Sachiel Connect Inc.
Consolidated Financial Statements
For the Year Ended
September 30, 2017
And from Incorporation on July 28, 2016 to
September 30, 2016
(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

TO THE DIRECTOR OF SACHIEL CONNECT INC.

We have audited the accompanying consolidated financial statements of Sachiel Connect Inc., which comprise the consolidated statements of financial position as at September 30, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sachiel Connect Inc. as at September 30, 2017 and 2016, and its financial performance and its cash flows for the year ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

A stylized, handwritten-style signature of "Smythe LLP" in a dark grey or black ink.

Chartered Professional Accountants

Vancouver, British Columbia
June 26, 2018

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SACHIEL CONNECT INC.
Consolidated Statements of Financial Position
As at September 30
(Expressed in Canadian Dollars)

	Note	2017 \$	2016 \$
Assets			
Current Assets			
Cash		357,557	130,629
Trade and other receivables	4, 16	21,711	-
Short-term investments	3d	338,098	-
Inventory	5	53,573	58,145
Prepaid expenses		11,690	54,810
		782,629	243,584
Deposits		30,370	-
Property and equipment	6	117,609	-
Intangible assets	7	198,163	5,822
Total Assets		1,128,771	249,406
Current Liabilities			
Accounts payable and accrued liabilities	8, 12	170,525	7,798
Lease Inducement	8	49,734	-
Deferred revenue	10	-	161,117
		220,259	168,915
Shareholders' Equity			
Share capital	9	1,299,500	300,000
Share subscriptions receivable	9	-	(200,000)
Deficit		(390,988)	(19,509)
		908,512	80,491
Total Liabilities and Shareholders' Equity		1,128,771	249,406

Approved on behalf of the Director:

/s/ "Nie, Bei"
Director

See accompanying notes to consolidated financial statements.

SACHIEL CONNECT INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year Ended September 30, 2017	From Incorporation on July 28, 2016 to September 30, 2016
		\$	\$
Sales	16	727,070	-
Cost of sales	5	410,651	-
Gross profit		316,419	-
Expenses			
Selling and distribution		99,225	-
Advertising and promotion		122,039	1,549
Bank charges		1,322	47
Consulting		46,026	-
Amortization	7	1,369	-
Donation		-	11,868
Insurance		2,868	-
Meeting and conference		64,219	-
Meals and entertainment		5,542	-
Office		9,796	997
Professional fees		4,870	-
Rent		80,092	-
Salary and benefits	12	159,641	-
Travel		12,324	-
Foreign exchange (gain) loss		12,594	(108)
Website development		66,853	5,156
		688,780	19,509
Loss from operations		(372,361)	(19,509)
Other income		882	-
Net loss and Comprehensive Loss		(371,479)	(19,509)
Loss per common share			
Basic and fully diluted		\$0.11	\$0.01
Weighted average number of common shares outstanding		3,331,900	3,000,000

SACHIEL CONNECT INC.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
For the year ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016

	Shares	Amount \$	Share subscriptions receivable \$	Deficit \$	Total \$
July 28, 2016 (incorporation date)	-	-	-	-	-
Shares issued upon incorporation	3,000,000	300,000	(200,000)	-	100,000
Net loss	-	-	-	(19,509)	(19,509)
September 30, 2016	3,000,000	300,000	(200,000)	(19,509)	80,491
Shares issued for cash	595,000	890,000	-	-	890,000
Share subscriptions received	-	-	200,000	-	200,000
Shares issued for intangible asset	54,750	109,500	-	-	109,500
Net loss	-	-	-	(371,479)	(371,479)
September 30, 2017	3,649,750	1,299,500	-	(390,988)	908,512

See accompanying notes to consolidated financial statements.

SACHIEL CONNECT INC.
Consolidated Statements of Cash Flows
For the Year Ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016
(Expressed in Canadian Dollars)

	Note	2017 \$	2016 \$
OPERATING ACTIVITIES			
Net loss		(371,479)	(19,509)
Items not affecting cash:			
Amortization of water use rights	7	1,389	-
Unrealized foreign exchange		12,594	(108)
Changes in non-cash working capital:			
Trade and other receivables		(21,711)	-
Inventory		4,572	(58,145)
Prepaid expenses and deposits		12,750	(54,810)
Accounts payable and accrued liabilities		162,727	7,798
Lease Inducements		49,734	-
Deferred revenue		(161,117)	161,117
Cash used in operating activities		(310,561)	36,343
INVESTING ACTIVITIES			
Short-term investments		(338,098)	-
Acquisition of property and equipment	6	(117,609)	-
Acquisition of intangible assets	7	(84,210)	(5,822)
Cash used in investing activities		(539,917)	(5,822)
FINANCING ACTIVITIES			
Proceeds from shares issued for cash		890,000	100,000
Share subscriptions received		200,000	-
Cash provided by financing activities		1,090,000	100,000
Increase in cash		239,522	130,521
Cash, beginning		130,629	-
Foreign exchange effect on cash		(12,594)	108
Cash, ending		357,557	130,629
Supplemental cash flow information			
Shares issued for intangible asset		109,500	-

See accompanying notes to consolidated financial statements.

SACHIEL CONNECT INC.

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Sachiel Connect Inc., formerly known as Sachiel Water Inc., (the "Company") was incorporated under the *Business Corporations Act* on July 28, 2016. The Company is engaged primarily in the business of distribution and sale of drinking water products in Canada, China and Africa. On May 10, 2017, the Company incorporated a wholly owned subsidiary, Sachiel Water Inc. under the *Business Corporations Act*.

The principal and registered office of the Company is at 2300 - 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8.

2. BASIS OF PREPARATION AND GOING CONCERN

a) Statement of compliance

These consolidated financial statements of the Company and its subsidiary are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Director on June 26, 2018.

b) Going concern

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. They do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

As at September 30, 2017, the Company had working capital of \$562,370 (2016: \$74,669), an accumulated deficit of \$390,988 (2016: \$19,509) since inception. During the year ended September 30, 2017, the Company incurred a net and comprehensive loss of \$371,479 (2016: \$19,509).

Management's current strategy is to focus on expanding its market share of the drinking water industry in China and Canada, at the same time exercising careful cost control to sustain operations in the near term. Management recognizes the Company's need to expand its cash reserves in the coming year if it intends to adhere to its sales and marketing plans and has evaluated its potential sources of funds, including: increased revenue from sale of its products and services and possible equity financing. Although management intends to assess and act on these options through the course of the year, there can be no assurance that the steps management takes will be successful. These conditions indicate existence of material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3(c). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

d) Functional and presentation currency

The functional and reporting currency of the Company and its subsidiary is the Canadian dollar.

SACHIEL CONNECT INC.
Notes to the Consolidated Financial Statements
For the Year Ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

e) Use of estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3(h).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The Company did not adopt any new accounting standard changes or amendments to all periods presented that would have a material impact on these consolidated financial statements.

a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiary. A subsidiary is entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

Entity	Country of incorporation	Ownership
Sachiel Water Inc.	Canada	100%

b) Foreign currency translation

Transactions denominated in foreign currencies are translated to the respective functional currencies of the Company and its subsidiary at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in determination of earnings.

c) Financial instruments

(i) Financial assets

All financial assets are initially recorded at fair value and classified at inception into one of the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or available-for-sale.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

SACHIEL CONNECT INC.
Notes to the Consolidated Financial Statements
For the Year Ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets classified as loans and receivables are measured at amortized cost.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income/loss, except for losses in value that are considered other than temporary, which are recognized in profit or loss.

The Company classifies cash as FVTPL, and trade and other receivables, as loans and receivables and short-term investments.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified in this category unless they are designated as hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Transactions costs associated with financial assets/liabilities at FVTPL are expensed as incurred. Transaction costs associated with all other financial assets/liabilities are included in the initial carrying amount of the asset.

d) Short-term investments

Short-term investments are fixed term deposits held at the bank with a maturity of more than three months and less than twelve months at the time of issuance, and are recorded at fair value.

As at September 30, 2017, short-term investments comprise two guaranteed investment certificates ("GIC"). One GIC is in the amount of \$300,000, due on March 26, 2018 with an annual yield of 0.55%. The other GIC is in the amount of \$37,216 (US\$30,000), due on March 26, 2018 with an annual yield of 0.20%. For the year ended September 30, 2017 (2016: \$nil), \$882 interest has been accrued.

e) Trade and other receivables

Trade and other receivables are stated at their amortized cost less impairment losses. An allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

f) Inventory

Inventory, comprising raw materials and finished goods, is stated at the lower of cost and net realizable value. The cost of inventories is determined on a weighted-average basis. Cost of finished goods comprise raw materials and cost of delivery to the Company's distribution centres, including freight, non-refundable taxes and other landing costs.

SACHIEL CONNECT INC.
Notes to the Consolidated Financial Statements
For the Year Ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Inventory (continued)

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and selling expenses. In establishing any impairment of inventory, management estimates the likelihood that inventory carrying values will be affected by changes in market demand, which would impair the value of inventory on hand. An allowance for obsolete, slow-moving or defective inventories is made where necessary.

g) Depreciation

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property and equipment includes the acquisition costs and any direct costs to bring the asset into productive use at its intended location.

Depreciation of property and equipment is calculated using the straight-line method to write-off the cost, net of any estimated residual value, over their estimated useful life as follows:

Leasehold improvements	10 years
------------------------	----------

h) Intangible assets

Intangible assets include trademark, website and water use rights.

Water use rights represent shares issued to the vendor for lease and grant exclusive use of and access to using water license for fresh water bottling. Water use rights are carried at cost less accumulated amortization. Amortization of water use rights is amortized over the term of 10 years using the straight-line method.

Trademark and website represent the expenditures incurred. They are indefinite life intangible assets and are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired.

i) Impairment

(i) Financial assets

Financial assets not carried at FVTPL are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated by reference to the higher of the value in use and fair value less costs to sell. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other groups of assets.

An impairment loss is recognized if the carrying amount of an asset or group of assets exceeds the estimated recoverable amount. Impairment losses are recognized in profit or loss.

SACHIEL CONNECT INC.

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment (continued)

(ii) Non-financial assets (continued)

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimated recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j) Revenue recognition

The Company generates its revenue from the sale of bottled water. Sales are recognized when the significant risks and rewards of ownership have been transferred, generally at the date the customer receives the products. Deferred revenue represents customer deposits received in advance of shipment of bottled water.

k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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 as finance cost.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price 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.

n) Significant accounting estimates and judgments

Significant assumptions about the future and key sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

(i) Impairment of long-lived assets

Determining the amount of impairment of long-lived assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company's long-term assets, such as leasehold improvements, trademark, website and water use rights.

(ii) Allowances for doubtful accounts and bad debts

The Company makes estimates for allowances that represent estimate of potential losses in respect of trade and other receivables. An allowance for doubtful accounts is estimated based on management's assessment of the credit history with the customer and current relationships with them. Estimates used to determine the amount of allowance required involve uncertainties.

(iii) Reserve for inventory obsolescence

In determining the lower of cost or net realizable value of inventory, the provision for inventory obsolescence is estimated based on a consideration of quantities on hand, actual and projected sales volume, anticipated product selling prices and product lines planned to be discontinued. Unforeseen changes in these factors could result in additional inventory provisions, or reversals of previous provisions, if required. Refer to note 5 for more information.

(iv) Current and deferred taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Significant accounting estimates and judgments (continued)

Critical accounting judgments

(i) Evaluation of the Company's ability to continue as a going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. Please refer to note 2(b) for additional information.

o) New accounting standards issued, but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretation Committee 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.

Standard effective for annual periods beginning on October 1, 2018

(i) IFRS 15 *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, which replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates.

The standard is effective for annual periods beginning on October 1, 2018. Early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning October 1, 2018. The extent of the impact of adoption of IFRS 15 has not yet been determined.

(ii) IFRS 9 *Financial Instruments*

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) New accounting standards issued, but not yet effective (continued)

(ii) IFRS 9 Financial Instruments

- **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.

The mandatory effective date of IFRS 9 is for annual periods beginning on October 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning October 1, 2018. The extent of the impact of adoption of IFRS 9 has not yet been determined.

(iii) IFRS 16 Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on October 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning October 1, 2019. The extent of the impact of adoption of IFRS 16 has not yet been determined.

4. TRADE AND OTHER RECEIVABLES

	2017	2016
	\$	\$
Trade receivable	3,886	-
Other receivables	17,825	-
	21,711	-

5. INVENTORY

	2017	2016
	\$	\$
Raw materials	45,535	44,596
Finished goods	8,038	13,549
	53,573	58,145

The cost of inventory recognized as cost of sales during the year ended September 30, 2017 was \$410,651 (2016 - \$nil). There were no write-downs of inventories nor any reversals of write-downs for all periods presented.

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6. PROPERTY AND EQUIPMENT

	\$
Cost	
July 28, 2016 (incorporation) and September 30, 2016	-
Additions	117,609
September 30, 2017	117,609
Net book value	
September 30, 2016	-
September 30, 2017	117,609

The leasehold improvements represent the expenses incurred for office renovation. There is no depreciation expenses recognized for the year ended September 30, 2017, as the renovation project has not been fully completed as at September 30, 2017.

7. INTANGIBLE ASSETS

	Water Use Rights	Website	Trademark	Total
	\$	\$	\$	\$
Cost				
July 28, 2016 (incorporation)	-	-	-	-
Additions	-	-	5,822	5,822
September 30, 2016	-	-	5,822	5,822
Additions	109,500	79,905	4,305	193,710
September 30, 2017	109,500	79,905	10,127	199,532
Accumulated amortization				
July 28, 2016 (incorporation)	-	-	-	-
Additions	-	-	-	-
September 30, 2016	-	-	-	-
Additions	1,369	-	-	1,369
September 30, 2017	1,369	-	-	1,369
Net book value				
September 30, 2016	-	-	5,822	5,822
September 30, 2017	108,131	79,905	10,127	198,163

On August 15, 2017, the Company signed a Lease and Exclusive Water Use Rights Agreement (the "Agreement") with Canshield Global Capital Inc. ("Canshield") to lease and grant exclusive use of and access to Canshield's water license for fresh water bottling at Haven Spring. The Company paid a one-time lump sum of \$109,500, which has been paid by the issuance of 54,750 common shares at an estimated fair value of \$2 per share. The term of Agreement is ten years.

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Trade accounts payable	149,766	1,315
Lease Inducement	49,734	-
Salary and benefits payable	18,777	-
Related party payable (note 12)	1,982	6,483
	220,259	7,798

9. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value.

On July 28, 2016, the Company issued 3,000,000 common shares at price of \$0.10 per share for total proceeds of \$300,000, of which \$200,000 was received subsequent to September 30, 2016.

On January 30, 2017, the Company issued 300,000 common shares at price of \$1 per share for total proceeds of \$300,000.

On April 28, 2017, the Company issued 295,000 common shares at price of \$2 per share for total proceeds of \$590,000.

On August 15, 2017, the Company issued 54,750 common shares at a fair value of \$2 per share to Canshield (see note 7).

10. DEFERRED REVENUE

As at September 30, 2017 the Company recorded \$nil (2016: \$161,117) in deferred revenue with respect to customer deposits in advance of shipment of bottled water. The deferred revenue will be recognized as revenue upon the customer receiving the products purchased.

11. INCOME TAXES

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2017	2016
	\$	%
Loss for the year	(371,479)	(19,509)
Canadian statutory tax rate	26%	26%
Income tax benefit computed at statutory rates	(96,584)	(5,072)
Items non-deductible for income tax purposes	720	3,085
Change in timing differences	355	-
Unused tax losses and tax offsets not recognized in tax asset	95,509	1,987
Income tax benefit	-	-

The Company's statutory rate includes a combined Canadian federal corporate tax rate of 15% and the applicable provincial corporate tax rate of 11%.

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate taxable income to be able to recognize deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

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11. INCOME TAXES (continued)

	2017	2016
	\$	\$
Non-capital losses	374,900	7,600
Unrecognized deductible temporary differences	374,900	7,600

The Company's unrecognized unused non-capital losses have the following expiry dates:

	\$
2036	7,600
2037	367,300
	374,900

12. RELATED PARTY TRANSACTIONS AND BALANCES

The following is a summary of balances and transactions with a director of the Company:

	2017	2016
	\$	\$
<i>Transactions:</i>		
Salary paid to CEO and director	20,000	-
<i>Balances:</i>		
Amounts owing to CEO and director	1,982	6,483

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the estimated fair value amount, which is the amount of consideration established and agreed to by the related party.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The Company's financial instruments include cash, short-term investments, trade and other receivables and accounts payable and accrued liabilities. The carrying amounts of cash, short-term investments, trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

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13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The following table summarizes the carrying values of the Company's financial instruments:

	2017	2016
	\$	\$
Cash	357,557	130,629
Trade and other receivables	21,711	-
Short-term investments	357,557	-
Accounts payable and accrued liabilities	170,525	7,798

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

Cash	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at September 30, 2017	357,557	-	-	357,557
As at September 30, 2016	130,629	-	-	130,629

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Currency risk

The Company generates revenues and incurs expenses primarily in Canada and China and is exposed to risk from changes in foreign currency exchange rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risk. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At September 30, 2017, the Company had cash of \$165,162 (2016: \$36,779), short-term investments \$37,253 (2016: \$nil), trade and other receivables of \$3,849 (2016: \$nil), and accounts payable and other payable of \$27,702 (2016: \$nil), which were denominated in US dollars. For the year ended September 30, 2017, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US dollars by 10% will increase or decrease comprehensive loss by approximately \$17,856 (2016: \$3,678).

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on short-term investments is insignificant, as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, short-term investments and trade and other receivables. The Company limits its exposure to credit risk on cash by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables, as the Company grants credit to its customers in the normal course of business. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and the consolidated financial statements take into account an allowance for bad debts.

There were no overdue trade receivables outstanding as at September 30, 2017 and 2016 and collection is reasonably assured.

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14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2017, the Company had a working capital of \$562,370 (2016: \$74,669). The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

15. CAPITAL MANAGEMENT

The Company has defined its capital as share capital, share subscription receivable and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed during the year. These objectives and strategies are reviewed on a continuous basis.

16. ECONOMIC DEPENDENCE

During the year ended September 30, 2017, the Company has one customer that consists of 98.9% (2016: nil) of total sales. As at September 30, 2017, \$3,849 (2016: \$nil) of the trade and other receivables relates to this customer.

17. COMMITMENT

The Company has a lease agreement for office space with term extending to the year 2022.

The aggregate minimum rental payments under these arrangements are as follows:

	\$
2018	170,515
2019	170,515
2020	170,515
2021	170,515
2022	42,629
Total	724,689

18. SUBSEQUENT EVENT

Subsequent to the year ended September 30, 2017, the Company entered into a letter of intent (the "LOI") with Exalt Capital Corp. ("Exalt") whereby Exalt intends to complete a business combination with the Company by acquiring all of the issued and outstanding securities from the Company (the "Transaction").

Pursuant to the LOI, the Transaction will be effected by Exalt issuing 29,100,000 common shares to the shareholders of the Company, at a deemed price of \$0.22 per share, in consideration for Exalt's acquisition of all the issued and outstanding shares of the Company, which will result in the Company becoming a wholly-owned subsidiary of Exalt.

Exalt intends to complete a non-brokered private placement which will close concurrently with the Closing of the Transaction, pursuant to which Exalt intends to issue an aggregate of approximately 11,363,636 common shares at a price of \$0.22 per share to arm's length subscribers for gross proceeds of \$2,500,000.

Completion of the Transaction is subject to TSX-V (the "Exchange") and shareholder approval. Upon closing of the Transaction and subject to acceptance of the Exchange, a finder's fee of 1,802,727 common shares of the resulting issuer at the deemed price of \$0.22 for an aggregate deemed value of \$352,600 is payable to 1143833 B.C. Ltd, a private company incorporated in British Columbia and at arm's length.

Management's Discussion and Analysis

For the Year ended September 30, 2017

This Management's Discussion and Analysis ("MD&A") for Sachiel Connect Inc. ("Sachiel Connect", the "Company", "we", "us", "our") is dated June 27, 2018. The following is a discussion of the financial condition and operations of Sachiel for the years ended September 30, 2017 and 2016 and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This discussion and analysis should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the years ended September 30, 2017 and 2016.

The Company's audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. References to notes are to notes of the audited consolidated financial statements unless otherwise noted.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Overview

Sachiel Connect Inc., formerly known as Sachiel Water Inc., was incorporated on July 28, 2016 under the B.C. *Business Corporations Act*. Sachiel Connect began as a bottled water exporter, and subsequently developed an additional web portal platform to serve as a gateway for, initially Chinese, and later consumers from all around the globe, to access information on "Safe and Clean Foods from Canada". Sachiel currently carries on both lines of business, with the bottled water export business being carried principally through Sachiel's wholly owned subsidiary Sachiel Water Inc.

The head office, principal address and registered office of the Company are located at 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

Corporate history

Sachiel Connect has a wholly owned subsidiary named Sachiel Water Inc. (“Sachiel Water”, “SWI” or the “Subsidiary”). Sachiel Water was incorporated under the B.C. *Business Corporations Act* on May 10, 2017. Sachiel Water’s operations office is located at 309 - 1991 Savage Road, Richmond, B.C., V6V 1A4.

Business Highlights:

Highlights for the year ended September 30, 2017:

- Sales for the year ended September 30, 2017 were \$727,070 and \$Nil for the year ended September 30, 2016.
- On August 15, 2017, the Company signed a Lease and Exclusive Water Use Rights Agreement (the “Agreement”) with Canshield Global Capital Inc. (“Canshield”) to lease and grant exclusive use of and access to Canshield’s water license for fresh water bottling at Haven Spring. The Company paid a one-time lump sum payment for amount of \$109,500, which has been paid by the issuance of 54,750 common shares at a deemed price of \$2 per share. The term of the Agreement is ten years.
- On December 6, 2017, the Company and Exalt Capital Corp. (“Exalt”) entered into a letter of intent (“LOI”). Pursuant to the terms of the LOI, Exalt will acquire all of the issued and outstanding securities of Sachiel Connect from its existing shareholders, and as consideration, the Exalt will issue 29,100,000 common shares in the capital of the Exalt to the current shareholders of Sachiel Connect, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000. The transaction will result in a reverse takeover of Exalt by Sachiel Connect shareholders.

Overall Performance

The following discussion of the Company’s financial performance is based on the consolidated financial statements for the year ended September 30, 2017 and 2016.

The statement of financial position as of September 30, 2017 indicates a cash balance of \$357,557 (September 30, 2016 - \$130,629), short-term investment of \$338,098 (September 30, 2016 - \$Nil), trade and other receivable of \$21,711 (September 30, 2016 - \$Nil), inventory balance of \$53,573 (September 30, 2016 - \$58,145), prepaid expenses of \$11,690 (September 30, 2016 - \$54,810) and total current assets of \$782,629 (September 30, 2016 - \$243,584). The increase in total current assets was mainly due to the increase of cash and cash equivalents and short-term investments resulting from the increase of revenue and the received proceeds from share subscription.

Current liabilities at September 30, 2017 totalled \$220,259 (September 30, 2016 - \$168,915). Shareholders' equity is comprised of common shares of \$1,299,500 (September 30, 2016 - \$100,000 and deficit of \$390,988 (September 30, 2016 - \$19,509).

Working capital is comprised of current assets less current liabilities in the amount of \$562,370 (September 30, 2016 - \$74,669). Management believes that there is sufficient working capital to maintain the Company's day-to-day operations.

During the year ended September 30, 2017, the Company reported a net loss of \$371,479 (\$0.10 basic and diluted loss per share), compared to net loss of \$19,509 (\$0.01 basic and diluted loss per share) for the year ended September 30, 2016.

The weighted-average number of common shares outstanding for the year ended September 30, 2017 was 3,331,900, compared to 3,000,000 for the year ended September 30, 2016.

Selected Annual Information

	2017	2016
	\$	\$
Revenue	727,070	-
Gross margin	316,419	-
Operating expenses	688,780	19,509
Other income (expenses)	882	-
Net loss	(371,479)	(19,509)
Basic and diluted EPS	(0.11)	(0.01)
Total assets	1,128,771	249,406
Total non-current liabilities	220,259	168,915

For further financial information, please refer to the annual audited financial statements.

Revenue

Revenue for the year ended September 30, 2017 was \$727,070 compared to \$Nil in the year ended September 30, 2016. The increase in revenue from fiscal year 2017 to 2016 were due to the increase in public recognition from new marketing strategies.

Gross Margin

The gross margin for the year ended September 30, 2017 was \$316,419 and \$Nil for the year ended September 30, 2016. The increase of gross margin was a result of the generation of revenue. The gross margin, as a percentage of revenue was 43.5% for the year ended September 30, 2017.

Operating Expenses

Operating expenses were \$688,780 for the year ended September 30, 2017 compared to \$19,509 for the year ended September 30, 2016. Expenses for the year mainly include selling and distribution expenses of \$99,225 (September 30, 2016 - \$Nil), advertising and promotion expenses of \$122,039 (September 30, 2016 - \$1,549), consulting expenses of \$46,026 (September 30, 2016 - \$Nil), meeting and conference expenses of \$64,219 (September 30, 2016 - \$Nil), office expenses of \$9,796 (September 30, 2016 - \$997), rental expenses of \$80,092 (September 30, 2016 - \$Nil), salary and benefits of \$159,641 (September 30, 2016 - \$Nil), travel expenses of \$12,324 (September 30, 2016 - \$Nil) and website expenses of \$66,853 (September 30, 2016 - \$5,156).

Operating expenses in 2017 included expenses from newly incorporated subsidiary, Sachiel Water, while operating expenses in 2016 were solely from Sachiel Connect.

Overall, operating expenses increased by \$669,271 compared to September 30, 2016. The main increase was primarily attributed to the selling and distribution expenses, advertising and promotion expenses, consulting expenses, meeting and conference expenses, rental expenses, salaries and benefits and web site expenses. The Company was in start up period for the fiscal year 2016. The company incurred more business activities in the fiscal year 2017, as a result, the overall operating expenses significantly increased in fiscal year 2017 compared with 2016.

Other Income (Expenses)

Other income in 2017 was \$882 compared to \$Nil for the year ended September 30, 2016. The increase was result of increase in interest income from short term investments.

Net Loss

Net loss was 371,479 for the year ended September 30, 2017 compared to \$19,509 for the year ended September 30, 2016.

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters for fiscal 2017 and 2016:

	September 30, 2017	June 30, 2017	March 30, 2017	December 30, 2016
Revenue	76,000	69,630	142,659	438,781
Net income (loss)	(184,740)	(149,124)	(63,886)	26,271
Basic and diluted EPS	- 0.05	- 0.04	- 0.02	0.01
	September 30, 2016	June 30, 2016	March 30, 2016	December 30, 2015
Revenue	-	-	-	-
Net income (loss)	(19,509)	-	-	-
Basic and diluted EPS	(0.01)	-	-	-

Financing Activities

On July 28, 2016, the Company issued 3,000,000 common shares at price of \$0.10 per share \$300,000, which \$200,000 proceed was received subsequently to year 2016.

On January 30, 2017, the Company issued 300,000 common shares at price of \$1.00 per share for a total of \$300,000.

On April 28, 2017, the Company issued 295,000 common shares at price of \$2.00 per share for a total of \$590,000.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2017 and 2016, the Company had a working capital of \$562,370 and \$74,669. The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

The following tables detail the remaining contractual maturities at the respective reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

Contractual obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	220,259	220,259	-	-	-
Rental obligations		170,515	511,545	42,629	-
Total contractual obligations	220,259	390,774	511,545	42,629	-

Capital Resources

The Company has defined its capital as common shares, share subscription receivable and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments. The company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed during the year. These objectives and strategies are reviewed on a continuous basis.

As the Company is still in the early stage of business and does not have strong operating cash flows, the Company has had to rely on the external financing. The Company has been successful since incorporation in attracting potential investors who subscribed for common shares. In the event that cash flow from operations, together with the proceeds from any future financing, are insufficient to meet the Company's operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the management deem to be in the Company's best interest.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

The following is a summary of balances and transactions with a director of the Company:

	2017	2016
	\$	\$
<i>Transactions:</i>		
Salary paid to CEO/ director	20,000	-
<i>Balances:</i>		
Amounts owing to CEO/director	1,982	6,482

These transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

Fourth Quarter

Results for the three months ended September 30, 2017 and 2016 are as follows:

The loss in the quarter ended September 30, 2017 was \$184,740 compared to \$19,809 in the same period of fiscal year 2016. The Company incurred more business activities in the fiscal year 2017, as a result, the overall operating expenses significantly increased in fiscal year 2017 compare with that in fiscal year 2016.

Proposed Transactions

The Company has a lease agreement for office space with term extending to the year 2022.

The aggregate minimum rental payments under these arrangements are as follows:

	\$
2018	127,886
2019	170,515
2020	170,515
2021	170,515
2022	42,629
Total	682,060

Subsequent Events

On December 6, 2017, the Company entered into a letter of intent (the “LOI”) with Exalt Capital Corp. (“Exalt”) whereby Exalt intends to complete a business combination with the Company by acquiring all of the issued and outstanding securities of the Company (the “Transaction”).

Pursuant to the terms of the letter of intent, the Exalt will acquire all of the issued and outstanding securities of the Company from its existing shareholders, and as consideration, the Exalt will issue 29,100,000 common shares in the capital of the Exalt to the current shareholders of the Company, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000. The Transaction will result in a reverse takeover of Exalt by the Company’s shareholders.

Upon closing of the Transaction and subject to acceptance of the Exchange, a finder’s fee will be paid by the issuance of 1,602,727 common shares at the deemed price of \$0.22 per share for an aggregated value of approximately \$352,600.

This Transaction is intended to constitute the Exalt’s Qualifying Transaction and is not a non-arm’s-length qualifying transaction (as defined by the policies of the TSX Venture Exchange). The Transaction is subject to Exchange approval.

Critical Accounting Estimates and Changes in Accounting Policies

All significant critical accounting estimates are fully disclosed in Note 3 of the consolidated audited financial statements for the year ended September 30, 2017.

Financial Instruments and Financial Risk

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company’s financial instruments include cash, short-term investments, trade and other receivables and accounts payable and accrued liabilities. The carrying amounts of cash, short-term investments, trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	2017	2016
	\$	\$
Cash	357,557	130,629
Trade and other receivables	21,711	-
Short-term investments	357,557	-
Accounts payable and accrued liabilities	170,525	7,798

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

Cash	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at September 30, 2017	357,557	-	-	357,557
As at September 30, 2016	130,629	-	-	130,629

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Currency risk

The Company generates revenues and incurs expenses primarily in Canada and China and is exposed to risk from changes in foreign currency exchange rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At September 30, 2017, the Company had cash of \$165,162 (2016 - \$36,779), short term investment \$37,253 (2016-\$Nil), trade and other receivables of \$3,849 (2016 - \$nil) and accounts payable and other payable of \$27,702 (2016 - \$nil) which were denominated in USD. For the year ended September 30, 2017, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US dollars by 10% will increase or decrease comprehensive loss by approximately \$17,856 (2016: \$3,678).

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on short term investment is insignificant as the deposits are short term. The Company is not exposed to significant interest rate risk in respect of its bank loan which is subject to a fixed rate of interest. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, short-term investments and trade and other receivables. The Company limits its exposure to credit risk on cash by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables, as the Company grants credit to its customers in the normal course of business. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and the consolidated financial statements take into account an allowance for bad debts.

There were no overdue trade receivables outstanding as at September 30, 2017 and 2016 and collection is reasonably assured.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At September 30, 2017, the Company had a working capital of \$562,370 (September 30, 2016 - \$74,669). The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

Summary of Outstanding Share Data

As at the date of this report, the Company's share capital is as follows:

- Authorized: Unlimited common voting shares without nominal or par value.
- 3,649,750 common shares

Risk Uncertainties

We have a limited operating history.

We have a limited operating history and participate in rapidly evolving online e-commerce markets. Online ecommerce undergone significant changes during their history as a result of changes in the services provided, changes in market conditions, and are expected to continue to change for similar reasons. We cannot assure you that our current business strategy will be successful in the long term.

Our limited operating history makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment. We were incorporated in 2016 and, as a result, have only a limited operating history upon which our business and future prospects may be evaluated. Although we believe we will experience substantial revenue growth, we may not be able to reach the expected rate of growth or even maintain our current revenue levels.

We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of our limited resources; achieving market acceptance of our existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and finding new SC Business Members and SC Members. Our current operational infrastructure may require changes for us to scale our business efficiently and effectively to keep pace with demand for our solution, and achieve long-term profitability. If we fail to implement these changes on a timely basis or are unable to implement them effectively, or at all due to factors beyond our control, our business may suffer. We cannot assure you that we will be successful in addressing these and other challenges we may face in the future.

To sustain or increase our revenue, we must add new SC Members, Clubs, and SC Business Members, to purchase additional offerings from us. As the online private B2C and/or B2B industry matures and as competitors introduce lower cost or differentiated products or services that compete with or are perceived to compete with ours, our ability to sell our solution to new and existing clients based on our offerings, pricing, technology platform and functionality could be impaired. Although some SC Members can be repeat users and can tend to increase their expenditures over time, conversely, some members that are newer to our solution tend to spend less than, and may not return as frequently as, members who have used online B2C and B2B networks for longer periods of time.

If we fail to retain or cultivate the spending of our newer, lower-spending SC Members, it will be difficult for us to sustain and grow our revenue from a limited number of clients. Even with long-time customers, we may reach a point of saturation at which we cannot continue to grow our revenue from those clients because of internal limits that advertisers may place on the allocation of their budgets to products and services or for other reasons not known to us.

If we are unable to attract new members or obtain new business from existing SC Business Members and SC members, our revenue, growth and our business may be adversely affected. If we do not manage our growth effectively, the quality of our solution may suffer, and our operating results may be negatively affected.

Our business is at an early stage of commercialization,

We are still at an early stage of commercialization. There can be no assurance that we will meet its objectives. As in any early stage development company, there is no assurance that our business will be successful.

We have incurred losses and may continue to incur losses.

Our operating results have fluctuated significantly in the past from quarter to quarter and may continue to do so in the future. In addition, we have experienced net losses since we have commenced our business operation, and such losses may very well continue

You should not rely on the results for any particular period as an indication of our future performance. It is possible that, in future periods, our results of operations may be below the expectations of public market analysts and investors. Fluctuations in our quarterly operating results or our inability to achieve or maintain profitability may cause volatility in the price of our common stock in the public market.

Our business depends on the establishment of a known and trusted brand and reputation.

Maintaining the trusted status of our ecommerce ecosystem is critical to our success, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, financial condition and results of operations. We are trying to establish a strong brand name and reputation for our ecommerce ecosystem in China. Any loss of trust in our SCI Web Portal platform could harm the value of our brand and result in buyers and sellers ceasing to transact business on our marketplaces as well as participants reducing the level of their commercial activity in our ecosystem, which could materially reduce our revenue and profitability. Our ability to maintain our position as a trusted platform for online and mobile commerce is based in large part upon:

- the reliability and security of our platform;
- the functionality of products and the wide range of services of our Canadian businesses;
- the rules governing our marketplaces;
- the quality and breadth of products and services offered by sellers through our marketplaces;
- and
- the strength of our consumer protection measures;

We may not be able to maintain and improve the network effects of our ecosystem, which could negatively affect our business and prospects.

Our ability to maintain a healthy and vibrant ecosystem that creates strong network effects between buyers, sellers and other participants is critical to our success. The extent to which we are able to maintain and strengthen these network effects depends on our ability to:

- offer a secure and open platform for all participants;
- provide tools and services that meet the evolving needs of buyers and sellers;
- provide a wide range of high-quality product and service offerings to buyers;
- provide our Canadian sellers with a high level of traffic flow with strong commercial intent and effective online marketing services;
- enhance the attractiveness of our planned mobile platform;
- our partners demonstrate secure and trusted payment settlement and escrow services;
- coordinate fulfillment and delivery services with third-party logistics and delivery companies;
- and
- attract and retain third party service providers who are able to provide quality services on commercially reasonable terms to our sellers.

We are subject to global trade sentiments.

Our operations are dependent on the trade sentiment between Canada and the destination markets. As such this is an externality that we as a company cannot address directly.

We are subject to rapidly changing e-Commerce user behaviour.

User behavior on e-Commerce web sites and on mobile devices is rapidly evolving, and if we fail to successfully adapt to these changes, our competitiveness and market position may suffer. Buyers, sellers and other participants are increasingly using mobile devices in China for a wide range of purposes, including for e-Commerce. While a significant and growing portion of participants access our platforms through mobile devices, this area is relatively new and developing rapidly and we may not be able to continue to increase the level of mobile access to and engagement on our marketplaces. The variety of technical and other configurations across different mobile devices and platforms increases the challenges associated with this environment. Our ability to successfully expand the use of mobile devices to access our platform is affected by the following factors:

- our ability to continue to provide compelling commerce platforms and tools in a multi-device environment;
- the quality of our mobile offerings, or mobile-based payment services;
- our ability to successfully deploy apps on popular mobile operating systems that we do not control, such as iOS and Android;
- our ability to adapt to the device standards used by third-party manufacturers and distributors; and
- the attractiveness of alternative platforms.

We may not be able to engage and retain sufficient buyers to drive revenue growth.

If we are unable to attract significant numbers of new buyers and increase levels of engagement, our ability to maintain or grow our business would be materially and adversely affected. We may not be able to successfully monetize traffic on our platform, which could have a material adverse effect on our business. An increasing percentage of our users are accessing our marketplaces through mobile devices, a trend that we expect to continue. Our ability to monetize our mobile user traffic is critical to our business and our growth.

We may not be able to continually innovate or adapt to changing e-Commerce trends.

If we are not able to continue to innovate or if we fail to adapt to changes in our industry, our business, financial condition and results of operations would be materially and adversely affected.

The e-Commerce industry is characterized by rapidly changing technology, evolving industry standards, new service and product introductions and changing customer demands. Furthermore, our competitors are constantly developing innovations in Internet search, online marketing, communications, social networking and other services to enhance users' online experience.

We will continue to invest significant resources in our infrastructure, research and development and other areas in order to enhance our platform technology and our existing products and services as well as to introduce new high-quality products and services that will attract more participants to our marketplaces.

The changes and developments taking place in our industry may also require us to re-evaluate our business model and adopt significant changes to our long-term strategies and business plan. Our failure to innovate and adapt to these changes would have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks relating to data protection and privacy.

Our business generates and processes a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects. Our marketplaces and platform generate and process a large quantity of transaction, demographic and behavioral data.

We face risks inherent in handling large volumes of data and in protecting the security of such data.

In particular, we face a number of challenges relating to data from transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any systems failure or security breach or lapse that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

As we expand our operations, we may be subject to these laws in other jurisdictions where our sellers, buyers and other participants are located. The laws, rules and regulations of other jurisdictions may impose more stringent or conflicting requirements and penalties than those in China, compliance with which could require significant resources and costs. Our privacy policies and practices concerning the collection, use and disclosure of user data are posted on our websites. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

We may not be able to maintain or grow our revenue or business.

We will primarily derive our revenue from online marketing services, commissions based on transaction value derived from certain of our marketplaces and fees from the sale of memberships on our wholesale marketplaces.

Potential changes in our strategy for monetizing our wholesale marketplaces could result in prolonged reductions in revenue from those marketplaces. In addition, our revenue growth may slow or our revenues may decline for other reasons, including decreasing consumer spending, increasing competition, slowing growth of the China retail or China online retail industry, changes in government policies or general economic conditions. In addition, our revenue growth rate will likely decline as our revenue grows to higher levels.

Our business could be disrupted by network interruptions

Our ecosystem depends on the efficient and uninterrupted operation of our computer and communications systems. Substantially all of our computer hardware and our cloud computing services are currently located in US and China. In addition, a large number of sellers maintain their enterprise resource planning, or ERP, and customer relationship management, or CRM, systems on our cloud computing platform, which contains substantial quantities of data relating to their accounts, transaction data, buyer information and other data that enables sellers to operate and manage their businesses. Although we have prepared for contingencies through redundancy measures and disaster recovery plans, such preparation may not be sufficient, and we do not carry business interruption insurance. Despite any precautions we may take, the occurrence of a natural disaster, such as an earthquake, flood or fire, or other unanticipated problems at our facilities, including power outages, telecommunications delays or failures, break-ins to our systems or computer viruses, could result in delays or interruptions to our marketplaces and platforms, loss of our and customers' data and business interruption for us and our customers. Any of these events could damage our reputation, significantly disrupt our operations and the operations of the sellers and other participants in our ecosystem and subject us to liability, which could materially and adversely affect our business, financial condition and results of operations.

Our business is dependent on third party logistics and delivery services.

Our sellers use third-party logistics and delivery companies to fulfill and deliver their orders. If these logistics and delivery companies fail to provide reliable delivery services, or our logistics information platform were to malfunction, suffer an outage or otherwise fail, our business and prospects, as well as our financial condition and results of operations, may be materially and adversely affected.

We cooperate with a number of third-party logistics and delivery companies to help our sellers fulfill orders and deliver their products to buyers. Interruptions to or failures in these third-parties' logistics and delivery services, or in our logistics information platform, could prevent the timely or proper delivery of products to buyers, which would harm the reputation of our marketplaces and our ecosystem. These interruptions may be due to events that are beyond our control or the control of these logistics and delivery companies, such as inclement weather, natural disasters, transportation disruptions or labor unrest. These logistics and delivery services could also be affected or interrupted by industry consolidation, insolvency or government shut-downs. We do not have agreements with logistics and delivery companies that require them to offer services to our sellers. The sellers on our marketplaces may not be able to find alternative logistics and delivery companies to provide logistics and delivery services in a timely and reliable manner, or at all. If the logistics information platform we use were to fail for any reason, our logistics providers would be severely hindered from or unable to connect with our sellers, and their services and the functionality of our ecosystem could be

severely affected. If the products sold on our marketplaces are not delivered in proper condition, on a timely basis or at shipping rates that marketplace participants are willing to bear, our business and prospects, as well as our financial condition and results of operations could be materially and adversely affected.

If third-party service providers on our ecosystem fail to provide reliable or satisfactory services, our business, financial condition and results of operations may be materially and adversely affected.

We do not have any agreements that require these third-party participants to provide services to sellers. To the extent these third-party service providers are unable to provide satisfactory services to sellers on commercially acceptable terms or at all or if we fail to retain existing or attract new quality service providers to our marketplaces, our ability to retain or attract sellers and buyers may be severely limited, which may have a material and adverse effect on our business, financial condition and results of operations.

We are dependent on key personnel.

We depend on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business. Our future success is significantly dependent upon the continued service of our key executives and other key employees. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth.

The size and scope of our ecosystem also require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels as we expand our business and operations. Competition for talent in the Internet industry is intense, and the availability of suitable and qualified candidates is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. Any failure to attract or retain key management and personnel could severely disrupt our business and growth.

We are subject to changes in general economic conditions

The markets in which we operate are affected by changes in general economic conditions, including China's marketplace, and political and economic conditions, international, national, regional and local economic conditions, all of which are outside of our control. Economic slowdowns, cyclical trends, increases in interest rates and other factors could have a material adverse effect on our financial performance and financial condition.

We are subject to governmental regulation.

Asian government regulation can affect us. Failures to comply with applicable and new emerging regulatory requirements can, among other things, result in fines, suspension of regulatory approvals, seizures, operating restrictions and criminal prosecutions. All of the foregoing regulatory matters will also be applicable to development and marketing undertaken by any collaborative partners.

Our research and market development may not prove to be profitable.

There can be no assurances that our research and market development activities will prove profitable.

APPENDIX “D”
FINANCIAL STATEMENTS AND MANAGEMENT’S DISCUSSION AND ANALYSIS
OF SACHIEL CONNECT INC. FOR THE SIX MONTHS ENDED MARCH 31, 2018

Sachiel Connect Inc.
Condensed Consolidated Interim Financial
Statements
Six months ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited)

Sachiel Connect Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	Note	March 31, 2018	September 30, 2017
		\$	\$
Current Assets			
Cash		78,488	357,557
Trade and other receivables	4	18,195	21,711
Short-term investments		-	338,098
Inventory	5	49,547	53,573
Prepaid expenses		21,264	11,690
		167,494	782,629
Deposits		30,370	30,370
Property and equipment	6	118,114	117,609
Intangible assets	7	179,370	198,163
		495,348	1,128,771
Current Liabilities			
Accounts payable and accrued liabilities	8	107,339	170,525
Lease Inducement	15	43,883	49,734
		151,222	220,259
Shareholders' Equity			
Share capital	9	1,299,500	1,299,500
Deficit		(955,374)	(390,988)
		344,126	908,512
		495,348	1,128,771

Approved on behalf of the Board:

"Nie Bei"

Nie Bei

Sachiel Connect Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

		Three Months Ended March 31		Six Months Ended March 31	
	Note	2018	2017	2018	2017
		\$	\$	\$	\$
Sales		-	142,660	5,038	581,441
Cost of sales	5	-	78,059	4,024	323,894
Gross profit		-	64,601	1,014	257,547
Expenses					
Selling and distribution expenses		-	41,440	1,838	83,038
Advertising and promotion expenses		21,956	51,414	43,388	71,033
Bank charges		78	315	233	560
Consulting expenses		-	3,000	-	3,000
Amortization	6,7	27,557	-	40,212	-
Insurance expenses		-	-	2,699	-
Meeting and conference expense		-	2,325	46,254	2,325
Meals and entertainment		1,601	772	9,890	925
Office expenses		11,847	1,316	36,375	1,827
Professional fees		37,798	3,119	56,286	3,616
Rental expenses		56,499	-	114,456	-
Salary and benefits		86,690	-	198,663	-
Travel expenses		6,326	(75)	10,232	6,827
Foreign exchange loss		(42)	(192)	3,618	1,008
Web site expenses		240	25,054	1,590	25,054
		250,550	128,488	565,734	199,213
Profit (loss) from operations		(250,550)	(63,887)	(564,720)	58,334
Other income		-	-	334	-
Net income (loss) and Comprehensive income (loss) for the Period		(250,550)	(63,887)	(564,386)	58,334
Loss per common share					
Basic and fully diluted		(0.07)	(0.02)	(0.15)	0.02
Weighted average number of common shares outstanding		3,649,750	3,202,247	3,649,750	3,099,448

Sachiel Connect Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Shares	Amount	Share subscriptions receivable	Deficit	Total
		\$	\$	\$	\$
September 30, 2016			(200,000)	(19,509)	
Shares issued for cash	3,000,000	300,000			80,491
Share subscriptions received	300,000	300,000	-	-	300,000
Net income for the period	-	-	200,000	-	200,000
	-	-	-	58,334	58,334
March 31, 2017					
	3,300,000	600,000	-	38,825	638,825
September 30, 2017				(390,988)	
Net loss for the period	3,649,750	1,299,500	-	(564,386)	908,512
	-	-	-		(564,386)
March 31, 2018				(955,374)	
	3,649,750	1,299,500	-		344,126

SACHIEL CONNECT INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

Six months ended March 31, 2018 and 2017

(Unaudited)

Sachiel Connect Inc.

Consolidated Statements Cash Flows

For The Six Months Period Ended March 31,

(Expressed in Canadian Dollars)

(Unaudited)

	Note	2018 \$	2017 \$
OPERATING ACTIVITIES			
Net income		(564,386)	58,334
Items not affecting cash:			
Amortization	6,7	40,212	-
Lease inducement		(5,851)	
Changes in other working capital:			
Trade and other receivables		3,516	566
Inventory		4,026	(12,179)
Prepaid expenses		(9,574)	47,689
Accounts payable and accrued liabilities		(63,186)	(7,821)
Deferred revenue		-	(206,106)
Cash (used in) operating activities		(595,243)	(119,517)
INVESTING ACTIVITIES			
Short-term investments	3e	338,098	(350,000)
Acquisition of property and equipment	7	(21,924)	-
Acquisition of intangible assets	6	-	(4,305)
Cash provided by (used in) investing activities		316,174	(354,305)
FINANCING ACTIVITIES			
Net proceeds from shares issued for cash		-	300,000
Share subscription received			200,000
Cash provided by financing activities		-	500,000
Increase (Decrease) in cash		(279,069)	26,178
Cash, beginning		357,557	130,629
Cash, ending		78,488	156,807

SACHIEL CONNECT INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

Six months ended March 31, 2018 and 2017

(Unaudited)

1. NATURE OF OPERATIONS

Sachiel Connect Inc., formerly known as Sachiel Water Inc., (the "Company") was incorporated under the *Business Corporations Act* on July 28, 2016. The Company is engaged primarily in the business of distribution and sale of drinking water products in Canada, China and Africa. On May 10, 2017, the Company incorporated a wholly owned subsidiary, Sachiel Water Inc. under the *Business Corporations Act*.

The principal and registered office of the Company is at 2300 - 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8.

On December 6, 2017, the Company entered into a letter of intent (the "LOI") with Exalt Capital Corp. ("Exalt") whereby Exalt intends to complete a business combination with the Company by acquiring all of the issued and outstanding securities of the Company (the "Transaction").

Pursuant to the terms of the letter of intent, Exalt will acquire all of the issued and outstanding securities of the Company from its existing shareholders, and as consideration, Exalt will issue 29,100,000 common shares in the capital of Exalt to the current shareholders of the Company, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000. The Transaction will result in a reverse takeover of Exalt by the Company's shareholders. Upon closing of the Transaction, the Company is expected to be a wholly owned subsidiary of Exalt.

Upon closing of the Transaction and subject to acceptance of the Exchange, a finder's fee will be paid by the issuance of 1,602,727 common shares at the deemed price of \$0.22 per share for an aggregated value of \$352,600.

This Transaction is intended to constitute Exalt's Qualifying Transaction and is not a non-arm's-length qualifying transaction, as defined by the policies of the TSX Venture Exchange ("Exchange"). The Transaction is subject to Exchange approval.

2. BASIS OF PREPARATION AND GOING CONCERN

a) Statement of compliance

These condensed consolidated interim financial statements of the Company and its subsidiary are prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"), and accordingly do not include all the information required full annual financial statements by International Financial Reporting Standards ("IFRS"). They have been prepared using the same accounting policies that were described in note 3 to the Company's annual consolidated financial statements for the year ended September 30, 2017. The condensed consolidated interim financial statements should be read in conjunction with the Company's 2017 annual consolidated financial statements.

These condensed consolidated interim financial statements were approved and authorized for issue by the Director on June 5, 2018.

b) Going concern

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. They do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

As at March 31, 2018, the Company had working capital of \$16,272 (2017: \$562,370), an accumulated deficit of \$955,374 (2017: \$390,988) since inception. During the six-month ended March 31, 2018, the Company incurred a net and comprehensive loss of \$564,386 (net and comprehensive income March 31, 2017: \$58,334).

SACHIEL CONNECT INC.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

b) Going concern (continued)

Management's current strategy is to focus on expanding its market share of the drinking water industry in China and Canada, at the same time exercising careful cost control to sustain operations in the near term. Management recognizes the Company's need to expand its cash reserves in the coming year if it intends to adhere to its sales and marketing plans and has evaluated its potential sources of funds, including: increased revenue from sale of its products and services and possible equity financing. Although management intends to assess and act on these options through the course of the year, there can be no assurance that the steps management takes will be successful. These conditions indicate existence of material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

If the going concern assumption were not appropriate for these condensed consolidated interim financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

c) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3(c). In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

d) Functional and presentation currency

The functional and reporting currency of the Company and its subsidiary is the Canadian dollar.

e) Use of estimates

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in note 3(n).

SACHIEL CONNECT INC.

Notes to the Condensed Consolidated Interim Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. The Company did not adopt any new accounting standard changes or amendments to all periods presented that would have a material impact on these consolidated financial statements.

a) Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its subsidiary. A subsidiary is entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

Entity	Country of incorporation	Ownership
Sachiel Water Inc.	Canada	100%

b) Foreign currency translation

Transactions denominated in foreign currencies are translated to the respective functional currencies of the Company and its subsidiary at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in determination of earnings.

c) Financial instruments

(i) Financial assets

All financial assets are initially recorded at fair value and classified at inception into one of the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or available-for-sale.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as loans and receivables are measured at amortized cost.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income/loss, except for losses in value that are considered other than temporary, which are recognized in profit or loss.

The Company classifies cash and short term investments as FVTPL, and trade and other receivables, as loans and receivables.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified in this category unless they are designated as hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(ii) Financial liabilities (continued)

a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Transactions costs associated with financial assets/liabilities at FVTPL are expensed as incurred. Transaction costs associated with all other financial assets/liabilities are included in the initial carrying amount of the asset.

d) Short-term investments

Short-term investments are fixed term deposits held at the bank with a maturity of more than three months and less than twelve months at the time of issuance, and are recorded at fair value.

As at March 31, 2018, short-term investments are \$nil (December 31, 2017: \$338,098).

e) Trade and other receivables

Trade and other receivables are stated at their amortized cost less impairment losses. An allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

f) Inventory

Inventory, comprising raw materials and finished goods, is stated at the lower of cost and net realizable value. The cost of inventories is determined on a weighted-average basis. Cost of finished goods comprise raw materials and cost of delivery to the Company's distribution centres, including freight, non-refundable taxes and other landing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and selling expenses. In establishing any impairment of inventory, management estimates the likelihood that inventory carrying values will be affected by changes in market demand, which would impair the value of inventory on hand. An allowance for obsolete, slow-moving or defective inventories is made where necessary.

g) Depreciation

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property and equipment includes the acquisition costs and any direct costs to bring the asset into productive use at its intended location.

Depreciation of property and equipment is calculated using the straight-line method to write-off the cost, net of any estimated residual value, over their estimated useful life as follows:

Website	3 years
Leasehold improvements	Lease term
Office equipment	3 years
Furniture	3 years

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible assets

Intangible assets include trademark, website and water use rights.

Water use rights represent shares issued to the vendor for lease and grant exclusive use of and access to using water license for fresh water bottling. Water use rights are carried at cost less accumulated amortization. Amortization of water use rights is amortized over the term of 10 years using the straight-line method.

Trademark and website represent the expenditures incurred. They are indefinite life intangible assets and are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired.

i) Impairment

(i) Financial assets

Financial assets not carried at FVTPL are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated by reference to the higher of the value in use and fair value less costs to sell. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other groups of assets.

An impairment loss is recognized if the carrying amount of an asset or group of assets exceeds the estimated recoverable amount. Impairment losses are recognized in profit or loss.

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimated recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j) Revenue recognition

The Company generates its revenue from the sale of bottled water. Sales are recognized when the significant risks and rewards of ownership have been transferred, generally at the date the customer receives the products. Deferred revenue represents customer deposits received in advance of shipment of bottled water.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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 as finance cost.

m) 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. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Significant accounting estimates and judgments

Significant assumptions about the future and key sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

(i) Impairment of long-lived assets

Determining the amount of impairment of long-lived assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company's long-term assets, such as leasehold improvements, trademark, website and water use rights.

(ii) Allowances for doubtful accounts and bad debts

The Company makes estimates for allowances that represent estimate of potential losses in respect of trade and other receivables. An allowance for doubtful accounts is estimated based on management's assessment of the credit history with the customer and current relationships with them. Estimates used to determine the amount of allowance required involve uncertainties.

(iii) Reserve for inventory obsolescence

In determining the lower of cost or net realizable value of inventory, the provision for inventory obsolescence is estimated based on a consideration of quantities on hand, actual and projected sales volume, anticipated product selling prices and product lines planned to be discontinued. Unforeseen changes in these factors could result in additional inventory provisions, or reversals of previous provisions, if required. Refer to note 5 for more information.

(iv) Current and deferred taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

Critical accounting judgments

(i) Evaluation of the Company's ability to continue as a going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended September 30, 2017 and from incorporation on July 28, 2016 to September 30, 2016. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. Please refer to note 2(b) for additional information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SACHIEL CONNECT INC.

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o) New accounting standards issued, but not yet effective

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

(i) IFRS 15 *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, which replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning October 1, 2018. The extent of the impact of adoption of IFRS 15 has not yet been determined.

(ii) IFRS 9 *Financial Instruments*

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. 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.

The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning October 1, 2018. The extent of the impact of adoption of IFRS 9 has not yet been determined.

(ii) IFRS 16 *Leases*

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on October 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning October 1, 2019. The extent of the impact of adoption of IFRS 16 has not yet been determined.

4. TRADE AND OTHER RECEIVABLES

March 31, 2018

September 30, 2017

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	\$	\$
Trade receivable	3,894	3,886
Other receivables	14,301	17,825
	18,195	21,711

5. INVENTORY

	March 31, 2018	September 30, 2017
	\$	\$
Raw materials	45,535	45,535
Finished goods	4,012	8,038
	49,547	53,573

The cost of inventory recognized as cost of sales during the six months ended March 31, 2018 was \$4,024 (March 31, 2017 - \$323,894). There were no write-downs of inventories nor any reversals of write-downs for all periods presented.

6. PROPERTY AND EQUIPMENT

Cost	Leasehold improvements	Furniture	Office equipment	Total
	\$	\$	\$	\$
September 30, 2016	-	-	-	-
Additions	117,609	-	-	117,609
September 30, 2017	117,609	-	-	117,609
Additions	-	6,645	15,279	21,924
March 31, 2018	117,609	6,645	15,279	139,533
Accumulated amortization	Leasehold improvements	Furniture	Office equipment	Total
September 30, 2016	-	-	-	-
Additions	-	-	-	-
September 30, 2017	-	-	-	-
Additions	18,094	1,107	2,218	21,419
March 31, 2018	18,094	1,107	2,218	21,419
Net book value	Leasehold improvements	Furniture	Office equipment	Total
September 30, 2017	117,609	-	-	117,609
March 31, 2018	99,515	5,538	13,061	118,114

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7. INTANGIBLE ASSETS

Cost	Water Use Rights	Website	Trademark	Total
	\$	\$	\$	\$
September 30, 2016	-	-	5,822	5,822
Additions	109,500	79,905	4,305	193,710
September 30, 2017	109,500	79,905	10,127	199,532
Additions	-	-	-	-
March 31, 2018	109,500	79,905	10,127	199,532

Accumulated amortization	Water Use Rights	Website	Trademark	Total
September 30, 2016	-	-	-	-
Additions	1,369	-	-	1,369
September 30, 2017	1,369	-	-	1,369
Additions	5,475	13,318	-	18,793
March 31, 2018	6,844	13,318	-	20,162

Net book value	Water Use Rights	Website	Trademark	Total
September 30, 2017	108,131	79,905	10,127	198,163
March 31, 2018	102,656	66,588	10,127	179,370

On August 15, 2017, the Company signed a Lease and Exclusive Water Use Rights Agreement (the "Agreement") with Canshield Global Capital Inc. ("Canshield") to lease and grant exclusive use of and access to Canshield's water license for fresh water bottling at Haven Spring. The Company paid a one-time lump sum of \$109,500, which has been paid by the issuance of 54,750 common shares at an estimated fair value of \$2 per share. The term of lease is ten years.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	September 30, 2017
	\$	\$
Trade accounts payable	91,722	149,766
Salary and benefits payable	15,617	18,777
Related party payable (note 10)	-	1,982
	107,339	170,525

9. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value.

On July 28, 2016, the Company issued 3,000,000 common shares at price of \$0.10 per share for total proceeds of \$300,000, of which \$200,000 was received subsequent to September 30, 2016.

On January 30, 2017, the Company issued 300,000 common shares at price of \$1 per share for total proceeds of \$300,000.

On April 28, 2017, the Company issued 295,000 common shares at price of \$2 per share for total proceeds of \$590,000.

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On August 15, 2017, the Company issued 54,750 common shares at a fair value of \$2 per share to Canshield (see note 7).

10. RELATED PARTY TRANSACTIONS AND BALANCES

The following is a summary of balances and transactions with a director of the Company:

	Three months ended	
	March 31, 2018	March 31, 2017
	\$	\$
<i>Transactions:</i>		
Salary paid to CEO and director	30,000	-
	March 31, 2018	September 30, 2017
<i>Balances:</i>		
Amounts owing to CEO and director	-	1,982

These transactions are in the normal course of operations and have been valued in these condensed consolidated financial statements at the estimated fair value amount, which is the amount of consideration established and agreed to by the related party.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, trade and other receivables, loans payable, accounts payable and accrued liabilities, and due to related parties. The carrying amounts of cash, trade and other receivables, accounts payable and accrued liabilities, loans payable and due to related parties approximate their fair values due to the short-term nature of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2018	September 30, 2017
	\$	\$
Cash	78,488	357,557
Trade and other receivables	18,195	21,711
Short-term investments	-	338,098
Accounts payable and accrued liabilities	107,339	170,525

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The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

<i>Cash</i>	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at March 31, 2018	78,488	-	-	78,488
As at September 30, 2017	357,557	-	-	357,557

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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

e) Currency risk

The Company generates revenues and incurs expenses primarily in Canada and China and is exposed to risk from changes in foreign currency exchange rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risk. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at March 31, 2018, the Company had cash of \$38,250 (September 30, 2017: \$165,162), short-term investments of \$nil (September 30, 2017: \$37,253), trade and other receivables of \$3,894 (September 30, 2017: \$3,849), and accounts payable and other payable of \$20,507 (September 30, 2017: \$27,702), which were denominated in US dollars. For the six months ended March 31, 2018, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US dollars by 10% will increase or decrease comprehensive loss by approximately \$2,163 (2017: \$20,224).

f) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on short-term investments is insignificant, as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

g) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and trade and other receivables. The Company limits its exposure to credit risk on cash by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables, as the Company grants credit to its customers in the normal course of business. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and the consolidated financial statements take into account an allowance for bad debts.

h) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At March 31, 2018, the Company had a working capital of \$16,272 (September 30, 2017: \$562,370). The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

12. CAPITAL MANAGEMENT

The Company has defined its capital as common shares, share subscription receivable and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed during the year. These objectives and strategies are reviewed on a continuous basis.

13. COMMITMENT

SACHIEL CONNECT INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

Six months ended March 31, 2018 and 2017

(Unaudited)

The Company has a lease agreement for office space with a term extending to the year 2022.

The aggregate minimum rental payments under this agreement is as follows:

	\$
2018	82,331
2019	170,515
2020	170,515
2021	170,515
2022	42,629
Total	636,505

Management's Discussion and Analysis

For the Six Months ended March 31, 2018

This Management's Discussion and Analysis ("MD&A") for Sachiel Connect Inc. ("Sachiel Connect", the "Company", "we", "us", "our") is dated June 5, 2018. The following is a discussion of the financial condition and operations of Sachiel for the periods ended March 31, 2018 and 2017 and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes of the Company for the periods ended March 31, 2018 and 2017 as well as the audited consolidated financial statements and accompanying notes of the Company for the years ended September 30, 2017 and 2016.

The Company's audited consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. References to notes are to notes of the audited consolidated financial statements unless otherwise noted.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Overview

Sachiel Connect Inc., formerly known as Sachiel Water Inc., was incorporated on July 28, 2016 under the B.C. *Business Corporations Act*. Sachiel Connect began as a bottled water exporter, and subsequently developed an additional web portal platform to serve as a gateway for, initially Chinese, and later consumers from all around the globe, to access information on "Safe and Clean Foods from Canada". Sachiel Connect currently carries on both lines of business, with the bottled water export business being carried on principally through Sachiel Connect's wholly owned subsidiary Sachiel Water Inc.

The head office, principal address and registered office of the Company are located at 666 Burrard Street, Vancouver, B.C., V6C 2X8.

Corporate history

Sachiel Connect has a wholly owned subsidiary named Sachiel Water Inc. (“Sachiel Water”, “SWI” or the “Subsidiary”). Sachiel Water was incorporated under the B.C. *Business Corporations Act* on May 10, 2017. Sachiel Water’s operations office is located at 309 - 1991 Savage Road, Richmond, B.C., V6V 1A4.

Business Highlights:

Highlights for the six months period ended March 31, 2018:

- On December 6, 2017, the Company and Exalt Capital Corp. (“Exalt”) entered into a letter of intent (“LOI”). Pursuant to the terms of the LOI, Exalt will acquire all of the issued and outstanding securities of Sachiel Connect from its existing shareholders, and as consideration, Exalt will issue 29,100,000 common shares in the capital of Exalt to the current shareholders of Sachiel Connect, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000. The transaction will result in a reverse takeover of Exalt by Sachiel Connect shareholders.

Overall Performance

Six-month Period Ended March 31, 2018

The following discussion of the Company’s financial performance is based on the condensed interim consolidated financial statements for the periods ended March 31, 2018 and 2017.

The condensed interim consolidated statement of financial position as of March 31, 2018 indicates a cash balance of \$78,488 (September 30, 2017 - \$357,557), short-term investment of \$Nil (September 30, 2017 - \$338,098), trade and other receivable of \$18,195 (September 30, 2017 - \$21,711), inventory balance of \$49,547 (September 30, 2017 - \$53,573), prepaid expenses of \$21,264 (September 30, 2017 - \$11,690) and total current assets of \$167,494 (September 30, 2017 - \$782,629). The decrease in total current assets was mainly due to the decrease of cash and cash equivalents and short-term investments resulting from the operation loss.

Current liabilities at March 31, 2018 totalled \$151,222 (September 30, 2017 - \$220,259). Shareholders' equity is comprised of common shares of \$1,299,500 (September 30, 2017 - \$1,299,500) and deficit of \$955,374 (September 30, 2017 - \$390,988).

Working capital (current assets less current liabilities) amounts is \$16,272 (September 30, 2017 - \$562,370). Management's current strategy is to focus on expanding its market share of the drinking water industry in China and Canada, at the same time exercising careful cost control to sustain operations in the near term. Management recognizes the Company's need to expand its cash reserves in the coming year if it intends to adhere to its sales and marketing plans and has evaluated its potential sources of funds, including: increased revenue from sale of its products and services and possible equity financing. The Company's shareholders will ensure that there is sufficient working capital to maintain the Company's day-to-day operations.

During the period ended March 31, 2018, the Company reported a net loss of \$564,386, compared to net gain of \$58,334 for the period ended March 31, 2017. The significant increase in net loss is due to a reduction in revenue of \$576,403 and increase in operation loss of \$366,521.

The weighted-average number of common shares outstanding for the six months period ended March 31, 2018 was 3,649,750 compared to 3,099,448 for the period ended March 31, 2017.

Revenue

Revenue for the six months ended March 31, 2018 was \$5,038 compared to \$581,441 for the same period ended March 31, 2017. No meaningful sales were generated during the period ended March 31, 2018 as the Company is working with a couple of regional distributors in Asia for the bottled water business and another newly developed product line.

As to the date of this MD&A report, the Company have entered into agency agreements with two new regional distributors and obtained the approval for the newly designed labels from the China's Commodity Inspection Corporation. Shipments of bottled water have been resumed in June 2018.

Subsequent to March 31, 2018, the Company launched a new product line of premium honey products for wholesale distribution.

Operating Expenses

Operating expenses were \$565,734 for the six months ended March 31, 2018 compared to \$199,213 for the same period ended March 31, 2017. Expenses for the six months ended March 31, 2018 mainly include selling and distribution expenses of \$1,838 (March 31, 2017 - \$83,038), advertising and promotion expenses of \$43,388 (March 31, 2017 - \$71,033), amortization of \$40,212 (March 31, 2017 - \$Nil), meeting and conference expenses of \$46,254 (March 31, 2017 - \$2,325), office expenses of \$36,375 (March 31, 2017 - \$1,827), professional fees of 56,286 (March 31, 2017 - \$3,616), rental expenses of \$114,456 (March 31, 2017 - \$Nil), salary and benefits of \$198,663 (March 31, 2017 - \$Nil), travel expenses of \$10,232 (March 31, 2017 - \$6,827) and website expenses of \$1,590 (March 31, 2017 - \$25,054).

Operating expenses in 2018 included expenses for the business of the web portal platform, while operating expenses in 2017 were solely for the bottled water business. Overall, operating expenses increased by \$366,520 compared to the six months ended March 31, 2017. The main increase was primarily attributed to the increase in amortization, meeting and conference expenses, professional fees, rental expenses and salaries and benefits. The Company has also incurred more expenses related to the Qualifying Transaction in fiscal year 2018, as a result, the overall operating expenses significantly increased in the six months period ended March 31, 2018 compared with 2017.

Other Income (Expenses)

Other income for the six months ended March 31, 2018 was \$334 compare to \$Nil for the same period ended March 31, 2017. The increase was result of increase in interest income from short term investments.

Net Loss

Net loss was 564,386 for the period ended March 31, 2018 compared to net profit of \$58,334 for the same period ended March 31, 2017. Net loss increased because of the lower revenue and higher operating expenses during the six months ended March 31, 2018.

Three-month Period Ended March 31, 2018

Three Months Period Ended March 31					
	Note	2018	2017	Change	Change
		\$	\$	\$	%
Sales		-	142,660	(142,660)	-100%
Cost of sales		-	78,058	(78,058)	-100%
Gross profit		-	(64,601)	(220,718)	-100%
Expenses					
Selling and distribution expenses		-	41,440	(41,440)	-100%
Advertising and promotion expenses		21,956	51,414	(29,458)	-75%
Bank charges		78	315	(237)	-33%
Consulting expenses		-	3,000	(3,000)	-100%
Amortizations		27,557	-	27,557	100%
Insurance expenses		-	-	-	0%
Meeting and Conference Expense		-	2,325	(2,325)	-100%
Meals and entertainment		1,601	772	829	193%
Office expenses		11,847	1,316	10,531	112%
Professional fees		37,798	3,119	34,679	109%
Rental expenses		56,499	-	56,499	100%
Salary and benefits		86,690	-	86,690	100%
Travel expenses		6,326	(75)	6,401	99%
Foreign exchange loss		(42)	(192)	150	-28%
Web site expenses		240	25,054	(24,814)	-1%
		250,550	128,488	122,061	205%
Gain (loss) from operations		(250,550)	(63,887)	(186,663)	134%

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters:

	March 31 2018 \$	December 31 2017 \$	September 30 2017 \$	June 30 2017 \$
Total Revenues	-	5,038	76,000	69,630
Net income (loss)	(250,550)	(313,836)	(184,740)	(149,124)
Loss per Share	(0.07)	(0.09)	(0.05)	(0.04)

	March 31 2017 \$	December 31 2016 \$	September 30 2016 \$	June 30 2016 \$
Total Revenues	142,660	438,780	-	-
Net income (loss)	(63,886)	26,271	(19,509)	-
Loss per Share	(0.02)	0.01	(0.01)	-

Financing Activities

On July 28, 2016, the Company issued 3,000,000 common shares at price of \$0.10 per share for the total proceeds of \$300,000, out of which \$200,000 was received subsequently to fiscal year 2016.

On January 30, 2017, the Company issued 300,000 common shares at price of \$1.00 per share for a total of \$300,000.

On April 28, 2017, the Company issued 295,000 common shares at price of \$2.00 per share for a total of \$590,000.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At March 31, 2018, the Company had a working capital of \$16,272 (September 30, 2017: \$562,369). The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

The following table details the remaining contractual maturities at the respective reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

Contractual obligations	Payments Due by Period				
	Total	Year	1-3 years	4-5 years	After 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	107,339	107,339			
Rental obligations	636,505	82,331	511,545	42,629	-
Total contractual obligations	743,844	189,670	511,545	42,629	-

Capital Resources

The Company has defined its capital as common shares, share subscription receivable and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments. The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed during the year. These objectives and strategies are reviewed on a continuous basis.

As the Company is still in the early stage of business and does not have strong operating cash flows, the Company has had to rely on the external financing. The Company has been successful since incorporation in attracting potential investors who subscribed for common shares. In the event that cash flow from operations, together with the proceeds from any future financing, are insufficient to meet the Company's operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the management deem to be in the Company's best interest.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

The following is a summary of balances and transactions with a director of the Company:

	Six Months Period Ended March 31	
	2018	2017
	\$	\$
<i>Transactions:</i>		
Salary paid to CEO/ director	30,000	-
<i>Balances:</i>		
	March 31, 2018	March 31, 2017
Amounts owing to CEO/director	-	1,982

These transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

Proposed Transactions

On December 6, 2017, the Company entered into a letter of intent (the “LOI”) with Exalt Capital Corp. (“Exalt”) whereby Exalt intends to complete a business combination with the Company by acquiring all of the issued and outstanding securities of the Company (the “Transaction”).

Pursuant to the terms of the letter of intent, Exalt will acquire all of the issued and outstanding securities of the Company from its existing shareholders, and as consideration, the Exalt will issue 29,100,000 common shares in the capital of the Exalt to the current shareholders of the Company, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000. The Transaction will result in a reverse takeover of Exalt by the Company’s shareholders.

Upon closing of the Transaction and subject to acceptance of the Exchange, a finder’s fee will be paid by the issuance of 1,602,727 common shares at the deemed price of \$0.22 per share for an aggregated value of approximately \$352,600.

This Transaction is intended to constitute Exalt's Qualifying Transaction and is not a non-arm's-length qualifying transaction (as defined by the policies of the TSX Venture Exchange). The Transaction is subject to Exchange approval.

Critical Accounting Estimates and Changes in Accounting Policies

All significant critical accounting estimates are fully disclosed in Note 3 of the consolidated financial statements for the period ended March 31, 2018.

Financial Instruments and Financial Risk

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company's financial instruments include cash, short term investments, trade and other receivables and accounts payable and accrued liabilities. The carrying amounts of cash, short term investments, trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2018	September 30, 2017
	\$	\$
Cash	78,488	357,557
Trade and other receivables	18,195	21,711
Short-term investments	-	338,098
Accounts payable and accrued liabilities	107,339	170,525

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

<i>Cash</i>	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at March 31, 2018	78,488	-	-	78,488
As at September 30, 2017	357,557	-	-	357,557

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) Currency risk

The Company generates revenues and incurs expenses primarily in Canada and China and is exposed to risk from changes in foreign currency exchange rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at March 31, 2018, the Company had cash of \$38,250 (September 30, 2017: \$165,162), short-term investments of \$nil (September 30, 2017: \$37,253), trade and other receivables of \$3,894 (September 30, 2017: \$3,849), and accounts payable and other payable of \$20,507 (September 30, 2017: \$27,702), which were denominated in US dollars. For the six months ended March 31, 2018, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US dollars by 10% will increase or decrease comprehensive loss by approximately \$2,163 (2017: \$20,224).

j) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on short term investment is insignificant as the deposits are short term. The Company is not exposed to significant interest rate risk in respect of its bank loan which is subject to a fixed rate of interest. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

k) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and trade and other receivables. The Company limits its exposure to credit risk on cash by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables as the Company grants credit to its customers in the normal course of business. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and the financial statements take into account an allowance for bad debts.

There were no overdue trade receivables outstanding as at March 31, 2018 and September 30, 2017 and collection is reasonably assured.

l) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At March 31, 2018, the Company had a working capital of \$16,272 (September 30, 2017: \$562,369). The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

Summary of Outstanding Share Data

As at the date of this report, the Company's share capital is as follows:

- Authorized: Unlimited common voting shares without nominal or par value.
- 3,649,750 common shares

Risk Uncertainties

We have a limited operating history.

We have a limited operating history and participate in rapidly evolving online e-commerce markets. Online ecommerce undergone significant changes during their history as a result of changes in the services provided, changes in market conditions, and are expected to continue to change for similar reasons. We cannot assure you that our current business strategy will be successful in the long term.

Our limited operating history makes it difficult to evaluate our business and prospects and may increase the risks associated with your investment. We were incorporated in 2016 and, as a result, have only a limited operating history upon which our business and future prospects may be evaluated. Although we believe we will experience substantial revenue growth, we may not be able to reach the expected rate of growth or even maintain our current revenue levels.

We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of our limited resources; achieving market acceptance of our existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and finding new SC Business Members and SC Members. Our current operational infrastructure may require changes for us to scale our business efficiently and effectively to keep pace with demand for our solution, and achieve long-term profitability. If we fail to implement these changes on a timely basis or are unable to implement them effectively, or at all due to factors beyond our control, our business may suffer. We cannot assure you that we will be successful in addressing these and other challenges we may face in the future.

To sustain or increase our revenue, we must add new SC Members, Clubs, and SC Business Members, to purchase additional offerings from us. As the online private B2C and/or B2B industry matures and as competitors introduce lower cost or differentiated products or services that compete with or are perceived to compete with ours, our ability to sell our solution to new and existing clients based on our offerings, pricing, technology platform and functionality could be impaired. Although some SC Members can be repeat users and can tend to increase their expenditures over time, conversely, some members that are newer to our solution tend to spend less than, and may not return as frequently as, members who have used online B2C and B2B networks for longer periods of time.

If we fail to retain or cultivate the spending of our newer, lower-spending SC Members, it will be difficult for us to sustain and grow our revenue from a limited number of clients. Even with long-time customers, we may reach a point of saturation at which we cannot continue to grow our revenue from those clients because of internal limits that advertisers may place on the allocation of their budgets to products and services or for other reasons not known to us.

If we are unable to attract new members or obtain new business from existing SC Business Members and SC members, our revenue, growth and our business may be adversely affected. If we do not manage our growth effectively, the quality of our solution may suffer, and our operating results may be negatively affected.

Our business is at an early stage of commercialization,

We are still at an early stage of commercialization. There can be no assurance that we will meet its objectives. As in any early stage development company, there is no assurance that our business will be successful.

We have incurred losses and may continue to incur losses.

Our operating results have fluctuated significantly in the past from quarter to quarter and may continue to do so in the future. In addition, we have experienced net losses since we have commenced our business operation, and such losses may very well continue

You should not rely on the results for any particular period as an indication of our future performance. It is possible that, in future periods, our results of operations may be below the expectations of public market analysts and investors. Fluctuations in our quarterly operating results or our inability to achieve or maintain profitability may cause volatility in the price of our common stock in the public market.

Our business depends on the establishment of a known and trusted brand and reputation.

Maintaining the trusted status of our ecommerce ecosystem is critical to our success, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, financial condition and results of operations. We

are trying to establish a strong brand name and reputation for our ecommerce ecosystem in China. Any loss of trust in our SCI Web Portal platform could harm the value of our brand and result in buyers and sellers ceasing to transact business on our marketplaces as well as participants reducing the level of their commercial activity in our ecosystem, which could materially reduce our revenue and profitability. Our ability to maintain our position as a trusted platform for online and mobile commerce is based in large part upon:

- the reliability and security of our platform;
- the functionality of products and the wide range of services of our Canadian businesses;
- the rules governing our marketplaces;
- the quality and breadth of products and services offered by sellers through our marketplaces;
- the strength of our consumer protection measures; and
- BTL's ability to provide reliable and trusted payment and escrow services through our arrangements.

We may not be able to maintain and improve the network effects of our ecosystem, which could negatively affect our business and prospects.

Our ability to maintain a healthy and vibrant ecosystem that creates strong network effects between buyers, sellers and other participants is critical to our success. The extent to which we are able to maintain and strengthen these network effects depends on our ability to:

- offer a secure and open platform for all participants;
- provide tools and services that meet the evolving needs of buyers and sellers;
- provide a wide range of high-quality product and service offerings to buyers;
- provide our Canadian sellers with a high level of traffic flow with strong commercial intent and effective online marketing services;
- enhance the attractiveness of our planned mobile platform;
- our partners demonstrate secure and trusted payment settlement and escrow services;
- coordinate fulfillment and delivery services with third-party logistics and delivery companies; and
- attract and retain third party service providers who are able to provide quality services on commercially reasonable terms to our sellers.

We are subject to global trade sentiments.

Our operations are dependent on the trade sentiment between Canada and the destination markets. As such this is an externality that we as a company cannot address directly.

We are subject to rapidly changing e-Commerce user behaviour.

User behavior on e-Commerce web sites and on mobile devices is rapidly evolving, and if we fail to successfully adapt to these changes, our competitiveness and market position may suffer. Buyers, sellers and other participants are increasingly using mobile devices in China for a wide range of purposes, including for e-Commerce. While a significant and growing portion of participants access our platforms through mobile devices, this area is relatively new and developing rapidly and we may not be able to continue to increase the level of mobile access to and engagement on our marketplaces. The variety of technical and other configurations across different mobile devices and platforms increases the challenges associated with this environment. Our ability to successfully expand the use of mobile devices to access our platform is affected by the following factors:

- our ability to continue to provide compelling commerce platforms and tools in a multi-device environment;
- the quality of our mobile offerings, or mobile-based payment services;
- our ability to successfully deploy apps on popular mobile operating systems that we do not control, such as iOS and Android;
- our ability to adapt to the device standards used by third-party manufacturers and distributors; and
- the attractiveness of alternative platforms.

We may not be able to engage and retain sufficient buyers to drive revenue growth.

If we are unable to attract significant numbers of new buyers and increase levels of engagement, our ability to maintain or grow our business would be materially and adversely affected. We may not be able to successfully monetize traffic on our platform, which could have a material adverse effect on our business. An increasing percentage of our users are accessing our marketplaces through mobile devices, a trend that we expect to continue. Our ability to monetize our mobile user traffic is critical to our business and our growth.

We may not be able to continually innovate or adapt to changing e-Commerce trends.

If we are not able to continue to innovate or if we fail to adapt to changes in our industry, our business, financial condition and results of operations would be materially and adversely affected.

The e-Commerce industry is characterized by rapidly changing technology, evolving industry standards, new service and product introductions and changing customer demands. Furthermore, our competitors are constantly developing innovations in Internet search, online marketing, communications, social networking and other services to enhance users' online experience.

We will continue to invest significant resources in our infrastructure, research and development and other areas in order to enhance our platform technology and our existing

products and services as well as to introduce new high-quality products and services that will attract more participants to our marketplaces.

The changes and developments taking place in our industry may also require us to re-evaluate our business model and adopt significant changes to our long-term strategies and business plan. Our failure to innovate and adapt to these changes would have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks relating to data protection and privacy.

Our business generates and processes a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects. Our marketplaces and platform generate and process a large quantity of transaction, demographic and behavioral data.

We face risks inherent in handling large volumes of data and in protecting the security of such data.

In particular, we face a number of challenges relating to data from transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

Any systems failure or security breach or lapse that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

As we expand our operations, we may be subject to these laws in other jurisdictions where our sellers, buyers and other participants are located. The laws, rules and regulations of other jurisdictions may impose more stringent or conflicting requirements and penalties than those in China, compliance with which could require significant resources and costs. Our privacy policies and practices concerning the collection, use and disclosure of user data are posted on our websites. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

We may not be able to maintain or grow our revenue or business.

We will primarily derive our revenue from online marketing services, commissions based on transaction value derived from certain of our marketplaces and fees from the sale of memberships on our wholesale marketplaces.

Potential changes in our strategy for monetizing our wholesale marketplaces could result in prolonged reductions in revenue from those marketplaces. In addition, our revenue growth may slow or our revenues may decline for other reasons, including decreasing consumer spending, increasing competition, slowing growth of the China retail or China online retail industry, changes in government policies or general economic conditions. In addition, our revenue growth rate will likely decline as our revenue grows to higher levels.

Our business could be disrupted by network interruptions

Our ecosystem depends on the efficient and uninterrupted operation of our computer and communications systems. Substantially all of our computer hardware and our cloud computing services is currently located in China. In addition, a large number of sellers maintain their enterprise resource planning, or ERP, and customer relationship management, or CRM, systems on our cloud computing platform, which contains substantial quantities of data relating to their accounts, transaction data, buyer information and other data that enables sellers to operate and manage their businesses. Although we have prepared for contingencies through redundancy measures and disaster recovery plans, such preparation may not be sufficient and we do not carry business interruption insurance. Despite any precautions we may take, the occurrence of a natural disaster, such as an earthquake, flood or fire, or other unanticipated problems at our facilities in China, including power outages, telecommunications delays or failures, break-ins to our systems or computer viruses, could result in delays or interruptions to our marketplaces and platforms, loss of our and customers' data and business interruption for us and our customers. Any of these events could damage our reputation, significantly disrupt our operations and the operations of the sellers and other participants in our ecosystem and subject us to liability, which could materially and adversely affect our business, financial condition and results of operations.

Our business is dependent on third party logistics and delivery services.

Our sellers use third-party logistics and delivery companies to fulfill and deliver their orders. If these logistics and delivery companies fail to provide reliable delivery services, or our logistics information platform were to malfunction, suffer an outage or otherwise fail, our business and prospects, as well as our financial condition and results of operations, may be materially and adversely affected.

We cooperate with a number of third-party logistics and delivery companies to help our sellers fulfill orders and deliver their products to buyers. We have established a logistics information platform that is operated by China Smart Logistics, our 48%-owned affiliate,[need more info on this company] that links our information system to those of our logistics partners. Interruptions to or failures in these third-parties' logistics and delivery

services, or in our logistics information platform, could prevent the timely or proper delivery of products to buyers, which would harm the reputation of our marketplaces and our ecosystem. These interruptions may be due to events that are beyond our control or the control of these logistics and delivery companies, such as inclement weather, natural disasters, transportation disruptions or labor unrest. These logistics and delivery services could also be affected or interrupted by industry consolidation, insolvency or government shut-downs. We do not have agreements with logistics and delivery companies that require them to offer services to our sellers. The sellers on our marketplaces may not be able to find alternative logistics and delivery companies to provide logistics and delivery services in a timely and reliable manner, or at all. If the logistics information platform we use were to fail for any reason, our logistics providers would be severely hindered from or unable to connect with our sellers, and their services and the functionality of our ecosystem could be severely affected. If the products sold on our marketplaces are not delivered in proper condition, on a timely basis or at shipping rates that marketplace participants are willing to bear, our business and prospects, as well as our financial condition and results of operations could be materially and adversely affected.

If third-party service providers on our ecosystem fail to provide reliable or satisfactory services, our business, financial condition and results of operations may be materially and adversely affected.

We do not have any agreements that require these third-party participants to provide services to sellers. To the extent these third-party service providers are unable to provide satisfactory services to sellers on commercially acceptable terms or at all or if we fail to retain existing or attract new quality service providers to our marketplaces, our ability to retain or attract sellers and buyers may be severely limited, which may have a material and adverse effect on our business, financial condition and results of operations.

We are dependent on key personnel.

We depend on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business. Our future success is significantly dependent upon the continued service of our key executives and other key employees. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth.

The size and scope of our ecosystem also require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels as we expand our business and operations. Competition for talent in the Internet industry is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. Any failure to attract or retain key management and personnel could severely disrupt our business and growth.

We are subject to changes general economic conditions

The markets in which we operate are affected by changes in general economic conditions, including China's marketplace, and political and economic conditions, international, national, regional and local economic conditions, all of which are outside of our control. Economic slowdowns, cyclical trends, increases in interest rates and other factors could have a material adverse effect on our financial performance and financial condition.

We are subject to governmental regulation.

Asian government regulation can affect us. Failures to comply with applicable and new emerging regulatory requirements can, among other things, result in fines, suspension of regulatory approvals, seizures, operating restrictions and criminal prosecutions. All of the foregoing regulatory matters will also be applicable to development and marketing undertaken by any collaborative partners.

Our research and market development may not prove to be profitable.

There can be no assurances that our research and market development activities will prove profitable.

APPENDIX “E”

PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER AS AT MARCH 31, 2018

Exalt Capital Corp.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Exalt Capital Corp.
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

	Exalt Capital Corp. March 31, 2018	Sachiel Connect Inc March 31, 2018	Pro Forma Adjustments	Notes	Adjusted Pro Forma Amounts
ASSETS					
Current Assets					
Cash	\$ 267,463	\$ 78,488	\$ 2,850,500	4(a),(d),(e)	\$ 3,196,451
Trade and other receivables	5,000	18,195	-		23,195
Inventory	-	49,547	-		49,547
Prepaid expenses	-	21,264	-		21,264
Total Current Assets	272,463	167,494	2,850,500		3,290,457
Deposits	-	30,370	-		30,370
Property, Plant and Equipment-net	-	118,114	-		118,114
Intangible assets	-	179,370	-		179,370
Total Assets	\$ 272,463	\$ 495,348	\$ 2,850,500		\$ 3,618,311
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 24,693	\$ 107,339	\$ -		\$ 132,032
Lease inducement	-	43,883	-		43,883
Total Current Liabilities	24,693	151,222	-		175,915
Shareholders' Equity					
Share capital	369,562	1,299,500	3,000,500 (369,562) 1,210,000 352,600	4(a) 4(e) 4(b) 4(c)	5,862,600
Reserves	53,482	-	(53,482) 53,482	4(e) 4(b)	53,482
Deficit	(175,274)	(955,374)	(1,518,312) 175,274	4(b) 4(e)	(2,473,686)
Total Shareholders' Equity	247,770	344,126	2,850,500		3,442,396
Total Liabilities and Shareholders' Equity	\$ 272,463	\$ 495,348	\$ 2,850,500		\$ 3,618,311

Exalt Capital Corp.

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statement of financial position of Exalt Capital Corp. ("CPC" or the "Company") has been prepared by the management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of CPC and financial statements of Sachiel Connect Inc. ("Sachiel Connect") to show the effect of the proposed transactions ("Transactions") as per Note 3. The unaudited pro-forma consolidated statement of financial position have been prepared for inclusion in the filing statement of CPC (the "Filing Statement").

The unaudited pro forma consolidated statement of financial position as at March 31, 2018 has been compiled from and includes:

- the unaudited statement of financial position of CPC as at March 31, 2018;
- the unaudited consolidated statement of financial position of Sachiel Connect as at March 31, 2018.
- Additional information set out in Notes 3 and 4.

The unaudited pro forma consolidated statement of financial position of the Company should be read in conjunction with the unaudited condensed interim financial statements of CPC for the nine months period ended March 31, 2018 and the unaudited condensed consolidated interim financial statements of Sachiel Connect for the six-months ended March 31, 2018, included in the filing statement of CPC.

The pro forma consolidated financial statement is not necessarily indicative of the financial position that would have been achieved if the proposed Transactions had been completed on the dates indicated, and does not purport to project the financial position of the consolidated entities for any future period. In the opinion of the management of CPC and Sachiel Connect, the unaudited pro forma consolidated statement of financial position included all adjustments necessary for a fair presentation of the proposed Transactions described in this note. Unless otherwise noted, the unaudited pro forma consolidated statement of financial position and accompanying notes are presented in Canadian dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation for the unaudited pro forma consolidated statement of financial position are those set out in Sachiel Connect's unaudited condensed consolidated interim financial statements for the six-months ended March 31, 2018. In preparing the unaudited pro-forma consolidated statements of financial position, a review was undertaken to identify accounting policy differences between CPC and Sachiel Connect where the impact was potentially material. The significant accounting policies of CPC conform in all material respects to those of Sachiel Connect.

3. TRANSACTIONS

On December 6, 2017, the Company and Sachiel Connect entered into a letter of intent whereby the Company will acquire from Sachiel Connect's shareholders all of the common shares of Sachiel Connect. In consideration, CPC will issue 29,100,000 common shares to the current shareholders of Sachiel Connect, at a deemed price of \$0.22 per share for an aggregate purchase price of \$6,402,000 (the "Acquisition").

Exalt Capital Corp.

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

As a result of the Acquisition described above, the former shareholders of Sachiel Connect will acquire control of CPC, the Acquisition is considered a purchase of CPC's operations by the shareholders of Sachiel Connect and is accounted for as a reverse take-over transaction ("RTO").

The Acquisition is recorded in accordance with guidance provided in IFRS 2 Share-based Payments and IFRS 3 Business Combinations. As CPC did not qualify as business according to the definition in IFRS 3, this Acquisition does not constitute a business combination; rather it is treated as an issuance of shares by Sachiel Connect for the net assets of CPC and the listing status. Also see Note 4.

The combination between CPC and Sachiel Connect is subject to, amongst other things, regulatory approval, and board approval of the Company and Sachiel Connect.

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated statement of financial position includes the following pro forma assumptions and adjustments as if they had occurred at March 31, 2018:

- (a) In connection with the Acquisition, the Company intends to complete a non-brokered private placement of up to \$2.5 million at \$0.22 per common share and a brokered private placement consisting of a minimum of \$500,500 and up to a maximum of \$1,001,000 at a price of \$0.22 per common share which will close concurrently with the Closing of the Transaction. Pursuant to which the Company intends to issue an aggregate of 11,363,636 common shares to arm's length subscribers for gross proceeds of \$2,500,000 for non-brokered private placement. The Company also intends to issue minimum of 2,275,000 common shares and maximum of 4,550,000 common shares to arm's length subscribers for gross proceeds of minimum of \$500,500 and maximum of \$1,001,000 for brokered private placement. The proceeds of financing will be used for working capital and general corporate purposes of the Company.
- (b) Since the share consideration to be allocated to the former shareholders of CPC on closing the RTO is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of CPC acquired on closing is to be expensed in the consolidated statement of operations and comprehensive income as a listing fee.

The assets acquired and liabilities assumed are at their fair values which are the same as their carrying amounts. The net assets of CPC at fair value on March 31, 2018 are as follows:

Exalt Capital Corp.

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

CPC's Identifiable Net Assets	\$
Cash	267,463
Trade and other receivables	5,000
Accounts payable and accrued liabilities	(24,693)
Identifiable net assets	247,770
Transaction Costs	
Deemed share issue	1,210,000
Stock Options deemed granted	32,544
Agent warrants deemed granted	20,938
	1,263,482
Estimated cash costs of the acquisition	150,000
Finder's fee in common shares	352,600
Total listing expenses	502,600
Listing expense, net of identifiable net assets	1,518,312

The share based compensation in the amount of \$1,263,482 included in the listing expense is comprised of \$1,210,000 representing the fair value of the shares of Sachiel Connect deemed to be issued for the Acquisition at \$0.22 per share, \$32,544 representing the fair value of the existing options, and \$20,938 representing the fair value of the existing agent warrants retained by the former shareholders of the Company. The \$0.22 per share value for the abovementioned shares was based on the fair value from the concurrent private placement, adjusted by the price effect on escrowed shares. The fair value of the options and warrants was based on an application of the Black Scholes option pricing model using the following weighted average assumptions: a share price of \$0.10 per share, a volatility of 117%, a weighted average annual risk free interest rates of 1.55% and 0.94%, no dividends, and expected lives of 4.07 and 1.07 years for the options and agent warrants respectively.

- (c) Upon closing of the Acquisition and subject to acceptance of the Exchange, a finder's fee will be paid by the issuance of 1,602,727 common shares at the deemed price of \$0.22 per share for an aggregated value of \$352,600.
- (d) In addition, the Company estimated the transaction costs other than finder's fee to be approximately \$150,000.
- (e) All of CPC's equity will be reversed at the date of the Acquisition.

Exalt Capital Corp.

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

5. PRO FORMA SHARE CAPITAL (INCLUDING ADDITIONAL PAID-IN CAPITAL)

	Number of Common Shares	Amount
		\$
Balance, CPC, March 31, 2018	5,500,000	369,562
Adjustment of CPC share capital upon RTO		(369,562)
Fair value of CPC share capital		1,210,000
Shares issue to Sachiel Connect	29,100,000	1,299,500
Common shares issued since inconnection to the proposed transaction	13,638,636	3,000,500
Common shares issued to QT Finders	1,602,727	352,600
Pro forma balance, March 31, 2018	49,841,363	5,862,600
Dillued common share at March 31, 2018		Common shares
Pro forma common shares on completion of proposed transactions		49,841,363
CPC stock options		400,000
CPC IPO agent warrants		350,000
Broker's warrants		136,500
Fully diluted common shares at March 31, 2018		50,727,863

6. PRO FORMA STATUTORY INCOME TAX RATE

The pro forma effective statutory income tax rate of the combined companies will be 26%. CPC and Sachiel Connect both were incorporated under the Business Corporations Act of British Columbia