EASY TECHNOLOGIES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2016 and 2015

(EXPRESSED IN CANADIAN DOLLARS)

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Easy Technologies Inc.,

We have audited the accompanying financial statements of Easy Technologies Inc., which comprise of the statements of financial position as at October 31, 2016 and 2015, and the statements of comprehensive loss, changes in shareholders' deficiency and cash flows for years then ended, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the 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 auditor's judgment, 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 in our audits 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 Easy Technologies Inc. as at October 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
March 1, 2017

Easy Technologies Inc.
Statements of Financial Position
As at
(Expressed in Canadian Dollars)

	Note	October 31, 2016	October 31, 2015	November 1, 2014
			(Note 3)	(Note 3)
		$	$	$
ASSETS				
Current				
Cash		3,022	1,175	8,975
GST receivable		-	7,323	-
		3,022	8,498	8,975
LIABILITIES				
Current				
Accounts payable and accrued liabilities	4, 6	89,525	118,120	295,192
Note payable	8	185,000	-	26,620
Loans payable to related parties	6	-	105,833	551,530
Deferred revenue		-	-	17,002
		274,525	223,953	890,344
SHAREHOLDERS' DEFICIENCY				
Capital stock	7	3,013,845	2,538,805	1,838,805
Reserves		2,533,455	2,529,705	2,529,705
Accumulated other comprehensive loss		-	-	(159,814)
Deficit		(5,818,803)	(5,283,965)	(5,090,065)
Total shareholders' deficiency		(271,503)	(215,455)	(881,369)
Total liabilities and shareholders' deficiency		3,022	8,498	8,975

Nature of operations and going concern (Note 1)

Approved for issuance

"Rupert Shore" — Director

"Dennis Petke " — Director

The accompanying notes are an integral part of these financial statements

Easy Technologies Inc.
Statements of Comprehensive Loss
For the Years ended October 31,
(Expressed in Canadian Dollars)

	Note	2016	2015
			(Note 3)
		$	$
Revenue		-	6,617
Operating Expenses			
Advertisment and promotion		328,403	-
Office and administration		73,869	71,100
Salaries and consultants	6	67,368	88,660
Share based compensation	6,7	22,500	-
Total operating expense		492,140	159,760
Other items		(492,140)	(153,143)
Loss on disposition of subsidiary	6	-	(219,604)
Gain on debt settlement	6	-	284,207
Foreign exchange gain		-	1,324
Impairment of advance	5	-	(100,000)
Interest and finance charges	6	(42,698)	(6,684)
Net loss		(534,838)	(193,900)
Other comprehensive income (loss):			
Foreign currency translation		-	(99,850)
Reclassification of translation adjustment on disposal of subsidiary		-	259,664
		-	159,814
Comprehensive loss		(534,838)	(34,086)
Loss per share, basic and diluted		(0.07)	(0.05)
Weighted average number of shares outstanding, basic and diluted		7,174,402	3,914,137

The accompanying notes are an integral part of these financial statements

Easy Technologies Inc.
Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Capital Stock						
	Number of Common Shares	**Amount**	**Reserves**	**Equity Component of Convertible Debenture**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
		$	$	$	$	$	$
Balance, October 31, 2014 (Note 3)	1,296,329	1,838,805	2,466,916	62,789	(159,814)	(5,090,065)	(881,369)
Shares issued on private placement	3,500,000	700,000	-	-	-	-	700,000
Net loss for the year	-	-	-	-	-	(193,900)	(193,900)
Translation adjustment	-	-	-	-	(99,850)	-	(99,850)
Disposition of subsidiary	-	-	-	-	259,664	-	259,664
Balance, October 31, 2015	4,796,329	2,538,805	2,466,916	62,789	-	(5,283,965)	(215,455)
Balance, October 31, 2015 (Note 3)	4,796,329	2,538,805	2,466,916	62,789	-	(5,283,965)	(215,455)
Shares issued on private placement	3,572,003	250,040	-	-	-	-	250,040
Share issued - warrants exercised	350,000	175,000	-	-	-	-	175,000
Share issued - options exercised	125,000	50,000	(18,750)	-	-	-	31,250
Share based compensation	-	-	22,500	-	-	-	22,500
Net loss for the year	-	-	-	-	-	(534,838)	(534,838)
Balance, October 31, 2016	8,843,332	3,013,845	2,470,666	62,789	-	(5,818,803)	(271,503)

See Note 7

The accompanying notes are an integral part of these financial statements

Easy Technologies Inc.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	Year ended October 31,	
	2016	**2015**
		(Note 3)
	$	$
Operating Activities		
Net loss	(534,838)	(193,900)
Items not affecting cash:		
Loss on disposition of subsidiary	-	219,604
Gain on settlement of debt	-	(284,207)
Foreign exchange gain on non-cash items	-	(1,324)
Interest and finance charges	42,698	6,684
Share based compensation	22,500	-
Change in working capital:		
GST receivable	7,323	(7,323)
Accounts payable and accrued liabilities	(29,845)	81,728
Cash used in operating activities	(492,162)	(178,738)
Investing Activities		
Cash held in subsidiary disposed of	-	(8,975)
Cash used in investing activities	-	(8,975)
Financing Activities		
Proceeds from loans	438,000	100,000
Repayment of loans	(400,281)	(620,087)
Proceeds from issuance of shares for cash	456,290	700,000
Cash provided by financing activities	494,009	179,913
Net increase (decrease) in cash	1,847	(7,800)
Cash, beginning	1,175	8,975
Cash, ending	3,022	1,175
Other transactions		
Cash paid for interest and finance charges included in financing activities	37,698	-

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Easy Technologies Inc., (the "Company") was incorporated under the Swiss law on March 2, 2005. The Company, through its wholly owned Swiss subsidiary, provided a range of medical and health technology services and applications based on an internet and mobile phone platform until March 5, 2015 the Company disposed this Swiss subsidiary (Note 6) and is currently looking for new business opportunities. The Company shares are traded on the Canadian Securities Exchange ("CSE") under the symbol EZM. The Company's registered office is located at Suite 500 – 666 Burrard Street, Vancouver BC V6C 3P6.

These financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at October 31, 2016, the Company is not able to finance its day to day activities through operations. The Company's continuation as a going concern is dependent upon the identification of a new business and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out below are based on IFRS issued and effective as at March 1, 2017, the date the Board of Directors approved the financial statements

Basis of Consolidation
These financial statements included the accounts of the Company and its wholly-owned subsidiary, EasyMed Services S.A. (incorporated in Switzerland) until its time of disposition on March 5, 2015.

Significant Estimates and Assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, and the recoverability and measurement of deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the determination of the functional currency of the parent company and its subsidiaries

Foreign Currency Translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The Company's functional currency is the Canadian dollar.

Effective November 1, 2014, the Company changed its presentation currency from Swiss francs to Canadian dollars. In accordance with IAS 1 Presentation of financial statements, comparative information is also stated in Canadian dollars.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss..

Share-Based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings attributable to common shareholders equals the reported earnings attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The Company classifies its financial instruments in the following categories:

a) fair value through profit or loss;
b) loans and receivables;
c) held-to-maturity;
d) available-for-sale financial assets, and
e) financial liabilities.

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. Unrealized gains and losses are recognized in other comprehensive income, except for the impairment losses and foreign exchange gains and losses on monetary financial assets.

Loans and receivable and available-for-sale financial assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Company commits to purchase the asset.

The Company does not have any derivative financial assets and liabilities.

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 prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from and paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)
Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is recorded by providing for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

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

New Accounting Standards and Interpretations

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

New standard IFRS 15 "Revenue from Contracts with Customers"

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

3. CHANGE IN PRESENTATION CURRENCY

As stated in note 2, effective November 1, 2015, the Company changed its presentation currency of its financial statements from Swiss franc to Canadian dollar. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded business in the similar industry. As the Company disposed of its only operating subsidiary located in Switzerland on March 5, 2015 and has been operating in Canada since then. The Company therefore believes that Canadian dollar financial reporting provides more relevant presentation of the Company's financial position, operating performance and cash flow activities.

(Expressed in Canadian dollars)

3. CHANGE IN PRESENTATION CURRENCY (continued)

In making the change to a Canadian dollar presentation currency, the Company followed the guidance in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8") and has applied the change retrospectively as if the reporting currency of Canadian dollars had always been the Company's presentation currency. The financial statements for all the periods presented have been translated into the presentation currency in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

The Company has translated the financial information to Canadian dollars as follows:

- The November 1, 2014 statement of financial position was translated using the period-end Canadian dollar / Swiss franc exchange rate;
- Statement of comprehensive loss for the year ended October 31, 2015 was translated using the average Canadian dollar / Swiss franc exchange rate for the year;
- Assets and liabilities included in the statement of financial position as at October 31, 2015 were translated using the period-end Canadian dollar / Swiss franc exchange rate and items included in equity were translated using historical Canadian dollar / Swiss franc exchange rates; and
- The resulting cumulative foreign translation difference was reclassified and included in net loss on the disposal of the subsidiary in the statement of comprehensive loss.

	October 31, 2015 Canadian dollar	October 31, 2015 Swiss franc	November 1, 2014 Canadian dollar	November 1, 2014 Swiss franc
	$	$	$	$
ASSETS				
Current				
Cash	1,175	887	8,975	7,575
GST receivable	7,323	5,528	-	-
	8,498	6,415	8,975	7,575
LIABILITIES				
Current				
Accounts payable and accrued liabilities	118,120	89,168	295,192	249,142
Note payable	-	-	26,620	22,467
Loans payable to related parties	105,833	79,893	551,530	465,491
Deferred revenue	-	-	17,002	14,350
	223,953	169,061	890,344	751,450
SHAREHOLDERS' DEFICIENCY				
Capital stock	2,538,805	2,180,060	1,838,805	1,671,720
Reserves	2,529,705	2,437,732	2,529,705	2,415,533
Accumulated other comprehensive loss	-	-	(159,814)	-
Deficit	(5,283,965)	(4,780,438)	(5,090,065)	(4,831,128)
Total shareholders' deficiency	(215,455)	(162,646)	(881,369)	(743,875)
Total liabilities and shareholders' deficiency	8,498	6,415	8,975	7,575

(Expressed in Canadian dollars)

3. CHANGE IN PRESENTATION CURRENCY (continued)

	October 31, 2015 Canadian dollar	October 31, 2015 Swiss franc
	$	$
Revenue	6,617	5,100
Operating Expenses		
Advertisment and promotion	-	-
Office and administration	71,100	55,460
Salaries and consultants	88,660	68,339
Share based compensation	-	-
Total operating expense	159,760	123,799
Other items	(153,143)	(118,699)
Loss on disposition of subsidiary	(219,604)	30,878
Gain on debt settlement	284,207	219,067
Foreign exchange gain	1,324	1,020
Impairment of advance	(100,000)	(77,080)
Interest and finance charges	(6,684)	(4,496)
Net loss	(193,900)	50,690
Other comprehensive income (loss):		
Foreign currency translation	(99,850)	22,199
Reclassificaiton of translation adjustment on disposal of subsidiary	259,664	-
	159,814	22,199
Comprehensive loss	(34,086)	72,889
Loss per share, basic and diluted	(0.05)	0.01
Weighted average number of shares outstanding, basic and diluted	3,914,137	3,914,137

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2016	October 31, 2015
	$	$
Accounts payable (Note 6)	79,525	107,620
Accrued liabilities	10,000	10,500
	89,525	118,120

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(Expressed in Canadian dollars)

5. IMPAIRMENT OF ADVANCE

In March 2015, the Company entered into a memorandum of understanding with Infinia IT GmbH ("Infinia") a private Swiss Company that develops technologies in the renewable energy. The Company advanced $100,000 for the exclusive worldwide distribution rights for all of Infinia's technology and an option to purchase 50% of Infinia for $1,900,000. As at October 31, 2015, the Company decided not to proceed with the agreement and has requested repayment of this prepayment. During the year ended October 31, 2015, this advance had not been repaid and the Company recorded an impairment in full due to uncertainty of recoverability.

6. RELATED PARTY TRANSACTIONS

Key management compensation
Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the year ended October 31, 2016, the Company paid $35,000 (2015: $Nil) to the CEO for management fees.

During the year ended October 31, 2016, the Company paid $5,513 (2015: $Nil) to the CFO for management fees.

On March 11, 2016, the Company granted 150,000 options to its directors and officers at exercise price of $0.25/share. These options had a fair value of $0.15 per option at the grant date, were 100% vested on the grant date and will expire on March 11, 2021 if un-exercised. The Company has recorded $22,500 share-based compensation and also an addition to the Company's reserve to account for the options vested (Note 7).

Related party payables:
Amounts due to related parties:

		2016		**2015**
CEO	$	35,000	$	-
CFO		5,513		-
Related company of director		6,825		-
Total	$	47,338	$	-

The amounts due are non-interest bearing, unsecured and due on demand.

In August 2016, the Company engaged a related company of a director for consulting and rental services. During the year ended October 31, 2016, the Company had incurred $9,000 (2015 - $Nil) in consulting and rental expenses in relation.

Settlement of Debt and Loan payable to Related Parties

a) Settlement - On January 31, 2015 various debtors, including related party debtors assigned their debt to a company related to a shareholder (the "Related Party").

In total, loans of $647,972 and accrued interest of $84,120, accounts payable of $61,302 and accounts payable to the CFO of the Company of $93,312 were assigned to the Related Party. On January 30, 2015, the Company paid the Related Party $620,087 in full settlement of the above. As a result, the Company recorded a gain of $284,207.

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (continued)

b) On March 19, 2015, the Company borrowed $100,000 (the "Loan") from a Company that has a common director with the Company. The Loan was due April 19, 2015, has an interest of 10% per annum, and unsecured.

The loan and the accrued interest were fully repaid in 2016. As at October 31, 2016 the Company's loan payable comprised of principal of $Nil (2015 - $100,000) and accrued interest of $Nil (2015 - $5,833).

c) On July 14, 2016, the Company issued a promissory note payable of $258,000 to a company of a relative of the former CEO (the "Lender"). This promissory note, is unsecured, has an interest rate of 5% per annum, and matured on August 31, 2016. Pursuant to the promissory note agreement, the Company paid the Lender a signing bonus of $25,000.

The loan, the accrued interest and the signing bonus were fully repaid in 2016. Included in interest and finance charges is $26,250 relating to this promissory note.

<u>Disposition of assets</u>
On March 5, 2015, the Company decided to end its operations in Switzerland and sold its Swiss subsidiary EasyMed Services S.A., to a company controlled by a director of the Company at $1. Details are as follows:

	Amount
	$
Assets sold (cash)	8,975
Liabilities assumed by the buyer	(49,034)
Net liabilities transferred	(40,059)
Proceeds received	1
Proceeds received – Net liabilities transferred	40,060
Other comprehensive loss recycle into profit and loss	(259,664)
Loss on disposition	(219,604)

7. CAPITAL STOCK

Authorized – An unlimited number of common and preferred shares without par value.

On February 5, 2016, the Company completed a share consolidation of its issued and outstanding common shares on 1 for 10 basis. The loss per share in these financial statements has been adjusted retrospectively.

Private Placement
On January 30, 2015, the Company closed a non-brokered private placement and issued 3,500,000 units at $0.20 per unit for gross proceeds of $700,000. Each unit consists of one common share and one share purchase warrant, which can be converted into one common share at $0.50 per share for a period of five years.

On March 1, 2016, the Company closed a non-brokered private placement and issued 3,572,003 common shares at $0.07 per share for gross proceeds of $250,040.

During the year ended October 31, 2016, the Company issued 350,000 common shares at $0.50 per share for warrant exercise and 125,000 common shares for option exercise at $0.25 per share.

(Expressed in Canadian dollars)

7. CAPITAL STOCK (continued)

Warrants

	Number of warrants	Weighted average exercise price
		$
Outstanding, October 31, 2014	29,411	61.73
Expiry	(29,411)	61.73
Issuance	3,500,000	0.50
Outstanding, October 31, 2015	3,500,000	0.50
Warrant exercise	(350,000)	0.50
Outstanding, October 31, 2016	3,150,000	0.50

Warrants outstanding on October 31, 2015 and October 31, 2016 will expire on January 30, 2020.

Options

Under the Company's stock option plan, the Board of Directors may grant options for the purchase of up to 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the board of directors and expire no later than five years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by the CSE.

On March 11, 2016, the Company granted 150,000 options to its directors and officers at exercise price of $0.25/share. These options had a fair value of $0.15 per option at the grant date, were 100% vested on the grant date and will expire on March 11, 2021 if un-exercised. The Company has recorded $22,500 share-based compensations and also an addition to the Company's reserve to account for the options vested (Note 6).

The Company values the options at the grant date by using Black-Scholes Option Pricing Model with the use of assumptions of: Annual share price volatility of 340%, expected dividend of Nil %, risk free interest rate of 0.80% per annum, and exercise price of $0.25 per share.

During the year ended October 31, 2016, 125,000 of the above options were exercised into common shares at $0.25 per share. As a result, $18,750 was reclassified from the Company's reserve into share capital accordingly. The continuity of the Company's outstanding options is as follow:

	Expiry date	**Number of options**	**Weighted average exercise price ($)**
Outstanding, October 31, 2014	May 24, 2016	11,000	77.13
Cancellation	May 24, 2016	6,000	77.13
Outstanding, October 31, 2015	May 24, 2016	5,000	77.13
Issuance	March 11, 2021	150,000	0.25
Expired	May 24, 2016	(5,000)	77.13
Exercised	March 11,2021	(125,000)	0.25
Outstanding, October 31, 2016	March 11, 2021	25,000	0.25

Share base payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. NOTE PAYABLE

In August 2016, the Company issued a promissory note payable of $180,000 to a third party. This promissory note, is unsecured, has an interest rate of 5% per annum, and matured on September 9, 2016. The Company will also pay $10,000 finance fee to the lender.

As at October 31, 2016, the entire principal balance of $180,000 and a finance fee of $5,000 is still outstanding and has been included in loans payable.

9. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

The Company's principal financial assets are cash, trade receivables, p and due from related parties. The Company's credit risk is primarily concentrated in its cash held in bank accounts. The majority of cash is deposited in bank accounts held in Canada. As most of the Company's cash is held by one back there is concentration of credit risk. This risk is managed by using major bank that is a high credit financial institution as determined by rating agencies.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not significantly exposed to foreign exchange risk.

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.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor 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.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

9. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	October 31, 2016	October 31, 2015
	$	$
Loans and receivables:		
Cash	3,022	1,175
	3,022	1,175

Financial liabilities included in the statement of financial position are as follows:

	October 31, 2016	October 31, 2015
	$	$
Accounts payable and accrued liabilities	89,525	118,120
Loans payable to related parties	-	105,833
Note payable	185,000	-
	274,525	223,953

Fair value

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.

Cash is measured at fair value using level 1 inputs. The carrying value of Company's trade payables, loans payable to related parties, and note payable approximate their fair value due to their short terms to maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures

10. INCOME TAXES

A reconciliation of income taxes for the years ended October 31, 2016 and 2015 at statutory rates is as follows:

	2016	2015
	$	$
Loss before income taxes	(534,838)	(193,900)
Combined Canadian federal and provincial statutory rate	26%	26%
Expected income tax expense (recovery) at statutory tax rates	(139,058)	(50,414)
Permanent differences	-	(16,797)
Change in unrecognized deductible temporary differences	139,058	67,211
Deferred tax recovery	-	-

As at October 31, 2016, the Company has non-capital losses of approximately $4,316,500 that may be carried forward and expire between 2033 and 2036. The Company has not recognized any future benefit of these tax losses, as it is not considered likely that they will be utilized.

11. SUBSEQUENT EVENTS

On November 1, 2016, the Company executed a contract services agreement with its CEO for management services. Per the agreement, the Company is required to make monthly payments of $5,000 payable in cash, and issue 5,000 common shares of the capital stock of the Company on a monthly basis for a period of 2 years.

On November 1, 2016, the Company executed a contract services agreement with its CFO for management services. Per the agreement, the Company is required to make monthly payments of $3,500 payable in cash to a company owned by the CFO, and issue 5,000 common shares to the CFO of the capital stock of the Company on a monthly basis for a period of 2 years.

On November 1, 2016, the Company executed an office administration agreement with a company owned by the CFO. Per the agreement, the Company is required to make monthly payments of a minimum of $1,750 for a period of 1 year.