LINGXIAN CAPITAL INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Years Ended January 31, 2015 and 2014

Management's Responsibility for Financial Reporting

The accompanying financial statements of Lingxian Capital Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the dates and for the periods presented in the audited financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists that Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

May 27, 2015

(signed)	(signed)
Jiuwen Wu	*Fiona Zhou*
Director	Director

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lingxian Capital Inc.

We have audited the accompanying financial statements of Lingxian Capital Inc. which comprise the statements of financial position as at January 31, 2015 and 2014, the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 our 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, we consider 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 Lingxian Capital Inc. as at January 31, 2015 and 2014, and its financial performance and cash flows for the years then ended and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(b) in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Lingxian Capital Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

May 27, 2015

LINGXIAN CAPITAL INC.
STATEMENTS OF FINANCIAL POSITION
AS AT JANUARY 31, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

		2015		2014
ASSETS				
Current				
Cash and cash equivalents	$	677,932	$	55,142
Amounts receivables		5,060		-
Prepaid expenses		1,531		-
Total Current Assets		684,523		55,142
Deposit (Note 9)		15,300		-
Deferred financing costs (Note 5b)		-		27,089
Total Assets	$	**699,823**	$	**82,231**
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	9,881	$	30,320
Due to related party (Note 4a)		-		4,500
Total Current Liabilities		**9,881**		**34,820**
SHAREHOLDERS' EQUITY				
Share capital (Note 5)		396,122		100,000
Share subscriptions received		491,965		-
Share reserve		45,684		-
Deficit		(243,829)		(52,589)
Total Shareholders' Equity		**689,942**		**47,411**
Total Liabilities and Shareholders' Equity	$	**699,823**	$	**82,231**

NATURE OF OPERATIONS AND BASIS OF PREPARATION (Notes 1 and 2)
COMMITMENTS (Note 9)
SUBSEQUENT EVENT (Note 10)

Approved and authorized by the Board on May 27, 2015:

"Jiuwen Wu"
Jiuwen, Director

"Herrick Lau"
Herrick Lau, Director

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

LINGXIAN CAPITAL INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED JANUARY 31, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

		2015		2014
EXPENSES				
Office and general	$	4,931	$	-
Professional fees (Note 9)		137,052		25,629
Share-based payments (Notes 4b, 5e)		22,426		-
Transfer agent and filing fees		49,074		7,687
Travel		12,018		-
	$	**(225,501)**	$	**(33,316)**
OTHER INCOME				
Foreign exchange		34,261		-
Net loss and comprehensive loss	$	**(191,240)**	$	**(33,316)**
Basic and diluted loss per common share	$	**(0.04)**	$	**(0.08)**
Weighted average number of common shares outstanding		**4,722,603**		**400,001**

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

LINGXIAN CAPITAL INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED JANUARY 31, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Number of Shares		Share Capital		Share Subscriptions		Reserve		Deficit		Total
Balance at January 31, 2013		**1**	$	**-**	$	**95,000**	$	**-**	$	**(19,273)**	**$**	**75,727**
Share subscriptions refunded		-		-		(45,000)		-		-		(45,000)
Non-brokered private placement	5	1,999,999		100,000		(50,000)		-		-		50,000
Comprehensive loss for the year		-		-		-		-		(33,316)		(33,316)
Balance at January 31, 2014		**2,000,000**	$	**100,000**	$	**-**	$	**-**	$	**(52,589)**	**$**	**47,411**
Shares issued for cash, net	5	4,000,000		296,122		-		23,258		-		319,380
Share-based payments		-		-		-		22,426		-		22,426
Share subscriptions received	5	-		-		491,965		-		-		491,965
Comprehensive loss for the year		-		-		-		-		(191,240)		(191,240)
Balance at January 31, 2015		**6,000,000**	$	**396,122**	$	**491,965**	$	**45,684**	$	**(243,829)**	**$**	**689,942**

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

LINGXIAN CAPITAL INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

		2015		2014
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss	$	(191,240)	$	(33,316)
Item not involving cash				
Share-based payments		22,426		-
Changes in non-cash working capital items:				
Amounts receivable		(5,060)		-
Prepaid expenses		(1,531)		-
Accounts payable and accrued liabilities		(20,439)		29,473
Net cash used in operating activities		(195,844)		(3,843)
CASH FLOWS USED IN INVESTING ACTIVITY				
Deposit		(15,300)		-
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES				
Deferred financing costs		-		(27,089)
Share subscriptions received, net		491,965		-
Share subscriptions refunded		-		(45,000)
Shares issued for cash		346,469		50,000
Due to related party		(4,500)		-
Net cash provided by (used in) financing activities		833,934		(22,089)
Net increase (decrease) in cash and cash equivalents		622,790		(25,932)
Cash and cash equivalents, beginning		55,142		81,074
Cash and cash equivalents, ending	$	677,932	$	55,142
Supplemental Cash Flow Information				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

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

1. NATURE OF OPERATIONS

Lingxian Capital Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on July 16, 2012 as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V" or "TSX Venture") Policy 2.4. On April 14, 2014, the Company filed a final prospectus with the securities regulatory authorities in British Columbia and Alberta and with the TSX-V. On May 22, 2014, the TSX-V approved the Initial Offering Prospectus ("IPO") and the Company began trading under the symbol LXC.P on May 23, 2014. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations. Given the nature of the activities, no separate segmented information is reported.

On August 13, 2014 and amended on December 12, 2014, the Company entered into a Letter of Intent ("LOI") to complete a business combination with Jinsili International Steel Holdings Co., Limited ("Jinsili") by acquiring all of the issued and outstanding securities of Jinsili from its shareholders. This transaction is intended to constitute the QT. See Note 9.

The head office of the Company is located at 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. The registered office of the Company is located at 1500 - 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7. The Company does not have any subsidiaries.

2. BASIS OF PREPARATION

a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on May 27, 2015.

b) Going concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company had net loss of $191,240 for the year ended January 31, 2015 (2014 - $33,316) and an accumulated deficit of $243,829 as at January 31, 2015 (2014 - $52,589). These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company's ability to continue its operations is uncertain and is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

These financial statements have been prepared 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 through a forced liquidation. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Measurement basis

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Presentation currency

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

c) Significant accounting judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management estimates include the determination of deferred income tax assets and liabilities, and assumptions used in valuing options in share-based payment calculations. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, Financial instruments: recognition and measurement;
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, Provisions, contingent liabilities and contingent assets; and
- The assessment of the Company's ability to continue as a going concern, which is described in Note 2(b).

d) Cash and cash equivalents

The Company considers unrestricted cash on hand, in trust, in banks, in term deposits and commercial paper with original maturities of three months or less as cash and cash equivalents.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Share-based payments

The Company grants stock options to employees and consultants to buy common shares of the Company through its stock option plan as described in Note 5(d). The Company accounts for share-based payments using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the options are expected to vest.

f) Comprehensive loss

Comprehensive loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders. Other comprehensive income/loss includes items that would not normally be included in comprehensive loss but excluded from net loss, such as unrealized gains and losses on available-for-sale investments.

g) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Foreign currency

Transactions in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the financial statements date are recognized in the profit or loss.

i) Financial assets

Financial assets are classified into one of four categories:

a) Fair value through profit or loss ("FVTPL");
b) Held-to-maturity ("HTM");
c) Loans and receivables; and
d) Available for sale ("AFS").

Financial assets at fair value through profit or loss ("FVTPL")
A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial assets (continued)

Held-to-maturity ("HTM")
These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in other comprehensive income or loss.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

Available for sale ("AFS")
Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized directly in other comprehensive income/loss. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive income/loss and recognized in profit or loss.

The Company classified its cash and cash equivalents as FVTPL.

j) Financial liabilities

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and
b) Other financial liabilities.

Fair value through profit or loss
This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in profit or loss.

Other financial liabilities
This category includes liabilities which are recognized at amortized cost.

Accounts payable and due to related party are classified as other financial liabilities, which are measured at amortized cost.

k) Impairment

Financial assets:
Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Impairment (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets:
Non-financial assets with finite lives are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

l) Provisions

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

m) Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

n) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

o) Accounting standards adopted effective February 1, 2014

The Company has adopted the following new accounting standards and interpretations effective February 1, 2014. There is no material impact to the Company from adoption of these standards and interpretations:

IAS 32 - Financial Instruments: Presentation
In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

IAS 36 – Impairment of Assets
In May 2013, the IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 regarding measurement of the recoverable amount of impaired assets. The amendments resulted from the IASB’s decision in December 2010 to require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal.

IFRIC 21 – Levies
IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

p) New accounting standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company’s financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) New accounting standards issued but not yet effective (continued)

New accounting standards effective for annual periods on or after February 1, 2015:

IAS 1 – Presentation of Financial Statements
In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 36 – Intangible Assets
In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New accounting standards effective for annual periods on or after March 1, 2018:

IFRS 9 - Financial Instruments
In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

4. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party transactions:

The $4,500 due to related party amount at January 31, 2014 was to the Chief Executive Officer (“CEO”) of the Company. The amount was unsecured, non-interest bearing and with no fixed terms of repayment.

b) Key management compensation:

Key management includes directors and key officers of the Company, including the CEO and the Chief Financial Officer (“CFO”). On May 23, 2014, the Company granted a total of 280,000 stock options to the CEO and CFO. Share-based compensation of $22,426 was recorded for the year ended January 31, 2015 (Note 5c). There was no compensation paid to key management personnel for the year ended January 31, 2014.

(EXPRESSED IN CANADIAN DOLLARS)

5. SHARE CAPITAL

a) Authorized share capital:

As at January 31, 2015, the authorized share capital of the Company was an unlimited number of preferred shares without par value and an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital:

a. On November 19, 2013, the Company completed a non-brokered private placement of 1,999,999 common shares at $0.05 per share for total cash proceeds of $100,000.

b. On May 23, 2014, pursuant to the completion of the IPO, the Company raised $400,000 by issuing 4,000,000 common shares at $0.10 per share for total proceeds of $400,000. The Company incurred share issuance costs of $103,878, which consists of $40,000 agent commission, $18,563 corporate finance and disbursement fees, $22,057 legal fees and 400,000 agent warrants at a fair value of $23,258. Each agent warrant can be exercised into one common share at $0.10 per share exercisable for a period of 24 months.

Of the $103,878 share issuance costs, $27,089 was paid in 2014 and recorded as deferred financing costs. These costs were recorded as share issuance costs at the completion of the IPO.

c. As at January 31, 2015, the Company had 2,000,000 common shares in escrow.

c) Agent warrants:

The warrants that are issued and outstanding as at January 31, 2015 are as follows:

	Number of warrant	Exercise price
		$
Balance, January 31, 2013 and 2014	-	-
Issued	400,000	0.10
Balance, January 31, 2015	400,000	0.10

The following table summarizes the agent warrants outstanding and exercisable as at January 31, 2015:

Number of Warrants	Exercise Price	Expiration Date
400,000	$0.10	May 23, 2016

As at January 31, 2015, 400,000 agent warrants with a weighted average remaining contractual life of 1.31 years were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each warrant held. Prior to the completion of the QT, only 200,000 common shares obtained by exercising these warrants can be sold by the holders. The remaining 200,000 common shares may only be sold after the completion of the QT.

(EXPRESSED IN CANADIAN DOLLARS)

5. SHARE CAPITAL (continued)

c) Agent warrants (continued):

The following assumptions were used for the Black-Scholes option pricing model calculation resulting in the following estimated issue date values for the agent warrants issued in 2015:

	2015
Risk-free interest rate	1.04%
Dividend yield	0%
Expected volatility	113%
Expected life	2 years
Forfeiture rate	0%
Fair value	$0.06

d) Stock option plan:

On November 25, 2013, the Company adopted an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares and the maximum term of the options will be 10 years or such longer term as permitted by the TSX-V.

Any common shares acquired pursuant to the exercise of options prior to the completion of the QT must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of five years and vest as determined by the board of directors.

e) Options

On May 23, 2014, the Company granted 280,000 stock options to officers at the closing of its IPO (see Note 5(b)). Each option can be exercisable into one common share of the Company at a price of $0.10 per share for five years from the date of grant. The options vested on the grant date. The fair value of the options was $22,426. The average grant date fair value of the options was $0.08.

The options outstanding and exercisable at January 31, 2015 are as follows:

	Number of options	Exercise Price
		$
Balance, January 31, 2013 and 2014	-	-
Granted	280,000	0.10
Balance, January 31, 2015	280,000	0.10

The following table summarizes the options outstanding and exercisable as at January 31, 2015:

Number of Options	Exercise Price	Expiration Date
280,000	$0.10	May 23, 2019

As at January 31, 2015, 280,000 options with a weighted average remaining contractual life of 4.31 years were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held.

(EXPRESSED IN CANADIAN DOLLARS)

5. SHARE CAPITAL (continued)

e) Options (continued)

The following assumptions were used for the Black-Scholes option pricing model calculation resulting in the following estimated issue date values for the options granted in 2015:

	2015
Risk-free interest rate	1.84%
Dividend yield	0%
Expected volatility	113%
Expected life	5 years
Forfeitures	0%
Fair value	$0.10

f) Share subscriptions received

As of January 31, 2015, the Company has received $491,965 in subscription receipts from a private placement concurrent with the completion of the QT described in Note 9.

6. INCOME TAXES

The following table reconciles the amount of income tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

		2015		**2014**
Combined statutory tax rate		26%		25.83%
Income tax recovery at combined statutory rate	$	(49,722)	$	(8,606)
Permanent differences		7,084		-
Share issue cost and other		(20,652)		(57)
Tax benefits not recognized		63,290		8,663
Provision for income tax expense	$	–	$	–

The tax effects of deductible and taxable temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

		2015		**2014**
Non-capital loss carry forwards	$	60,195	$	13,674
Share issue costs		16,769		-
Deferred tax assets not recognized		(76,964)		(13,674)
Net deferred income tax assets	$	–	$	–

As at January 31, 2015, the Company had approximately $232,000 (2014 - $52,000) of non-capital loss carry forwards available to reduce taxable income for future years. These losses expire starting January 31, 2033.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at January 31, 2015, the Company's shareholders' equity was $689,942 (2014 - $47,411). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company does not have any externally imposed capital requirements to which it is subject.

The capital for expansion was mostly from proceeds for subscription of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a QT. Additional funds may be required to finance the Company's QT.

8. FINANCIAL INSTRUMENTS AND RISK

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.

At January 31, 2015, the Company's financial instruments consist of cash and cash equivalents and accounts payable. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents.

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 currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at January 31, 2015, the Company had a cash and cash equivalents of $677,932 (2014 - $55,142) to settle current liabilities of $9,881 (2014 - $34,820).

Interest rate risk
The Company has cash balances and is not exposed to any significant interest rate risk.

8. FINANCIAL INSTRUMENTS AND RISK (continued)

Currency risk
At January 31, 2015, the Company had cash and cash equivalent of $305,616 denominated in US dollars and is exposed to the related foreign currency exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's financial position. The result of the sensitivity analysis indicates that a 10% increase (decrease) in the average value of the USD during the year would have resulted in an increase (decrease) in net income and comprehensive income of approximately $30,000. The Company has not hedged its exposure to currency fluctuations.

9. COMMITMENTS

On August 13, 2014 and amended on December 12, 2014 and April 1, 2015, the Company has entered into a letter of intent (the "LOI") with Jinsili International Steel Holdings Co., Ltd. ("Jinsili"). Pursuant to the LOI, the Company will issue up to 22,000,000 common shares to shareholders of Jinsili to acquire all of the issued and outstanding securities of Jinsili, which will result in Jinsili becoming a wholly-owned subsidiary of the Company. The Company intends to complete a non-brokered private placement which will close concurrently with the closing of the QT. The Company plans to issue an aggregate of 2,500,000 common shares at a price of $0.20 per share for gross proceeds of $500,000. Upon closing of the transaction, a finder's fee will be paid by issuing 500,000 common shares together with 500,000 non-transferable finder's warrants (the "Finder's Warrants"). Each of the Finder's Warrants entitles the finder to purchase one additional common share of the Company at a price of $0.19 for a period of two years from the date of the closing of the transaction. Per the LOI, if a definitive agreement is not negotiated and executed by the Jinsili and the Company on or before August 31, 2015, or such other date as agreed by the parties, the terms of the letter of intent will be of no further force or effect.

In addition, on August 2, 2014, the Company entered into an agreement with Leede Financial Markets Inc. ("Leede"). Leede agreed to be act as sponsor of the Company to prepare a Sponsor Report for the QT. The Company agreed to pay a due diligence deposit of $30,000 and a sponsor fee of $70,000 fee (plus GST). During the year ended January 31, 2015, the Company paid the due diligence deposit of $30,000, of which $15,300 was unspent and is presented as long term deposit on the statement of financial position at January 31, 2015. During the year ended January 31, 2015, the Company paid $36,500 (plus GST) of the non-refundable sponsor fee. The remaining balance is payable upon the final approval of the QT by the TSX-V.

At January 31, 2015, the Company had incurred professional fees of $118,683 related to the QT, comprised of $51,450 consulting fees, $12,500 valuation fees and $54,733 legal fees.

10. SUBSEQUENT EVENT

On April 1, 2015, the Company entered into a consulting agreement with a consultant for corporate consulting services to develop an overall business and strategic plan to complete the QT and achieve a sustainable business operation. The consultant will be remunerated at $5,000 a month for three months, the terms of which are renewable at the option of the Company.