BIODE VENTURES LTD.

Consolidated Financial Statements
For the Year ended January 31, 2017

(Expressed in Canadian dollars)

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charlton

charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
BioDE Ventures Ltd.

We have audited the accompanying consolidated financial statements BioDE Ventures Ltd., which comprise the consolidated statements of financial position as at January 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years January 31, 2017 and 2016 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 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 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 auditor's 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 company'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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of BioDE Ventures Ltd. as at January 31, 2017 and 2016 and its financial performance and cash flows for the years ended January 31, 2017 and 2016 in accordance with International Financial Reporting Standards.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 3, 2017

(Expressed in Canadian dollars)

As at	January 31, 2017	January 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	$ 108,556	$ 651,702
GST receivable	1,836	713
Subscription receivable (Note 8)	10,000	-
Income tax receivable (Note 14)	49,734	-
Promissory notes receivable (Note 6)	335,000	-
TOTAL ASSETS	$ 505,126	$ 652,415
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 46,105	$ 22,210
Notes payable (Note 7)	-	86,513
Income tax payable	-	148,475
TOTAL LIABILITIES	46,105	257,198
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	79,473	10,933
Contributed surplus (Note 8)	121,332	-
Retained earnings	258,216	384,284
TOTAL SHAREHOLDERS' EQUITY	459,021	395,217
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 505,126	$ 652,415

Subsequent events *(Note 15)*

Approved on behalf of the Board, May 3, 2017

"Chester Shynkaryk" ____________________ "Donald Gordon" ____________________

Director Director

The accompanying notes are an integral part of these consolidated financial statements

BioDE Ventures Ltd.
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the year ended January 31,
(Expressed in Canadian dollars)

	2017	2016
REVENUES	$ -	$ 658,750
EXPENSES		
Administrative	5,787	3,232
Asset management fees	1,435	-
Audit fees	10,080	5,120
Consulting fees	17,500	-
Directors' fees (Note 9)	4,500	9,000
Investor relations and AGM	14,258	2,926
Marketing	5,000	467
Professional fees (Note 9)	138,727	19,495
Transfer agent and regulatory	9,878	14,721
TOTAL EXPENSES	207,165	54,961
INCOME (LOSS) FROM OPERATIONS	(207,165)	603,789
OTHER EXPENSES (INCOME)		
Dividend and interest income	(1,692)	-
Finance costs (Note 7)	2,574	11,141
Accretion of notes payable (Note 7)	1,293	4,640
Foreign exchange losses	13	6,122
Realized gain on sale of marketable securities (Note 5)	(33,552)	-
TOTAL OTHER EXPENSES	(31,363)	21,903
INCOME (LOSS) BEFORE INCOME TAX	(175,802)	581,886
INCOME TAX EXPENSE (RECOVERY)	(49,734)	148,475
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ (126,068)	$ 433,411
Earnings (loss) per share - basic and diluted	$ (0.06)	$ 0.12
Weighted average number of common shares outstanding	3,094,463	3,636,173

The accompanying notes are an integral part of these consolidated financial statements

BioDE Ventures Ltd.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Number of outstanding shares	Share capital $	Contributed surplus $	Obligation to issue shares $	Retained earnings (deficit) $	Total shareholders' equity (deficiency) $
Balance, January 31, 2015	1,422,689	5,000	-	1,780	(49,127)	(42,347)
Bonus shares issued for notes payable (Note 7)	480,000	5,933	-	(1,780)	-	4,153
Net income	-	-	-	-	433,411	433,411
Balance, January 31, 2016	1,902,689	10,933	-	-	384,284	395,217
Balance, January 31, 2016	1,902,689	10,933	-	-	384,284	395,217
Rights offering (Note 8)	1,902,689	95,134			-	95,134
Share issuance costs (Note 8)	95,000	(21,117)	-	-	-	(21,117)
Share repurchase (Note 8)	(91,286)	(5,477)	-	-	-	(5,477)
Special warrants	-	-	122,900	-	-	122,900
Special warrant issue costs	-	-	(1,568)			(1,568)
Net loss	-	-	-	-	(126,068)	(126,068)
Balance, January 31, 2017	3,809,092	79,473	121,332	-	258,216	459,021

The accompanying notes are an integral part of these consolidated financial statements

BioDE Ventures Ltd.
Consolidated Statements of Cash Flow
For the year ended January 31,
(Expressed in Canadian dollars)

	January 31, 2017	January 31, 2016
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ (126,068)	$ 433,411
Items not affecting operating cash:		
Realized loss on sale of marketable securities	(33,552)	-
Finance costs	2,574	11,141
Accretion expense	1,293	3,062
	(155,753)	447,614
Net changes in non-cash working capital items:		
Amounts receivables	(1,123)	(670)
Accounts payable and accrued liabilities	22,327	(17,300)
Income tax payable	(198,209)	148,475
	(332,758)	578,119
INVESTING ACTIVITIES		
Purchases of marketable securities	(1,125,586)	-
Proceeds from sale of marketable securities	1,159,138	-
	33,552	-
FINANCING ACTIVITIES		
Promissory note funding	(335,000)	-
Share repurchase	(5,477)	-
Proceeds from special warrants	112,900	-
Proceeds from (repayment of) notes payable	(90,380)	41,748
Proceeds from rights offering	95,134	-
Share issuance costs	(21,117)	-
	(243,940)	41,748
Change in cash	(543,146)	619,867
Cash, beginning of the period	651,702	31,835
Cash, end of the period	$ 108,556	$ 651,702

OTHER SUPPLEMENT INFORMATION

Interest paid	$ 2,574	$ -
Income taxes paid	$ 148,475	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1 NATURE OF OPERATIONS AND GOING CONCERN

BioDE Ventures Ltd. ("BioDE" or the "Company") was incorporated under the British Columbia *Business Corporations Act* as a private company on February 11, 2014. On April 11, 2014, BioDE completed a Plan of Arrangement ("Arrangement") with Carrus Capital Corporation ("Carrus"). Under the terms of the Arrangement, BioDE received substantially all of Carrus' interest in the Omiganan-based technologies. As consideration for the Omiganan-based technologies, BioDE issued 2,845,378 common shares to Carrus ("Arrangement Shares"), which were then distributed to the shareholders of Carrus pro rata based on their relative shareholdings of Carrus. The company transferred biotechnology assets with a carrying value of $NIL and cash totalling $5,000 to BioDE. The company recognized a charge of $33,333 directly against the company's cumulative deficit for expenses related to the Arrangement, which were paid by Carrus and recorded against the deficit. As a result of completing the Arrangement and subsequent to issuing the Arrangement Shares, the Company became a reporting issuer in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

The Company's head office is located at 1320 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

[a] Statement of compliance

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

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1089001 B.C. Ltd. ("Newco"). All significant inter-company balances and transactions have been eliminated on consolidation.

[b] Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

[c] Functional and foreign currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rate of monetary assets and liabilities denominated in foreign currencies are recognized in net income or loss.

2. BASIS OF PRESENTATION (CONTINUED)

[d] Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company reviews its estimates and underlying assumptions on an ongoing basis.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

i. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

iii. Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

2. BASIS OF PRESENTATION (CONTINUED)

[d] Significant accounting estimates and judgments (continued)

Estimation Uncertainty (continued)

iii. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management' best estimate on the useful life of the intangible assets. Determination of impairment loss is subject to management's assessment if there is any indication of a possible write-down; and if so, the determination of recoverable value based on discounted future cash flows of the intangible assets. The carrying amount of nil for intangible does not necessarily reflect present or future value and the ultimate amount recoverable will be dependent upon the successful commercialization of products based on these underlying technologies. The Company has not recorded a value for its intangible asset (note 10) as this value cannot be reliably measured.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies:

[a] Financial instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument. Marketable securities transactions are accounted for on a settlement date basis.

Financial assets

The Company classifies its financial assets into one of the following categories, at initial recognition, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. Cash is included in this category of financial asset.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Subscription receivable is included in this category of financial asset.

Held-to-maturity investments: 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 cost using the effective interest rate method. If there is objective evidence that the investment 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 profit or loss.

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 in other comprehensive income. 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 profit or loss. Marketable securities were included in this category of financial asset.

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[a] Financial instruments (continued)

Financial liabilities

The Company classifies its financial liabilities in the following category:

Other financial liabilities – Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts original received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities and notes payable are included in this category of the consolidated financial statements.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine when impairment has arisen.

4. RECENT ACCOUNTING PRONOUNCEMENTS

New Standards Recently Adopted

The Company has adopted the following new accounting standards and interpretations effective February 1, 2016. These changes were made in accordance with the applicable transitional provisions and had no impact on its consolidated financial statements.

- **IFRS 7** *Financial Instruments* - The amendment clarifies the applicability of the amendments to IFRS 7 *Disclosure - Offsetting Financial Assets and Financial Liabilities* to financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.

- **IAS 16 and 38** *Property, Plant and Equipment and Intangible Assets (Amendment)* – This new standard provides guidance on revaluation methods for property, plant and equipment and intangible assets. The standard is effective for annual periods beginning on or after January 1, 2016.

New Standards Not Yet Effective

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its consolidated financial statements.

- **IFRS 9** - *Financial Instruments* - This standard provides added guidance on the classification and measurement of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018.

(Expressed in Canadian dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

New Standards Not Yet Effective (continued)

- **IAS 7** *Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)* - These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

5 MARKETABLE SECURITIES

The Company retained the services of a professional asset manager during the year ended January 31, 2017. This professional asset manager is controlled by a related party. All free trading investments were purchased and disposed during the year ended January 31, 2017.

A continuity schedule of the fair value of the Company's marketable securities are as follows:

Balance, January 31, 2016	$	-
Cost of purchases		1,125,586
Proceeds on sales		(1,159,138)
Gain on sale		33,552
Balance, January 31, 2017	$	-

6 PROMISSORY NOTES RECEIVABLE

The company entered into a Letter of Intent dated August 10, 2016, to enter into a business combination with Exro Technologies, Inc. ("Exro"), a privately held British Columbia corporation (the "Transaction") which will result in Exro becoming directly or indirectly a wholly-owned subsidiary of BioDE. The existing BioDE shareholders will own approximately 14% of the common shares of the resulting issuer (the "Resulting Issuer") to the Transaction prior to any further financings contemplated in connection with the Transaction and on a fully diluted basis for both BioDE and Exro. The final structure of the business combination, including the percentage share ownership of the Resulting Issuer by existing BioDE shareholders, is subject to receipt by the parties of tax, corporate and securities law advice. In connection with the foregoing, BioDE has advanced promissory notes totalling $355,000 to Exro to use as working capital until the closing of the Transaction. The promissory notes receivable are stated without interest and will be forgiven upon successful completion of the transaction (note 15).

(Expressed in Canadian dollars)

7 NOTES PAYABLE

		Notes Payable
Balance, January 31, 2016	**$**	**86,513**
Add: Accrued interest		4,152
Add: Accretion expense		1,293
Less: Payments		(91,958)
Balance, January 31, 2017	**$**	**-**

On October 31, 2014, the Company entered into a loan agreement for an amount of $35,000 with three related parties. The loan agreement provides for a term of one year and bears simple interest at 12% per annum, with interest payable upon maturity date. The loan is unsecured. As additional consideration of the risk associated with the loan, the Company was obligated to issue 280,000 non-consolidated common shares to the lenders measured at a fair value of $1,780. The liability component of the notes payable was recognized initially at the fair value of a similar liability that does not have an obligation to issue shares, which was calculated based on the application of a market interest rate of 18%. These common shares were issued on March 20, 2015. On October 31, 2015, the Company repaid the original notes payable of $33,220 and accrued interest of $4,200.

On March 31, 2015, the Company issued a promissory note for an amount of $75,000. The loan agreement provides for a term of one year and bears simple interest at 12% per annum, with interest payable upon maturity date. The loan is unsecured. As additional consideration of the risk associated with the loan, the Company issued 600,000 non-consolidated common shares to the lender on March 20, 2015. The liability component of the notes payable was recognized initially at the fair value of a similar liability that does not have an obligation to issue shares, which was calculated based on the application of a market interest rate of 18%. The difference between the face value of $75,000 and the fair value of the notes payable ($71,186) represents the value of the obligation to issue shares component ($3,814) which has been recognized separately. On April 28, 2016, the Company repaid the original notes payable $75,000 and unpaid accrued interest of $6,531.

On October 8, 2015, the Company entered into a loan agreement for an amount of $10,000. The loan agreement provides for a term of one year and bears simple interest at 14% per annum, with interest payable upon maturity date. The loan is unsecured. As additional consideration of the risk associated with the loan, the Company issued 80,000 non-consolidated common shares to the lender on October 14, 2015. The liability component of the notes payable was recognized initially at the fair value of a similar liability that does not have an obligation to issue shares, which was calculated based on the application of a market interest rate of 18%. The difference between the face value of $10,000 and the fair value of the notes payable ($9,661) represents the value of the obligation to issue shares component ($339) which has been recognized separately. On April 28, 2016, the Company repaid the original notes payable $10,000 and unpaid accrued interest of $427.

8 SHARE CAPITAL

(a) Authorized common shares

There are an unlimited number of common shares without par value authorized for issue.

(b) Issued

At January 31, 2017, the Company had 3,809,092 common shares issued and outstanding (January 31, 2016 – 1,902,689). During the year ended January 31, 2017, the Company completed a share consolidation followed by a share spit. All share information has been presented post share consolidation and split.

8 SHARE CAPITAL (CONTINUED)

(b) Issued (continued)

During the year ended January 31, 2017, pursuant to a Rights Offering, rights holders purchased an aggregate of 739,569 common shares of the Company at a subscription price of $0.05 per common share for gross proceeds to Company of $36,979. Additionally, in accordance with the terms of the Rights Offering, Partners' Fund ("Partners' Fund"), a trust managed by Pathfinder Asset Management Limited ("Pathfinder") which is controlled by an insider, Douglas Brian Johnson, purchased 1,163,121 common shares of the Company at the same subscription price of $0.05 per common share for gross proceeds to Company of $58,156 pursuant to a standby purchase agreement entered into between Company and Partners' Fund dated April 25, 2016. The Company also issued 95,000 common shares to the Partners' Fund as a stand by fee pursuant to the stand by purchase agreement. The stand by fee was recorded to share issue costs at a fair value of $0.05 per common share.

On October 31, 2016, the Company completed the following share consolidation, repurchase and split transactions:

- consolidated all the issued and outstanding common shares of the Corporation on the basis of one (1) new common share for each one thousand (1,000) pre-consolidation shares;
- purchased all the fractional shares held by any shareholder who holds less than one (1) Consolidated Share, by payment in cash. A total of 91,286 post consolidation and split shares were repurchased for $5,477; and
- split the consolidated shares on the basis of five hundred (500) new common shares for each whole consolidated share.

On January 30, 2017, the Company raised $122,900 through the distribution of 768,125 Special Warrants at a price of $0.16 per Special Warrant during the first tranche. $10,000 of this amount was received subsequent to year end and included as a subscription receivable.

On February 9, 2017, the Company closed the second tranche of its financing. The Company raised $250,680 through the distribution of 1,566,750 Special Warrants at a price of $0.16 per Special Warrant during the second tranche of its private placement.

Each Special Warrant entitles the holder to receive, without payment of any additional consideration or need for further action, one common share ("Share") of the Company. The Special Warrants will convert to Shares at the earlier of:

- 10 business days from the effective date of the three-cornered amalgamation pursuant to the three-cornered amalgamation agreement between the Company, Exro Technologies Inc. and 1089001 dated November 7, 2016 (the "Amalgamation Agreement");
- the date of the cancellation of the Amalgamation Agreement;
- the date the board of directors of BioDE at its own discretion decides to convert the special warrants into common shares; and
- one year from the date of the issuances of the special warrants.

A finder's fees of in the total amount of $15,344 in cash are payable in relation to this financing, of which $1,568 relates to the first tranche and is included in accounts payable. In the event that the amalgamation transaction is successful, 76,720 brokers warrants become issuable at an exercise price of $0.20 for a period of two years. The fair value of these warrants will be measured and recorded when the amalgamation transaction occurs.

During the year ended January 31, 2016, the Company issued 480,000 shares (960,000 non-consolidated shares) with a fair value of $5,933 in connection with notes payable (Note 6).

8 SHARE CAPITAL (CONTINUED)

(b) Stock option plan

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of five years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. During the year ended January 31, 2017, no options were granted, expired or cancelled. As at January 31, 2017, the number of outstanding options is nil (January 31, 2016 – nil).

9 RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company. During the year ended January 31, 2017, the company paid $4,500 to directors' (2015 – $nil). As at January 31, 2017, the balance owed to the Company's officers and directors included in notes payable, was $nil (2015 – $4,500).

During the year ended January 31, 2017, the Company incurred $28,831 for professional fees (2015 – $4,047) provided by an entity controlled by the Company's Corporate Secretary. As at January 31, 2017, $12,000 was included in accounts payable and accrued liabilities (2015 - $500) related to the professional fees.

During the year ended January 31, 2017, the Company paid $91,958 for outstanding notes payable and the related interest to related parties. As at January 31, 2017, the loan amounts owed to Carrus and an individual owning 600,000 (pre-consolidation and split) common shares or 15.76% of the Company was $nil (January 31, 2016 – $85,000).

During the year ended January 31, 2017, Pathfinder, on behalf of its clients, purchased 499,700 common shares of the Company at the subscription price of $0.05 per common share for gross proceeds to Company of $24,985 under the terms of the Rights Offering. Partners' Fund and Pathfinder acquired the Company's shares for investment purposes and may, depending on market and other conditions, increase or decrease its beneficial ownership of the Company's shares or other securities of the Company. Pathfinder exercises control and direction over these common shares but disclaims beneficial ownership. As at January 31, 2017, 32.26% of the common shares are held by Partners' Fund and 57.93% of the common shares are under the control and direction of Pathfinder.

10 FINANCIAL INSTRUMENTS

The Company has designated its cash as fair value through profit or loss and accounts payable and accrued liabilities, notes payable and obligation to issue shares as other financial liabilities. The Company's marketable securities have been designated as held for trading as fair value through profit or loss.

(a) Fair value

At January 31, 2017 and January 31, 2016, the carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

- 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).

There were no transfers between Level 1, 2 and 3 during the period.

10 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at January 31, 2017, the Company's exposure to credit risk is the carrying value of cash. The Company reduces its credit risk by holding its cash at a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

At January 31, 2017, the Company had cash of $108,556, and accounts payable and accrued liabilities of $46,105. All accounts payable and accrued liabilities are due within 90 days.

Market risk

Market risk consists of currency risk, interest rate risk and other price risk. These are discussed further below.

Currency risk

Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

The Company has not entered into any foreign currency contracts to mitigate this risk, but manages the risk by minimizing the value of financial instruments denominated in foreign currency. The Company is not exposed to significant currency risk.

Interest rate risk

Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

Other price risk

The Company is exposed to other price risk on its marketable securities due to fluctuations in the current market prices and fluctuations in trading volumes of those securities.

The Company has an investment policy governing the purchase of marketable securities, pursuant to which the Company monitors these investments on a regular basis. The investment policy contains objectives for the purchase of investments including preservation of capital, liquidity and return, as well as specifying minimum credit ratings for investments, types of permitted investments and diversification requirements. The Company's investment policy is periodically reviewed by the Company's audit committee.

11 LICENSING AGREEMENT – CUTANEA LIFE SCIENCES INC.

On December 7, 2005, prior to the Plan of Arrangement with Carrus Capital Corporation ("Carrus") in April 2014, Carrus (formerly Mingenix Inc) and Cutanea Lifesciences Inc. entered into a licensing agreement for the exclusive worldwide rights to develop and market CLS001 (formerly known as MX-594AN) and its analogues for dermatological indications.

(Expressed in Canadian dollars)

Pursuant to the licensing agreement and the Plan of Arrangement with Carrus, the Company is eligible to receive up to approximately USD $21,000,000 in development and commercialization milestone payments, as well as royalties on net sales.

On October 23, 2015, the Company received $685,750 (USD $500,000) as a clinical development milestone payment pursuant to the licensing agreement. This was recognized as revenues in the statements of operations and comprehensive loss during the year ended January 31, 2016. There have been no further payments received or due from Cutanea during the year ended January 31, 2017.

12 MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of financial information. The Company considers its capital as all components of shareholders' equity. The Company's primary objective with respect to its capital management is to ensure that is has sufficient cash resources to fund maintain its agreements and to develop a new business plan. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company expects its current capital resources will be sufficient to carry out its plan through the year ended January 31, 2017. There are no external restrictions on the Company's capital.

13 SEGMENTED REPORTING

The Company has one operating segment, biotechnology research and development, and all assets of the Company are located in Canada.

14 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
Income (loss) before taxes	$ (175,802)	$ 581,886
Canadian statutory tax rate	26%	26%
Income tax (recovery) computed at statutory rates	(45,709)	151,290
Items not deductible for tax purposes	(4,026)	1,267
Unused tax losses and tax offsets not recognized	-	(4,083)
Income tax expense	$ (49,734)	$ 148,475

(Expressed in Canadian dollars)

14 INCOME TAXES (CONTINUED)

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

	2017	2016
Marketable securities	$ (4,362)	$ -
Note payable	336	
Unrecognized deferred tax asset (liability)	$ (4,026)	$ -

15 SUBSEQUENT EVENTS

- The Company advanced a further $50,000 to Exro Technologies Ltd. and received promissory notes in this amount (Note 6).

- The Company entered into a three-cornered amalgamation agreement (the "Amalgamation Agreement") with Exro Technologies Inc. ("Exro") and Newco dated November 7, 2016. Pursuant to the Amalgamation Agreement, Exro will amalgamate with Newco. On the closing of the amalgamation transaction, Exro shareholders will exchange their Exro common shares for common shares of the Corporation. The current shareholders of the Corporation will own 14% of the common shares of the Corporation and the shareholders of Exro will own 86% of the common shares of the Corporation at amalgamation without factoring in the shares to be issued pursuant to any private placement or the Concurrent Financing. The completion of the amalgamation is subject to several conditions which include but are not limited to the conditional approval of listing of the common shares of the Corporation by the Canadian Securities Exchange, satisfactory due diligence review of Exro by the Corporation, satisfactory due diligence review of the Corporation by Exro and the closing of a private placement for the total proceeds of not less than $1,600,000 (note 6).

- On April 21, 2017, the Company entered into an agreement to purchase the rights, benefits and privileges under an exclusive license agreement with Migenix Cutanea (including all related patents) with an effective license agreement date as of December, 2005 between Migenix, Inc. and Cutanea Life Sciences from BioHep Technologies Ltd. ("BioHEP")., a Company related by common directors. The purchase price will be $450,000 to be paid by the issuance of 540,050 common shares if the Company. The value of the License Agreement and the Patents of the Company were determined by an independent valuation consultant.

  In addition, the Company shall assume the operating liabilities and obligations of BioHEP that arose under the license agreement. This purchase agreement and its completion are subject to the Company completing the aforementioned amalgamation agreement.