

OPTIUM CYBER SYSTEMS, INC.

(FORMERLY CRE8TIVE WORKS, INC.)

Financial Statements

Three Months Ended March 31, 2018 and March 31, 2017

(Expressed in US Dollars)

OPTIUM CYBER SYSTEMS, INC.
(FORMERLY CRE8TIVE WORKS, INC.)
Notice to Reader

NOTICE TO READER

I, George M. Rutherford, President of Optium Cyber Systems, Inc., hereby certify that the financial statements filed here within and the attached notes thereto fairly represent, in all material respects, the financial position, results of operations and cash flow as at and for the three months ended March 31, 2018, in conformity with accounting principles accepted in the United States, consistently applied.

The Woodlands, Texas
May 10, 2018

By: 
President

OPTIUM CYBER SYSTEMS, INC.
(FORMERLY CRE8TIVE WORKS, INC.)

Balance Sheet

March 31, 2018 and March 31, 2017

(Expressed in US Dollars)

	March 31, 2018 \$	March 31, 2017 \$
ASSETS		
Current Assets		
Cash (bank indebtedness)	250	88
Prepaid expenses	-	130,625
Accounts receivable	150,000	346,309
Total Current Assets	150,250	477,022
Non-Current Assets		
Computer equipment (Note 2)	833	856
Software (Note 2)	-	10,800
Goodwill (Note 2)	-	250,000
Technology platform (Note 2)	106,250	-
Investment in associates (Note 3)	2,500,000	-
Total Non-Current Assets	2,607,083	261,656
Total Assets	2,757,333	738,678
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities	29,358	95,008
Management fees payable	112,500	-
Total Current Liabilities	141,858	95,008
Long Term Liabilities		
Due to stockholders	18,609	7,000
Due to related parties (Note 4)	28,541	511
Notes payable (Note 5)	6,359	6,359
Convertible debentures (Note 6)	125,970	118,546
Total Long Term Liabilities	179,479	132,416
Total Liabilities	321,337	227,424
Stockholders' Equity		
Common stock: 7,000,000,000 shares authorized, \$0.001 par value; (Note 7)	8,533,351	2,784,309
Preferred stock: 16,081,530 shares authorized, \$0.001 par value; (Note 8)	16,082	16,082
Additional paid-in capital	1,336,991	1,112,762
Discount on issuance of common stock	(5,484,717)	-
Accumulated deficit	(1,965,711)	(3,401,899)
Total Stockholders' Equity	2,435,996	511,254
Total Liabilities and Stockholders' Deficit	2,757,333	738,678

(The accompanying notes are an integral part of these financial statements)

OPTIUM CYBER SYSTEMS, INC.
(FORMERLY CRE8TIVE WORKS, INC.)

Statement of Operations

Three Months Ended March 31, 2018 and March 31, 2017

(Expressed in US Dollars)

	Three Months Ended March 31, 2018 \$	Three Months Ended March 31, 2017 \$
Operating Revenue	150,000	-
Operating Expenses		
Advertising and marketing	4,000	-
Amortization and depreciation	18,816	1,538
Automobile	313	-
Consulting fees	16,875	77,825
Interest & bank charges	3,597	-
Internet and web-hosting	1,695	-
Investor relations	1,875	12,375
Management fees	48,125	15,625
Meals & entertainment	213	-
News dissemination	5,265	-
Professional fees	-	42,665
Rent and utilities	4,500	153
Subscriptions and dues	3,234	4,000
Telephone and cellular	652	-
Transfer agent	2,230	660
Travel	307	-
Total Operating Expenses	111,697	154,841
Net Operating Income (Loss)	38,303	(154,841)
Other Expenses (Gains)		
Loss on write down of accounts receivable	-	-
Loss on write down of capital assets	-	-
Loss (gain) on write down of liabilities	-	-
Total Other Expenses	-	-
Net Income (Loss) Before Taxes	38,303	-
Income Tax Expense	-	-
Net Income (Loss) After Tax	38,303	-
Net Income (Loss) Per Common Share	0.000006	(0.0002)
Weighted Average Shares Common Shares Outstanding	6,604,048,799	794,547,799

(The accompanying notes are an integral part of these financial statements)

OPTIUM CYBER SYSTEMS, INC.

(FORMERLY CRE8TIVE WORKS, INC.)

Statements of Stockholders' Equity (Deficit)

December 31, 2003 (Date of Inception) to March 31, 2018

(Expressed in US Dollars)

	Preferred Stock	Common Stock	Addition Paid Up Capital	Discount On Issuance	Accumulated Deficit	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2003 (Date of Inception)	—	—	—	—	—	—
Issuance of common stock for cash	—	38	1,666	—	—	1,704
Common stock issued for acquisition	—	50	249,950	—	—	250,000
Forward split 500 for 1	—	43,912	(43,912)	—	—	—
Net loss for the period	—	—	—	—	(166,947)	(166,947)
Balance, December 31, 2006	—	44,000	207,704	—	(166,947)	84,757
Common stock issued for debt	—	6,000	144,000	—	—	150,000
Net loss for the period	—	—	—	—	(135,205)	(135,205)
Balance December 31, 2007	—	50,000	351,704	—	(302,152)	99,552
Common stock issued for debt	—	276,541	21,930	—	—	298,471
Net loss for the period	—	—	—	—	(114,275)	(114,275)
Balance December 31, 2008	—	326,541	373,634	—	(416,427)	283,748
Net loss for the period	—	—	—	—	(47,622)	(47,622)
Balance, December 31, 2009	—	326,541	373,634	—	(464,049)	236,126
Common stock issued for debt	—	408,444	—	—	—	408,444
Net loss for the year	—	—	—	—	(115,047)	(115,047)
Balance, December 31, 2010	—	734,985	373,634	—	(579,096)	529,523
Net loss for the year	—	—	—	—	(52,743)	(52,743)
Balance, December 31, 2011	—	734,985	373,634	—	(631,839)	476,780
Common stock issued	—	82,850	—	—	—	82,850
Net loss for the year	—	—	—	—	(156,334)	(156,334)
Balance, December 31, 2012	—	817,835	373,634	—	(788,173)	403,296
Preferred stock issued upon merger	42,942	—	28,878	—	(148,134)	(76,314)
Common stock issued for debt	—	122,529	—	—	—	122,529
Preferred stock converted to common	(42,296)	1,057,388	(28,878)	—	(986,214)	—
Net loss for the period	—	—	—	—	(367,135)	(367,135)
Balance, December 31, 2013	646	1,997,752	373,634	—	(2,289,656)	82,376
Common stock issued for debt	—	87,628	673,489	—	—	761,117
Common stock retired	—	(4,592)	(72,128)	—	—	(76,720)
Preferred stock converted to common	(646)	65	581	—	—	—
Net loss for the period	—	—	—	—	(780,139)	(780,139)
Balance, December 31, 2014	—	2,080,852	975,576	—	(3,069,795)	(13,367)
Common stock issued for debt	—	88,180	190,192	—	—	278,372
Preferred stock issued for debt	16,082	—	—	—	—	16,082
Net loss for the period	—	—	—	—	(94,394)	(94,394)
Balance, December 31, 2015	16,082	2,169,032	1,165,768	—	(3,164,189)	186,693
Common stock issued for debt	—	9,737	14,606	—	—	24,343
Net loss for the period	—	—	—	—	(82,869)	(82,869)
Balance, December 31, 2016	16,082	2,178,769	1,180,374	—	(3,247,058)	128,167
Common stock issued for services and debt	—	5,904,582	156,617	(5,057,217)	—	1,003,982
Net income for the period	—	—	—	—	1,243,044	1,243,044
Balance, December 31, 2017	16,082	8,083,351	1,336,991	(5,057,217)	(2,004,014)	2,375,193
Common stock issued for debt	—	450,000	—	(427,500)	—	22,500
Net income for the period	—	—	—	—	38,303	38,303
Balance, March 31, 2018	16,082	8,533,351	1,336,991	(5,484,717)	(1,965,711)	2,435,996

(The accompanying notes are an integral part of these financial statements)

OPTIUM CYBER SYSTEMS, INC.

(FORMERLY CRE8TIVE WORKS, INC.)

Statements of Cash Flow

Three Months Ended March 31, 2018 and March 31, 2017

(Expressed in US Dollars)

	Three Months Ended March 31, 2018 \$	Three Months Ended March 31, 2017 \$
Operating Activities		
Net (loss) from continuing operations	38,303	(154,841)
Changes in operating assets and liabilities:		
Accounts receivable	(150,000)	-
Prepaid expenses	6,875	(130,625)
Software	-	-
Goodwill	-	-
Accounts payable and accrued liabilities	17,878	43,428
Management fees payable	45,000	-
Changes in non-cash working capital items		
Amortization and depreciation	18,816	1,538
Net Cash Used in Operating Activities	(23,128)	(240,500)
Investing Activities		
Purchase of computer equipment	-	-
Purchase of technology platform	-	-
Investment in associate	-	-
Net Cash Used in Investing Activities	-	-
Financing Activities		
Due to stockholder	11,214	7,000
Due to related parties	12,164	(152,077)
Convertible debentures	(22,500)	(152,263)
Net Proceeds from issuance of common stock	22,500	537,928
Net Cash Generated by Financing Activities	23,378	240,588
Increase (Decrease) in Cash	250	88
Cash - Beginning of Period	-	-
Cash - End of Period	250	88

(The accompanying notes are an integral part of these financial statements)

**OPTIUM CYBER SYSTEMS, INC.
(FORMERLY CRE8TIVE WORKS, INC.)**

Notes to the Financial Statements

March 31, 2018

(Expressed in US Dollars)

1. Nature of Operations and Continuance of Business

Optium Cyber Systems, Inc. “the Company” was incorporated in the State of Nevada on December 31, 2003 under the name of Platinum Consulting Services and was in the business of providing business consulting services until 2006 when on May 15, 2006 it signed a Share Purchase agreement to acquire an undivided 100% right, title and interest in and to all the outstanding shares of AutoBidLive Auctions Inc. AutoBidLive Auctions Inc. was a private company incorporated in the Province of Alberta, Canada whose main asset was a proprietary software to enable real time, online auctions of virtually any product or commodity for use by the wholesale market. This included cars, boats, planes, coins, stamps, industrial products, diamonds, artwork, and livestock. As a result of the closing of the Share Purchase Agreement the Company changed its name from Platinum Consulting Services to Autobidlive Auctions International Inc. The Company subsequently changed its name again on December 26, 2006 from Autobidlive Auctions International Inc. to Auctions International Inc. although there was no change in business.

Between 2006 and 2012 the Company continued to develop and market its online auctions software and on November 20, 2012 it entered into an agreement with Rangemore Productions to produce a live interactive auction television series utilizing the AutoBidLive software. This lead to a merger with Rangemore Productions, a company that leased film studio space to independent film productions presented itself. Although this was a deviation from the original business plan, the management felt that it was an exciting opportunity and decided to pursue it. On December 31, 2012, the Company entered into a Merger Agreement and on March 31, 2013, the merger closed whereby the Company issued 42,942,000 preferred shares for all the assets and liabilities of Rangemore Productions Corp.

Prior to the closing of the Merger Agreement on March 26, 2013, the Company changed its corporate name from Auctions International Inc. to Rangemore Film Productions Corp. to reflect the closing of the Merger Agreement between the Company and Rangemore Productions Corp. and the resulting change in business. On December 19, 2013 the Company again changed its corporate name to Cre8tive Works, Inc. as there was confusion with another company using the name Rangemore but did not change its business plan or operations.

From March 2013 to August 2017 Cre8tive Works was in the business of financing media productions. The term “media productions” includes but is not limited to: feature films, documentaries, animation, television series, movies-of-the-week, television specials, webisodes and soundtracks. The business was not successful and in August of 2017 the management was presented with the opportunity to acquire a technology platform developed to analyze and monitor IT networks for cyber security vulnerabilities and breaches. As a result of the new business the Company changed its name to Optium Cyber Systems, Inc. (OCSI). OCSI has developed a proprietary process to analyze, identify and address cyber security vulnerabilities in an organization’s critical IT infrastructure which is scalable to any size organization in any industry. OCSI has recently launched in the health care sector, focusing on protecting health care facilities including hospitals, nursing homes and doctor’s offices from cyberthreats such as the manipulation of medical devices or theft of patient records. OCSI is a publicly traded company having its common shares quoted on the OTC Markets under the symbol “OCSY”.

Going Concern

These financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated significant revenues since inception and is unlikely to generate significant revenue or earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. As at March 31, 2018, the Company has accumulated losses totaling \$1,965,711 since inception. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company will need additional working capital to continue or to be successful in any future business activities. Therefore, continuation of the Company as a going concern is dependent upon obtaining the additional working capital necessary to accomplish its objective. Management plans to seek debt or equity financing, or a combination of both, to raise the necessary working capital.

2. Summary of Significant Accounting Principles

Basis of Presentation and Principles of Consolidation

These financial statements are prepared in conformity with accounting principles generally accepted in the United States and are presented in US dollars, unless otherwise noted. The Company's fiscal year end is December 31.

Use of Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets, recoverability of goodwill and intangible assets, fair value of convertible debt, stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity dates of three months or less at the time of issuance to be cash equivalents.

Computer Equipment

Computer equipment is recorded at cost and amortized on a declining balance basis at a rate of 30% per annum.

Software

Software is recorded at cost and amortized over the useful life of the software as a revenue generating asset.

Intangible Assets

Intangible assets acquired are initially recognized and measured at cost and are not being amortized. Impairment tests are conducted annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. The impairment test compares the carrying amount of the intangible asset with its fair value, and an impairment loss is recognized in income for the excess, if any. The amortization methods and estimated useful lives of intangible assets are reviewed annually.

Impairment of Long-Lived Assets

In accordance with ASC 360, *Property, Plant, and Equipment*, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Earnings Per Share

The Company computes net income (loss) per share in accordance with ASC 260, *Earnings per Share*, which requires presentation of both basic and diluted earnings per share (EPS) on the face of the statements of operations. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation – Stock Based Compensation* and ASC 505-50 - *Equity-Based Payments to Non-Employees*. All transactions in which goods or services are the consideration

received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Foreign Currency Translation

The Company's functional currency and its reporting currency is the United States dollar and foreign currency transactions are primarily undertaken in Canadian dollars. Monetary balance sheet items expressed in foreign currencies are translated into US dollars at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income.

Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, Accounting for Income Taxes. The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company files federal income tax returns in the United States. The Company may be subject to a reassessment of federal taxes by tax authorities for a period of three years from the date of the original notice of assessment in respect of any particular taxation year. In certain circumstances, the federal statute of limitations can reach beyond the standard three year period. The statute of limitations in the United States for income tax assessment varies from state to state. Tax authorities have not audited any of the Company's income tax returns.

The Company recognizes interest and penalties related to uncertain tax positions in tax expense. During the three months ended March 31, 2018, there were no charges for interest or penalties.

Financial Instruments and Fair Value Measures

ASC 820, *Fair Value Measurements*, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist primarily of cash, accounts payable, accrued interest payable, amounts due to related parties, and notes payable. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Recent Accounting Pronouncements

In January 2009, the FASB issued an amendment to ASC 820, *Fair Value Measurements and Disclosure*, to require reporting entities to separately disclose the amounts and business rationale for significant transfers in and out of Level 1 and Level 2 fair value measurements and separately present information regarding purchase, sale, issuance, and settlement of Level 3 fair value measures on a gross basis. This standard is effective for interim and annual reporting periods beginning after December 15, 2009 with the exception of disclosures regarding the purchase, sale, issuance, and settlement of Level 3 fair value measures which are effective for fiscal years beginning after December 15, 2009. The adoption of this standard did not have a significant impact on the Company's financial statements.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial statements.

Reclassification

Certain items have been reclassified to conform to the current year presentation standards.

3. Investment in Associate

On October 20, 2017, the Company entered into a License Agreement with Global Security Agency Inc. ("Global"), a company with common offers and directors, whereby Global has been granted a non-exclusive, worldwide license to develop and market the Company's security platform to the shipping and transportation industry. As consideration for this license, Global issued the Company 10,000,000 common shares at a current market price of \$0.25 per share.

4. Due To Related Parties

As at March 31, 2018, the Company owed \$28,541 (March 31, 2017 - \$511) to related parties for expenses paid on behalf of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.

5. Notes Payable

On September 30, 2013, the Company issued a convertible note payable to a non-related party for expenses paid during the period July 1, 2013 to September 30, 2013, in the amount of \$6,358.62. Under the terms of the note, the amount owing is unsecured, bears interest at 0% per annum, and is due on September 30, 2014. Interest on overdue principal after default accrues at an annual rate of 18%. The note is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2018 is \$6,358.62.

6. Convertible Debentures

- (a) On December 31, 2014, the Company issued a convertible debenture to a non-related party in settlement of expenses paid on behalf of the Company in the amount of \$43,545.90. Under the terms of the debenture, the amount owing is unsecured, bears interest at 0% per annum, and is due on June 30, 2015. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. On January 24, 2017 the Company settled \$37,500.00 of the debenture through the issuance of 600,000,000 common shares. The balance outstanding as at March 31, 2018 is \$6,045.90.
- (b) On June 30, 2017, the Company issued a convertible debenture to a non-related party in settlement of services provided to the Company in the amount of \$27,500.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 12% per annum, and is due on December 31, 2017. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2018 is \$27,500.00.

- (c) On September 30, 2017, the Company issued a convertible debenture to a non-related party in settlement of services provided to the Company in the amount of \$12,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 12% per annum, and is due on March 31, 2018. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2018 is \$12,000.00.
- (d) On September 30, 2017, the Company issued a convertible debenture to a non-related party in settlement of services provided in the amount of \$15,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 12% per annum, and is due on September 30, 2018. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2017 is \$15,000.00.
- (e) On September 30, 2017, the Company issued a convertible debenture to a non-related party in settlement of expenses paid on behalf of the Company in the amount of \$10,175.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 12% per annum, and is due on March 31, 2018. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2018 is \$10,175.00.
- (f) On September 30, 2017, the Company issued a convertible debenture to a non-related party in settlement of expenses paid on behalf of the Company in the amount of \$25,233.70. Under the terms of the debenture, the amount owing is unsecured, bears interest at 12% per annum, and is due on March 31, 2018. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2018 is \$25,233.70.
- (g) On September 30, 2017, the Company issued a convertible debenture to a non-related party in settlement of expenses paid on behalf of the Company in the amount of \$15,015.38. Under the terms of the debenture, the amount owing is unsecured, bears interest at 12% per annum, and is due on March 31, 2018. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2018 is \$15,015.38.
- (h) On December 31, 2017, the Company issued a convertible debenture to a non-related party in settlement of services provided to the Company in the amount of \$15,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 12% per annum, and is due on December 31, 2018. Interest on overdue principal after default accrues at an annual rate of 18%. The debenture is convertible into commons shares of the Company at any time while the note is in effect at a conversion price equal to 50% of the lowest trading price of the Company's common shares for the past 15 trading days prior to notice of conversion. The balance outstanding as at March 31, 2018 is \$15,000.00.

7. Common Stock

As at March 31, 2018, the Company had an authorized common share capital set at 7,000,000,000 carrying a par value of \$0.001 with 6,604,048,799 common shares issued and outstanding.

8. Preferred Stock

As at March 31, 2018, the Company had an authorized preferred share capital set at 16,081,530 carrying a par value of \$0.001 with 16,081,530 issued and outstanding.

As at March 31, 2018, the Company had a total of 16,081,530 preferred shares issued and outstanding.

9. Share Purchase Warrants

As at March 31, 2018, there were no outstanding share purchase warrants:

10. Stock Options

As at March 31, 2018 there were no outstanding options to purchase shares of common stock.

11. Income Taxes

The Company has incurred operating losses of \$1,965,7114 that can be carried forward to offset taxable income in future years and, if unutilized, will expire through to 2037. Deferred tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements, and have been offset by a valuation allowance.