

**CVR Medical Corp.**  
**(formerly Big Bar Resources Corporation)**  
**Interim Financial Statements**  
**Nine Months Ended September 30, 2016**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**The accompanying unaudited interim financial statements have been prepared by Management of CVR Medical and have not been reviewed by the Company's auditors.**

**CVR Medical Corp.**  
**(Formerly Big Bar Resources Corporation)**  
**Interim Statements of Financial Position**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	September 30, 2016	December 31, 2015
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	469,316	9,342
Sales tax recoverable	8,169	5,782
Advance to CVR Global, Inc. (Note 8)	1,616,244	–
<b>Total Current Assets</b>	<b>2,093,729</b>	15,124
Investment in joint venture (Note 8)	1,470,000	–
<b>Total Assets</b>	<b>3,563,729</b>	15,124
<b>Liabilities and Shareholders' Deficiency</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	68,739	32,812
Accrued liabilities	10,747	6,343
Due to related parties (Note 6)	180,272	440,003
<b>Total Liabilities</b>	<b>259,758</b>	479,158
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (Note 9)	12,390,782	8,745,373
Subscriptions received (Note 9)	–	25,000
Option reserve (Note 9)	2,122,517	925,791
Deficit	(11,209,328)	(10,160,198)
<b>Total Shareholders' Equity (Deficiency)</b>	<b>3,303,971</b>	(464,034)
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>3,563,729</b>	15,124

**Going Concern (Note 2)**

Approved on behalf of the Board:

\_\_\_\_\_  
"Peter Bakema" Director

\_\_\_\_\_  
"Erwin Wong" Director

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

**CVR Medical Corp.**  
**(Formerly Big Bar Resources Corporation)**  
**Interim Statements of Comprehensive Loss**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	<b>Nine Months Ended September 30,</b>		<b>Three Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>				
Consulting fees (Note 6)	111,300	61,500	70,300	20,500
Interest	(599)	765	(162)	640
Foreign exchange (gain) loss	(4,665)	7,657	988	4,315
Office and general	7,802	905	6,880	158
Professional fees	62,598	28,651	43,939	19,469
Rent (Note 6)	9,000	13,500	–	4,500
Share-based compensation	1,154,945	–	1,154,945	–
Travel and entertainment	10,286	4,924	738	3,330
Transfer agent and filing fees	54,209	6,514	47,342	2,359
<b>Loss before other income</b>	<b>(1,404,876)</b>	<b>(124,416)</b>	<b>(1,324,970)</b>	<b>(55,271)</b>
<b>Other income</b>				
Gain on forgiveness of related party debt (Note 6)	345,746	–	345,746	–
Gain on sale of Net Smelter Royalty (Note 7)	10,000	–	–	–
<b>Net and comprehensive loss</b>	<b>(1,049,130)</b>	<b>(124,416)</b>	<b>(979,224)</b>	<b>(55,271)</b>
<b>Loss per share – basic and diluted</b>	<b>(0.04)</b>	<b>(0.01)</b>	<b>(0.04)</b>	<b>(0.00)</b>
<b>Weighted average number of shares outstanding</b>	<b>24,459,819</b>	<b>23,498,618</b>	<b>26,361,326</b>	<b>23,498,618</b>

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

**CVR Medical Corp.**  
**(Formerly Big Bar Resources Corporation)**  
**Interim Statement of Changes in Equity**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	<b>Common Shares</b>					
	<b>Number</b>	<b>Amount</b>	<b>Subscriptions</b>	<b>Option</b>	<b>Deficit</b>	<b>Total</b>
		<b>\$</b>	<b>Received</b>	<b>Reserve</b>	<b>\$</b>	<b>\$</b>
			<b>\$</b>	<b>\$</b>		
Balance, December 31, 2014	23,498,618	8,745,373	–	925,791	(9,987,225)	(316,061)
Net loss and comprehensive loss	–	–	–	–	(124,416)	(124,416)
<b>Balance, September 30, 2015</b>	<b>23,498,618</b>	<b>8,745,373</b>	<b>–</b>	<b>925,791</b>	<b>(10,111,641)</b>	<b>(440,477)</b>
Balance, December 31, 2015	23,498,618	8,745,373	25,000	925,791	(10,160,198)	(464,034)
Units issued pursuant to private placement	11,024,612	2,315,169	(25,000)	–	–	2,290,169
Share issuance costs	–	(139,760)	–	41,781	–	(97,979)
Shares issued for patents	7,000,000	1,470,000	–	–	–	1,470,000
Share-based compensation	–	–	–	1,154,945	–	1,154,945
Net loss and comprehensive loss	–	–	–	–	(1,049,130)	(1,049,130)
<b>Balance, September 30, 2016</b>	<b>41,523,230</b>	<b>12,390,782</b>	<b>–</b>	<b>2,122,517</b>	<b>(11,209,328)</b>	<b>3,303,971</b>

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**CVR Medical Corp.**  
**(Formerly Big Bar Resources Corporation)**  
**Interim Statements of Cash Flows**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash (used in) provided by:</b>		
<b>Operating activities</b>		
Net loss	(1,049,130)	(124,416)
Items not involving cash:		
Gain on forgiveness of related party debt	(345,746)	–
Share-based compensation	1,154,945	–
Net changes in non-cash working capital items:		
Advance to CVR Global, Inc.	(1,616,244)	–
Sales tax recoverable	(2,387)	906
Accounts payable	35,927	21,733
Accrued liabilities	4,404	(5,650)
Due from related parties	86,015	108,802
<b>Net cash (used in) provided by operating activities</b>	<b>(1,732,216)</b>	<b>1,375</b>
<b>Cash flows from financing activities</b>		
Shares issued for cash, net of issuance costs	2,192,190	–
<b>Net cash provided by financing activities</b>	<b>2,192,190</b>	<b>–</b>
<b>Increase in cash</b>	<b>459,974</b>	<b>1,375</b>
<b>Cash, beginning of period</b>	<b>9,342</b>	<b>894</b>
<b>Cash, ending of period</b>	<b>469,316</b>	<b>2,269</b>
<b>Non-cash investing and financing activities:</b>		
Shares issued for patents	1,470,000	–
<b>Supplemental disclosures:</b>		
Interest paid	–	–
Income tax paid	–	–

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

## 1. Corporate Information

CVR Medical Corp. (Formerly Big Bar Resources Corporation) (the “Company”) was incorporated on December 10, 1980 under the British Columbia Business Corporations Act and is engaged in an equal parts joint venture with CVR Global Inc. The Joint Venture operates in the medical industry focused on the commercialization of proprietary subsonic, infrasonic, and low frequency sound wave analysis technology and has patents to a diagnostic device designed to detect and measure carotid arterial stenosis. The Company’s common shares trade on the TSX Venture Exchange (“Exchange”).

The Company’s registered office is Suite 409 – 221 West Esplanade, North Vancouver, British Columbia, V7M 3J3.

## 2. Basis of Presentation

### a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by IASB.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2015.

The financial statements were authorized for issue by the Board of Directors on November 28, 2016.

### b) Basis of measurement

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, which is also the Company’s functional currency.

### c) Going concern of operations

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant net losses and negative cash flows from operations in prior years. The Company incurred a net loss of \$1,049,130 during the nine months ended September 30, 2016, and, as of that date the Company’s deficit was \$11,209,328. The continuation of the Company as a going concern is dependent on its ability to obtain additional equity capital to finance existing operations and attaining future profitable operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, the amount and classification of liabilities that would be necessary should the Company be unable to continue as a going concern.

### d) Critical judgments in applying accounting policies

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **2. Basis of Presentation (continued)**

### **d) Critical judgments in applying accounting policies (continued)**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) the recoverability and measurement of deferred tax assets.
- ii) Share-based payments

## **3. Recent accounting pronouncements**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after January 1, 2016 or later periods. The following new IFRSs that have not been early adopted in these financial statements will not have a material effect on the Company's future results and financial position:

- i) IFRS 9, *Financial Instruments* (New; to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9).
- ii) IAS 7, *Statement of Cash Flows* (amended)

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **4. Financial Risk Factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash. Cash consists of bank accounts held with a Canadian Chartered Bank from which management believes the risk of loss is remote.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2016, the Company has a cash balance of \$469,316 (December 31, 2015 - \$9,342) and current liabilities of \$259,758 (December 31, 2015 - \$479,158). The Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The ability of the Company to continue to commercialize diagnostic devices and maintain its working capital is dependent on its ability to secure additional equity or debt financing.

### **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. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company is not exposed to any significant interest rate risk.

### **Foreign Exchange Risk**

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to foreign activities. Advances from related parties may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

## **5. Capital Management**

The Company considers its cash, common shares, stock options, and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the commercialization of diagnostic devices and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of one year or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the period ended September 30, 2016.

## **6. Related Party Transactions**

- i) During the nine months ended September 30, 2016, the Company incurred \$5,000 (2015 - \$7,500) in consulting fees to the former President of the Company. During the nine months ended September 30, 2016, the former President of the Company agreed to settle all outstanding debt of \$90,000 which has been recorded as a gain on settlement of debt. As at September 30, 2016, the Company owed \$nil (December 31, 2015 - \$85,000) to the former President of the Company.
- ii) During the nine months ended September 30, 2016, the Company incurred \$45,000 (2015 - \$45,000) in consulting fees to the Chief Financial Officer ("CFO") of the Company. During the nine months ended September 30, 2016, the CFO agreed to settle outstanding debt of \$128,969 which has been recorded as a gain on settlement of debt. As at September 30, 2016, the Company owed \$101,605 (December 31, 2015 - \$180,251) to the CFO of the Company.
- iii) During the nine months ended September 30, 2016, the Company incurred rent of \$9,000 (2015 - \$13,500) to a private company controlled by the CFO of the Company. During the nine months ended September 30, 2016, the private company agreed to settle outstanding debt of \$68,110 which has been recorded as a gain on settlement of debt. As at September 30, 2016, the Company owed the private company \$6,300 (December 31, 2015 - \$65,910) for rent.
- iv) During the nine months ended September 30, 2016, the Company incurred \$6,000 (2015 - \$9,000) in consulting fees to a former director of the Company. During the nine months ended September 30, 2016, the former director agreed to settle all outstanding debt of \$38,000 which has been recorded as a gain on settlement of debt. As at September 30, 2016, the Company owed \$nil (December 31, 2015 - \$32,000) for consulting services rendered by the former director.
- v) As at September 30, 2016, the Company owed a shareholder of the Company \$24,219 (US\$18,464) (December 31, 2015 - \$25,554 (US\$18,464)) and \$7,000 (December 31, 2015 - \$7,000) for advances without specific terms of repayment or interest.
- vi) During the nine months ended September 30, 2016, a former director of the Company agreed to settle all outstanding debt of \$20,667 (US\$16,000) which has been recorded as a gain on settlement of debt. As at September 30, 2016, the Company owed a former director of the Company \$nil (December 31, 2015 - \$22,144 (US\$16,000)) for advances without specific terms of repayment or interest.
- vii) As at September 30, 2016, the Company owed a shareholder of the Company \$40,662 (US\$31,000) (December 31, 2015 - \$22,144 (US\$16,000)) for advances without specific terms of repayment or interest.

The balances owing are unsecured, non interest bearing and have no fixed terms for repayment.

## **7. Sale of Net Smelter Royalty**

On June 1, 2013, the Company entered into a purchase agreement with Goldzone Exploration Inc. ("Goldzone") in which the Company agreed to sell Goldzone 100% of a 2% Net Smelter Returns Royalty ("NSR") on the Las Lajas claims, located in Sonora, Mexico. As consideration for the NSR, Goldzone agreed to pay \$75,000, of which \$10,000 is due within 30 days of the agreement (received), \$15,000 is due within 75 days of the agreement (received) and the final \$50,000 is due within 28 months of the agreement.

On June 3, 2016, the Company entered into a new purchase agreement with Goldzone, to replace the prior agreement, in which the Company agreed to sell Goldzone 100% interest in the NSR on Las Lajas claims. As consideration for the NSR, Goldzone agreed to pay \$10,000, of which \$5,000 is due on signing (received) and \$5,000 on or prior to June 30, 2016 (received).



## 8. Asset Purchase Agreement

On November 5, 2015, the Company entered into an Asset Purchase Agreement (the "Transaction") with CVR Global, Inc. ("CVR Global") for the acquisition of patents (the "Patents") relating to a diagnostic device developed by CVR Global, which is designed to detect and measure carotid arterial stenosis (the "Device"). The Transaction was subject to a number of conditions including, but not limited to, delivery by CVR Global of a satisfactory valuation as to the value of the Patents, completion of due diligence reviews by the parties, approval by each of the Company and CVR Global boards of directors and including TSX Venture Exchange acceptance for filing. On May 5, 2016, the Company received conditional approval from the TSX Venture Exchange. On September 16, 2016, the Company issued 7,000,000 common shares with a fair value of \$1,470,000 to CVR Global in consideration for the Patents and closed the Transaction.

Upon closing of the Transaction, CVR Global and the Company formed a joint venture (the "Joint Venture") pursuant to which the Company will contribute the Patents and working capital, and CVR Global will contribute certain additional patents and intellectual property, the Device, as well as management know-how and marketing expertise, for an initial equal equity interest by both parties in the Joint Venture. As at September 30, 2016, the Company has contributed the Patents to the Joint Venture. The Company has also advanced \$1,616,244 to CVR Global, to be used for the operations of the Joint Venture. The advance is non-interest bearing, unsecured and is due on demand.

## 9. Share Capital

Authorized share capital consists of unlimited number of common shares without par value.

On September 15, 2016, the Company completed a private placement for gross proceeds of \$2,315,169 through the issuance of 11,024,612 Units. Each Unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company at \$0.40 per share until September 15, 2018. In connection with the Private Placement, the Company paid certain finders a commission of \$97,979 cash and issued 466,571 finders warrants with a fair value of \$41,781, which have both been recorded as share issue costs.

On September 16, 2016, the Company issued 7,000,000 common shares with a fair value of \$1,470,000 to CVR Global in exchange for Patents as described in Note 8.

## 10. Stock Options and Warrants

The following table summarizes information about the options at September 30, 2016 and December 31, 2015, and the changes for the periods then ended:

	September 30, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Options outstanding – Beginning of period	–	–	–	–
Granted	6,000,000	0.21	–	–
Options outstanding – End of period	6,000,000	0.21	–	–
Options exercisable – End of period	5,450,000	0.21	–	–

#### 10. Stock Options and Warrants (continued)

The Company's stock options are exercisable only for common shares.

The following table summarizes information about stock options outstanding and exercisable at September 30, 2016:

Exercise Price \$	Options outstanding	Options Exercisable	Weighted average remaining contracted life (years)
0.21	6,000,000	5,450,000	4.98
	6,000,000	5,450,000	4.98

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended September 30, 2016, the Company recognized share-based compensation expense of \$1,154,945 (2015 - \$nil) in option reserve, which will be applied to share capital upon exercise. The weighted average fair value of the options granted during the period ended September 30, 2016, was \$0.21 (2015 - \$nil). Weighted average assumptions used in calculating the fair value of stock-based compensation expense are as follows:

	2016	2015
Risk-free rate	1.19%	—
Dividend yield	0%	—
Volatility	246%	—
Weighted average expected life of the options (years)	5.00	—

There were no stock options exercised during the period ended September 30, 2016. On September 30, 2016, there was \$317,508 unrecorded stock based compensation relating to the fair value of unvested stock options.

#### Share purchase warrants

The following table summarizes information about the warrants at September 30, 2016 and December 31, 2015, and the changes for the period then ended:

	September 30, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Warrants outstanding – Beginning of period	—	—	—	—
Issued	11,491,187	0.40	—	—
Warrants outstanding – End of period	11,491,187	0.40	—	—

The Company's warrants are exercisable only for common shares. The following table summarizes information about warrants outstanding and exercisable at September 30, 2016:

Exercise Price \$	Expiry date	Warrants Outstanding	Weighted average remaining contracted life (years)
0.40	September 15, 2018	11,491,187	1.96
			1.96

**11. Commitments**

On September 27, 2016, the Company entered into a consulting agreement with a third party for the provision of investor relation services. The consultant will initiate and maintain contact with the financial community, shareholders, investors and other stakeholders for the purpose of increasing awareness of CVR Medical and its activities. The agreement is for an ongoing basis and may be terminated by either party by 30 days of written notice and is subject to approval from the TSX Venture Exchange. In exchange for the services, the Company will provide a monthly retainer of \$6,500 plus applicable taxes at the start of each month, plus expenses. In addition, the Company agreed to grant 350,000 stock options exercisable at \$0.21 per share until September 21, 2021.

**12. Subsequent Event**

On October 12, 2016, the Company entered into a marketing agreement with Venture Liquidity Providers Inc. ("VLP") in which the Company agreed to pay \$5,000 per month for a 12-month period where VLP will provide assistance in maintaining an orderly trading market for the common shares of the Company.