

# **QUADRON CAPITAL CORPORATION**

Condensed Interim Financial Statements  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

As at and for the three and six months ended October 31, 2015 and 2014

**QUADRON CAPITAL CORPORATION**  
(the “Company”)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**As at and for the three and six months ended October 31, 2015 and 2014**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

**QUADRON CAPITAL CORPORATION**

## Condensed Interim Statement of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at

	October 31, 2015	April 30, 2015
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 3,206	\$ 1,583
Restricted cash (Note 6 (c))	74,000	-
GST recoverable	1,644	1,239
<b>Total Assets</b>	<b>\$ 78,850</b>	<b>\$ 2,822</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 7,035	\$ 3,675
Amount accrued to related parties (Note 7)	38,132	9,628
	45,167	13,303
<b>Shareholder's Equity</b>		
Share capital (Note 6)	120,000	120,000
Subscriptions received (Note 6 (c))	74,000	-
Deficit	(160,317)	(130,481)
	33,683	(10,481)
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 78,850</b>	<b>\$ 2,822</b>

Nature and continuance of operations (Note 1)

Related party transactions (Note 7)

Approved on Behalf of the Board on December 14, 2015:

"Sam Cole"  
Sam Cole – Director

"Doug McFaul"  
Doug McFaul – Director

*The accompanying notes are an integral part of these Condensed Interim Financial Statements*

**QUADRON CAPITAL CORPORATION**

## Condensed Interim Statement of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended October 31,		For the six months ended October 31,	
	2015	2014	2015	2014
<b>Expenses</b>				
Accounting and legal (Note 7)	\$ 26,600	\$ 10,101	\$ 28,100	\$ 12,559
Consulting fees (Note 7)	-	7,500	-	7,500
Filing fees	1,679	1,779	1,679	1,779
Office	3	60	57	85
	<b>28,282</b>	19,440	<b>29,836</b>	21,923
<b>Loss and comprehensive loss</b>	\$ <b>28,282</b>	\$ 19,440	\$ <b>29,836</b>	\$ 21,923
Weighted average number of shares outstanding	<b>7,800,000</b>	7,530,435	<b>7,800,000</b>	7,165,218
Basic and diluted loss per share	\$ <b>(0.00)</b>	\$ (0.00)	\$ <b>(0.00)</b>	\$ (0.00)

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**QUADRON CAPITAL CORPORATION**

## Condensed Interim Statement of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<b>Number of Common Shares</b>	<b>Share Capital</b>	<b>Subscriptions Received</b>	<b>Deficit</b>	<b>Total Shareholder's Equity</b>
Balance, April 30, 2014	6,800,000	\$ 100,000	\$ -	\$ (95,681)	\$ 4,319
Issuance of common shares	1,000,000	20,000	-	-	20,000
Net loss and comprehensive loss	-	-	-	(21,923)	(21,923)
<b>Balance, October 31, 2014</b>	<b>7,800,000</b>	<b>120,000</b>	<b>-</b>	<b>(117,604)</b>	<b>2,396</b>
Balance, April 30, 2015	7,800,000	\$ 120,000	\$ -	\$ (130,481)	\$ (10,481)
Share subscriptions	-	-	74,000	-	74,000
Net loss and comprehensive loss	-	-	-	(29,836)	(29,836)
<b>Balance, October 31, 2015</b>	<b>7,800,000</b>	<b>\$ 120,000</b>	<b>\$ 74,000</b>	<b>\$ (160,317)</b>	<b>\$ 33,683</b>

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**QUADRON CAPITAL CORPORATION**

Condensed Interim Statement of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the six months ended October 31,	
	2015	2014
<b>Cash (used in) / provided by:</b>		
<b>Operating Activities:</b>		
Loss and comprehensive loss for the year	\$ (29,836)	\$ (21,923)
Changes in non-cash working capital items:		
GST recoverable	(405)	17
Accounts payable and accrued liabilities	3,360	2,909
Amount accrued to related parties	28,504	5,125
	<b>1,623</b>	<b>(13,872)</b>
<b>Investing Activities:</b>		
Restricted cash (Note 6 (c))	(74,000)	-
	<b>(74,000)</b>	<b>-</b>
<b>Financing Activities:</b>		
Share subscriptions received (Note 6 (c))	74,000	-
Issuance of common shares	-	20,000
	<b>74,000</b>	<b>20,000</b>
<b>Change in cash for the period</b>	<b>1,623</b>	<b>6,128</b>
Cash, beginning of the period	1,583	8,768
<b>Cash, end of the period</b>	<b>\$ 3,206</b>	<b>\$ 14,896</b>
<b>Supplemental cash flow information:</b>		
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -

*The accompanying notes are an integral part of these Condensed Interim Financial Statements*

## QUADRON CAPITAL CORPORATION

Notes to the Condensed Interim Financial Statements

As at and for the six months ended October 31, 2015

(Expressed in Canadian dollars)

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### 1. NATURE AND CONTINUANCE OF OPERATIONS

Quadron Capital Corporation (the “Company” or “Quadron”) was incorporated under the British Columbia Business Corporations Act on November 7, 2011 and became a reporting issuer in British Columbia and Alberta on July 25, 2012. On December 4, 2014 the Company, formerly known as DePaul Capital Corporation, changed its name to Quadron Capital Corporation. The Company's head office is located at Suite 1600, 609 Granville Street, Vancouver, British Columbia, V7Y 1C3, and it's registered and records office is located at Suite 885 W Georgia St #2200, Vancouver, BC V6C 3E8. The Company's shares are not publicly traded.

On August 1, 2014 the Company split its common shares on the basis of 3.4 new shares for each old share. All share, and per share amounts have been retroactively restated to reflect the share split.

Subsequent to period-end, on November 5, 2015 the Company acquired 100% of the outstanding shares of 1054608 B.C. Ltd. which became a wholly-owned subsidiary of Quadron.

Subsequent to period-end, on November 5, 2015 the Company announced that Scott Ackerman had joined the board of directors.

Subsequent to period-end, on November 6, 2015, the Company entered into a definitive amalgamation agreement, pursuant to which a wholly-owned subsidiary of Quadron will amalgamate with Soma Labs Scientific Inc. (“Soma Labs”) (the “Acquisition”). Soma Labs is an arms' length private company incorporated under the laws of British Columbia. On closing of the Acquisition, security holders of Soma Labs will receive 17,422,500 common shares and 2,000,000 preferred shares of Quadron in exchange for all of their common and preferred shares of Soma Labs. Subject to Soma Labs achieving \$1,000,000 in earnings before interest, taxes, depreciation and amortization for the 2016 fiscal year, each preferred share will automatically convert into one common share of Quadron. The holders of Soma Labs convertible securities will also receive convertible securities of Quadron on a one-for-one basis. The Acquisition is not expected to constitute a reverse-take-over under applicable securities laws. Closing of the Acquisition remains subject to a number of conditions, including the receipt of all required shareholder approvals and third party consents, and satisfaction of other customary closing conditions. The Acquisition cannot close until the required approvals are obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.

The acquisition of Soma Labs is part of the Company's strategy to concentrate on revenue generation and capitalize on the burgeoning opportunity in the legal cannabis industry.

In connection with the proposed Acquisition, the Company and Soma Labs intend to complete a series of private placement financings for \$2 million at \$0.10 per unit. Each unit will be comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$0.20 per share for 24 months from the date of issuance.

Subsequent to period-end, on November 6, 2015, the Company closed a non-brokered private placement of 6,640,000 units at \$0.10 per unit for gross proceeds of \$664,000. Each unit was comprised of one common share and one-half of one share purchase warrant. Each whole

## **QUADRON CAPITAL CORPORATION**

Notes to the Condensed Interim Financial Statements

As at and for the six months ended October 31, 2015

(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS (continued)**

warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.20 per share for 24 months from the date of issuance. If at any time during the 24 months, Quadron completes a going public transaction, the expiry date will be amended to 18 months following the closing of the going public transaction. All the securities issued in the financing have a 4 month hold period expiring March 7, 2016.

There is no assurance that the Company will complete a transaction or identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that any future business will be profitable. These factors cast significant doubt as to the Company's ability to continue as a going concern.

The Company has not generated revenue from operations. The Company incurred a net loss of \$29,836 during the six months ended October 31, 2015 and as of that date the Company's deficit was \$160,317. Consequently, as at October 31, 2015, the Company remains dependent upon the financial support of its shareholders. The future success of the Company is dependent on the identification and successful negotiation/acquisition of a sustainable/viable business operation together with the ability to finance the necessary funding, at agreeable terms, to support a business or asset acquisition.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

### **2. BASIS OF PRESENTATION**

The condensed interim financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standard Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The condensed interim financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the most recent audited annual financial statements of the Company as at and for the year ended April 30, 2015 which are available on [www.sedar.com](http://www.sedar.com).

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. These condensed interim financial statements were authorized for issue by the Board of Directors on December 14, 2015.

## **QUADRON CAPITAL CORPORATION**

Notes to the Condensed Interim Financial Statements

As at and for the six months ended October 31, 2015

(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's most recent audited annual financial statements as at and for the year ended April 30, 2015 which are available at [www.sedar.com](http://www.sedar.com) and inclusive of the new accounting policy adopted as detailed in Note 4, reflect all the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

### **4. NEW ACCOUNTING POLICY**

During the period, the Company adopted the following new accounting policy.

- i. Amended standard IAS 32 Financial Instruments: Presentation  
The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities.

There was no material impact on the Company's financial statements on the adoption of this standard.

### **5. RECENT ACCOUNTING PRONOUNCEMENTS**

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the period ended October 31, 2015, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the Company's financial statements. The Company has not early adopted these revised standards.

Proposed for annual periods beginning on or after January 1, 2018

- i. Amended standard IFRS 7 Financial Instruments: Disclosures  
Amended to require additional disclosures on transition from IAS 39 and IFRS 9
- ii. New standard IFR 9 Financial Instruments  
Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement

## **QUADRON CAPITAL CORPORATION**

Notes to the Condensed Interim Financial Statements

As at and for the six months ended October 31, 2015

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### **6. SHARE CAPITAL**

#### **(a) Authorized**

Unlimited common shares without par value – 7,800,000 issued and outstanding as at October 31, 2015.

Unlimited preferred shares without par value – nil issued.

#### **(b) Stock options**

The Company does not currently have a stock option plan.

#### **(c) Share issuance**

During the six-month period ended October 31, 2015, the Company received \$74,000 by way of subscription receipts, which are held in trust as at October 31, 2015 and disclosed as restricted cash. Upon satisfaction of certain approvals and escrow conditions, these subscription receipts will convert into 740,000 units. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.20 per share for 24 months from the date of issuance. If at any time during the 24 months, Quadron completes a going public transaction, the expiry date will be amended to 18 months following the closing of the going public transaction.

Subsequent to period end, on November 6, 2015, as part of the non-brokered private placement of 6,640,000 units at \$0.10 per unit for gross proceeds of \$664,000 (see note 1), the subscription receipts converted into 740,000 units. All the securities issued in this financing have a 4 month hold period expiring March 7, 2016.

### **7. RELATED PARTY TRANSACTIONS**

Key management personnel:

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 executive and non-executive members of the Company's Board of Directors and corporate officers. During the periods ended October 31, 2015 and 2014, transactions with key management personnel were as follows:

- (a) During the six-month period ended October 31, 2015, the Company incurred legal fees of \$nil (2014 - \$2,458) to a law firm that a director of the Company was a partner in. As at October 31, 2015 the balance owing to this law firm is \$7,003 (April 30, 2015 - \$7,003).

## **QUADRON CAPITAL CORPORATION**

Notes to the Condensed Interim Financial Statements

As at and for the six months ended October 31, 2015

(Expressed in Canadian dollars)

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### **7. RELATED PARTY TRANSACTIONS (continued)**

- (b) During the six-month period ended October 31, 2015, the Company accrued legal fees of \$20,000 (2014 - \$nil) to a law firm that a director of the Company is a partner in. As at October 31, 2015 the balance accrued to this law firm is \$21,679 (April 30, 2015 - \$nil).
  
- (c) During the six-month period ended October 31, 2015, the Company incurred consulting fees of \$nil (2014 - \$nil) to a company controlled by the President/director of the Company. As at October 31, 2015 the balance owing to this company is \$2,625 (April 30, 2015 - \$2,625).
  
- (d) On February 17, 2015, Dolos Capital Corp. ("Dolos"), a private company, acquired 2,500,000 common shares (32.05% of the Company's outstanding shares) of the Company pursuant to a take-over bid offer. Dolos has directors in common with the Company.
  
- (e) During the six-month period ended October 31, 2015, the Company incurred accounting fees of \$3,000 (2014 - \$nil) to a company controlled by a director of the Company (the director joined the board on November 5, 2015). As at October 31, 2015 the balance owing to this company is \$6,825 (April 30, 2015 - \$3,675).