

# **QUADRON CAPITAL CORPORATION**

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

As at and for the three and nine months ended January 31, 2016 and 2015

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

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**As at and for the three and nine months ended January 31, 2016 and 2015**

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

Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) for the preparation of condensed interim consolidated 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 consolidated 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 Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at

	January 31, 2016	April 30, 2015
<b>Assets</b>		
Current Assets		
Cash	\$ 964,878	\$ 1,583
Accounts receivable	37,427	-
Prepaid expenses	27,040	-
GST recoverable	77,400	1,239
	<b>1,106,745</b>	<b>2,822</b>
<b>Promissory note</b> (Note 6)	<b>450,000</b>	-
<b>Equipment</b> (Note 7)	<b>262,938</b>	-
<b>Goodwill</b> (Note 9)	<b>1,155,930</b>	-
<b>Total Assets</b>	<b>\$ 2,975,613</b>	<b>\$ 2,822</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 75,877	\$ 3,675
Amount accrued to related parties (Note 11)	134,674	9,628
	<b>210,551</b>	<b>13,303</b>
<b>Shareholder's Equity</b>		
Share capital (Note 10)	2,990,000	120,000
Deficit	(224,938)	(130,481)
	<b>2,765,062</b>	<b>(10,481)</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 2,975,613</b>	<b>\$ 2,822</b>

Nature and continuance of operations (Note 1)

Related party transactions (Note 11)

Subsequent event (Note 14)

Approved on Behalf of the Board on March 31, 2016:

"Rosy Mondin"  
Rosy Mondin – CEO and President

"Doug McFaul"  
Doug McFaul – Director

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

**QUADRON CAPITAL CORPORATION**

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended		For the nine months ended	
	January 31,		January 31,	
	2016	2015	2016	2015
<b>Sales revenue</b>	\$ 7,300	\$ -	\$ 7,300	\$ -
<b>Cost of sales</b>	2,713	-	2,713	-
	<b>4,587</b>	-	<b>4,587</b>	-
<b>Expenses</b>				
Accounting and legal (Note 11)	\$ 32,609	\$ 7,500	\$ 57,709	\$ 20,059
Bank charges	130	-	130	-
Consulting fees (Note 11)	10,375	7,500	10,375	15,000
Depreciation (Note 7)	7,408	-	7,408	-
Filing fees	375	146	2,054	1,925
General and administrative	6,026	22	6,083	107
Management fees (Note 11)	8,500	-	11,500	-
Remuneration and benefits	5,345	-	5,345	-
	<b>70,768</b>	15,168	<b>100,604</b>	37,091
Interest income (Note 6)	1,560	-	1,560	-
<b>Loss and comprehensive loss for the period</b>	\$ (64,621)	\$ (15,168)	\$ (94,457)	\$ (37,091)
Weighted average number of shares outstanding	20,058,462	7,598,235	11,856,436	7,254,795
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

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

**QUADRON CAPITAL CORPORATION**

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<b>Number of Common Shares</b>	<b>Share Capital</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	-	-	(37,091)	(37,091)
<b>Balance, January 31, 2015</b>	<b>7,800,000</b>	<b>120,000</b>	<b>(132,772)</b>	<b>(12,772)</b>
Balance, April 30, 2015	7,800,000	\$ 120,000	\$ (130,481)	\$ (10,481)
Issuance of common shares- private placements	11,277,500	1,127,750	-	1,127,750
Issuance of common shares- amalgamation with Soma Labs Scientific Inc. – Note 9	17,422,500	1,742,250	-	1,742,250
Loss and comprehensive loss	-	-	(94,457)	(94,457)
<b>Balance, January 31, 2016</b>	<b>36,500,000</b>	<b>\$ 2,990,000</b>	<b>\$ (224,938)</b>	<b>\$ 2,765,062</b>

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

**QUADRON CAPITAL CORPORATION**

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the nine months ended January 31,	
	2016	2015
<b>Cash (used in) / provided by:</b>		
<b>Operating Activities:</b>		
Loss and comprehensive loss for the year	\$ (94,457)	\$ (37,091)
Items not affecting cash:		
Depreciation	7,408	-
Changes in non-cash working capital items:		
Accounts receivable	(9,199)	-
GST recoverable	(3,016)	(733)
Prepaid expenses	60,100	-
Accounts payable and accrued liabilities	(237,586)	13,409
Amounts payable to related parties	61,637	2,500
	<b>(215,113)</b>	<b>(21,915)</b>
<b>Investing Activities:</b>		
Loan to subsidiary prior to Acquisition	(250,000)	-
Cash received on amalgamation with subsidiary	300,658	-
	<b>50,658</b>	<b>-</b>
<b>Financing Activities:</b>		
Issuance of common shares	1,127,750	20,000
	<b>1,127,750</b>	<b>20,000</b>
<b>Change in cash for the period</b>	<b>963,295</b>	<b>(1,915)</b>
Cash, beginning of the period	1,583	8,768
<b>Cash, end of the period</b>	<b>\$ 964,878</b>	<b>\$ 6,853</b>

**Supplemental cash flow information:**

Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -

Significant non-cash activity – Note 8

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

## **QUADRON CAPITAL CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(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 November 5, 2015 the Company acquired 100% of the outstanding shares of 1054608 B.C. Ltd., a privately held company, for a nominal amount. 1054608 B.C. Ltd. had no assets or liabilities, nor an active business at the date of acquisition. The purpose of the acquisition relates to the Amalgamation Agreement discussed below.

On January 11, 2016 the Company announced that, pursuant to the definitive Amalgamation Agreement (“Amalgamation Agreement”) executed November 6, 2015, a wholly-owned subsidiary of Quadron has completed the amalgamation (the “Acquisition”) with Soma Labs Scientific Inc. (“Soma”). Soma is an arms' length private company incorporated under the laws of British Columbia. Security holders of Soma received 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 (See Note 9). Subject to the amalgamated entity achieving \$1,000,000 in earnings before interest, taxes, depreciation and amortization for the fiscal year ending April 30, 2017, each preferred share will automatically convert into one common share of Quadron. The holders of Soma's convertible securities also received convertible securities of Quadron on a one-for-one basis. In contemplation of the Acquisition, the Company completed two private placements during the period, as discussed in Note 10.

On January 15, 2016, Greenmantle Products Limited (“Greenmantle”) was incorporated pursuant to the provisions of the BCBCA and is a wholly owned subsidiary of Quadron. Greenmantle's head office is located at 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3. Greenmantle's registered and records office is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

There is no assurance that any future business will be profitable. This factor may cast significant doubt as to the Company's ability to continue as a going concern.

The Company has generated minimal revenue from operations to date. The Company incurred a net loss of \$94,457 during the nine months ended January 31, 2016 and as of that date the Company's deficit was \$224,938. Consequently, the Company remains dependent upon the financial support of its shareholders. The future success of the Company is dependent on profitable operations from the acquisition of Soma, and the ongoing ability to finance the Company through the issuance of equity or debt.

## **QUADRON CAPITAL CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(Expressed in Canadian dollars)

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

These consolidated 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 consolidated 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**

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standard Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, using accounting policies that the Company expects to adopt in its annual consolidated financial statements for the year ended April 30, 2016. These condensed interim consolidated financial statements do not include all of the information required for the annual consolidated financial statements and should be read in conjunction with the Company’s most recent audited financial statements for the year ended April 30, 2015, which are available on [www.sedar.com](http://www.sedar.com).

The condensed interim consolidated financial statements are presented in Canadian dollars and include the accounts of the Company and its 100% wholly-owned subsidiaries, Soma, and Greenmantle each having a Canadian functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 31, 2016.

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

These condensed interim consolidated 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, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies applied in these condensed interim consolidated 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 is available at [www.sedar.com](http://www.sedar.com), except for those new, revised and/or amended standards adopted below, and 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.



## **QUADRON CAPITAL CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(Expressed in Canadian dollars)

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### **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 consolidated 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 January 31, 2016, and have not been applied in preparing these consolidated financial statements. None of these is expected to have an effect on the Company's consolidated 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

### **6. PROMISSORY NOTE**

Prior to the Acquisition, on November 5, 2015, Soma had advanced \$450,000 to Odorchem Manufacturing Corporation ("Odorchem") by way of a Promissory Note ("Note") issued to Soma (Note 9). Interest accrues on the Note at the simple rate of 5.5% per annum and is payable on the maturity date, November 5, 2017. Odorchem may repay the Note and all accrued interest thereon at any time from time to time without notice or penalty. Odorchem shall pay all amounts due and owing under the Note on or before November 5, 2017. All amounts due and owing under the Note are secured by way of a General Security Agreement over all of Odorchem's present and after acquired assets.

From the date of the Acquisition on January 8, 2016, to January 31, 2016, \$1,560 in interest has been accrued and disclosed on the consolidated statement of loss and comprehensive loss as interest income. Odorchem is an arm's length party.

## QUADRON CAPITAL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(Expressed in Canadian dollars)

### 7. EQUIPMENT

	Equipment	Computer Equipment	Total
<b>Costs:</b>			
Balance, April 30, 2015	\$ -	\$ -	\$ -
Additions <sup>(1)</sup>	261,905	8,441	270,346
<b>Balance, January 31, 2016</b>	<b>\$ 261,905</b>	<b>\$ 8,441</b>	<b>\$ 270,346</b>
<b>Accumulated Amortization:</b>			
Balance, April 30, 2015	\$ -	\$ -	\$ -
Amortization	6,349	1,059	7,408
<b>Balance, January 31, 2016</b>	<b>\$ 6,349</b>	<b>\$ 1,059</b>	<b>\$ 7,408</b>
<b>Net Book Value:</b>			
April 30, 2015	\$ -	\$ -	\$ -
<b>January 31, 2016</b>	<b>\$ 255,556</b>	<b>\$ 7,382</b>	<b>\$ 262,938</b>

<sup>(1)</sup> Additions during the period represent the equipment acquired on the Acquisition of Soma (Note 9).

### 8. SIGNIFICANT NON-CASH ACTIVITY

The following is a detailed description of a significant non-cash activity recorded by the Company during the nine-month period ended January 31, 2016:

As part of the amalgamation with Soma, the Company issued 17,422,500 common shares and 2,000,000 preferred shares having a fair value of \$1,742,250, and acquired \$28,228 in receivables, \$22,785 in GST recoverable, \$137,500 in prepaid expenses, a \$450,000 promissory note from Odorchem, \$270,346 in equipment, \$63,409 in amounts payable to related parties and \$559,788 in accounts payable. The balance of \$1,155,930 has been recorded as goodwill (Note 9).

### 9. AMALGAMATION AGREEMENT

Effective January 8, 2016, Quadron acquired all the issued and outstanding share capital of Soma. As consideration, Quadron issued 17,422,500 common shares and 2,000,000 preferred shares in exchange for all common and preferred shares of Soma issued and outstanding immediately prior to the completion of the amalgamation. The Company also issued one warrant for each Soma warrant held immediately prior to the date of the completion of the amalgamation. The warrants had an original value, and value on reissuance, of \$nil.

The Acquisition has been accounted for as a business combination under the acquisition method whereby the assets acquired were recorded at fair value. The Acquisition is not considered a reverse takeover. Soma's results of operations are included in the Company's consolidated results from January 9, 2016, onwards.

## QUADRON CAPITAL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(Expressed in Canadian dollars)

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### 9. AMALGAMATION AGREEMENT (continued)

The net assets of Soma had a fair value of \$586,320, on January 8, 2016, as follows:

Cash	\$	300,658
Receivables		28,228
GST recoverable		22,785
Prepaid expenses		137,500
Promissory note- Odorchem		450,000
Equipment		270,346
Loan payable to Quadron		(250,000)
Amounts payable to related parties		(63,409)
Accounts payable and accrued liabilities		(309,788)
	\$	586,320

The fair value of the common and preferred shares issued in connection with this amalgamation was \$1,742,250. The excess of \$1,155,930 over the fair value of Soma's net assets has been allocated to goodwill.

### 10. SHARE CAPITAL

#### (a) Authorized

Unlimited common shares without par value – 36,500,000 issued and outstanding as at January 31, 2016.

Unlimited preferred shares without par value – 2,000,000 issued and outstanding as at January 31, 2016. Subject to the Company achieving \$1,000,000 in earnings before interest, taxes, depreciation and amortization (the "Financial Milestone") for the fiscal period ending April 30, 2017, each preferred share will automatically convert into one common share of the Company. If the Company fails to achieve the Financial Milestone, it may, at any time after the effective date of the financial statements, purchase any or all of the preferred shares held by any one holder at a price per preferred share of CAD \$0.0001.

#### (b) Stock options

As at January 31, 2016 the Company does not have a Stock Option Plan. Subsequent to period-end, the Company adopted a Stock Option Plan under which the Board of Directors may, from time to time, in its discretion, and in accordance with regulatory policies, grant to directors, officers, employees and consultants of the Company, options to purchase Company shares, provided that the number of Company Shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding Company shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis, or 2% if the optionee is a consultant. Subsequent to period-end, 1,400,000 options were granted.

## QUADRON CAPITAL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(Expressed in Canadian dollars)

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### 10. SHARE CAPITAL (continued)

#### (c) Share issuance

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 is comprised 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. All the securities issued in the financing have a 4 month hold period expiring March 7, 2016. The residual value of the warrants attached to the units was determined to be \$nil.

On December 31, 2015, the Company closed a non-brokered private placement of 4,637,500 units at \$0.10 per unit for gross proceeds of \$463,750. Each unit is comprised 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. All the securities issued in the financing have a 4 month hold period expiring May 1, 2016. The residual value of the warrants attached to the units was determined to be \$nil.

On January 11, 2016, pursuant to acquisition of Soma, the Company issued 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.

#### (d) Warrants

A summary of the Company's warrant activity is as follows:

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	Number of warrants outstanding	Weighted average exercise price
Balance, April 30, 2015	-	\$ -
Issued - November 6, 2015 private placement	3,320,000	0.20
Issued - December 31, 2015 private placement	2,318,750	0.20
Outstanding Soma warrants converted to Quadron warrants upon amalgamation – January 8, 2016	4,361,250	0.20
Balance, January 31, 2016	10,000,000	\$ 0.20

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## QUADRON CAPITAL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(Expressed in Canadian dollars)

### 10. SHARE CAPITAL (continued)

#### (d) Warrants (continued)

A summary of warrants outstanding are as follows:

Issue Date	Number of Warrants outstanding	Weighted Avg. Exercise Prices	Expiry date	Weighted Avg. Remaining contractual life (years)
January 31, 2015	500,000	\$ 0.20	January 31, 2017	1.00
October 8, 2015	1,150,000	\$ 0.20	October 8, 2017	1.69
November 6, 2015	3,320,000	\$ 0.20	November 6, 2017	1.77
November 9, 2015	2,711,250	\$ 0.20	November 9, 2017	1.78
December 31, 2015	2,318,750	\$ 0.20	December 31, 2017	1.92
	10,000,000	\$ 0.20		1.76

### 11. 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.

Summary of expenses incurred:

Type of Service	Nature of Relationship	For the three months ended January 31,		For the nine months ended January 31,	
		2016	2015	2016	2015
Consulting fees	To an officer, and to a company with a director in common with the Company	\$ 10,000	\$ 7,500	\$ 10,000	\$ 15,000
Management fees	To a company with officers and directors in common with the Company	8,500	7,500	11,500	12,500
Legal Fees	To a law firm that a director of the Company is a partner in	32,609	-	52,609	2,500
Total		\$ 51,109	\$ 15,000	\$ 74,109	\$ 30,625

## QUADRON CAPITAL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

As at and for the nine months ended January 31, 2016

(Expressed in Canadian dollars)

### 11. RELATED PARTY TRANSACTIONS (continued)

Summary of amounts due to related parties:

Type of Service	Nature of Relationship	January 31, 2016	April 30, 2015
Consulting fees	To an officer, director and to a company that has a director in common with the Company	\$ 15,435	\$ 2,625
Loans payable	To a company that has a director in common with the Company	1,650	-
Management fees	To a company with officers and directors in common with the Company	525	
Legal Fees	To law firms that a director of the Company was and/or is a partner in	107,027	7,003
Administrative expenses	To a company with an officer and director in common with the Company	10,037	
<b>Due to related parties</b>		<b>\$134,674</b>	<b>\$ 9,628</b>

Unless otherwise specified, amounts due to related parties referred to above are non-interest bearing, unsecured, receivable or payable on demand, and have arisen from the provision of services as described above.

### 12. SEGMENTED INFORMATION

The Company's business activities include laboratory based research and development involved in providing analytical and laboratory services, compound extraction, purification services, and formulation and process development services, for the biotech and biocetical industries. The Company operates in one reportable segment. All of the Company's current and non-current assets are located in Canada.

### 13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.

### 14. SUBSEQUENT EVENT

On February 25, 2016, 1,400,000 options were granted to directors, officers and a consultant to the Company, with an exercise price of \$0.10, and an expiry date of February 15, 2021.