CRE8TIVE WORKS, INC.

Financial Statements

Year Ended December 31, 2016 and December 30, 2015

(Expressed in US Dollars)

NOTICE TO READER

I, Lisa Nelson, President of Cre8tive Works, Inc., hereby certify that the financial statements filed herewith 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 year ended December 31, 2016 and December 31, 2015, in conformity with accounting principles accepted in the United States, consistently applied.

/s/ *Lisa Nelson*

Scottsdale, Arizona
March 20, 2017

By: __________________________
Lisa Nelson
President

CRE8TIVE WORKS, INC.
Balance Sheet
December 31, 2016 and December 31, 2015
(Expressed in US Dollars)

	December 31, 2016 $	December 31, 2015 $
ASSETS		
Current Assets		
Accounts receivable	346,309	346,309
Total Current Assets	346,309	346,309
Capital Assets		
Computer equipment (Note 2)	923	1,251
Total Capital Assets	923	1,251
Intangible Assets		
Software (Note 2)	12,271	20,629
Goodwill (Note 2)	250,000	250,000
Total Intangible Assets	262,271	270,629
Total Assets	609,503	618,189
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities	51,580	47,645
Total Current Liabilities	51,580	47,645
Long Term Liabilities		
Due to related parties (Note 3)	152,588	82,341
Notes payable (Note 4)	6,359	6,359
Convertible debentures (Note 5)	270,809	295,151
Total Long Term Liabilities	429,756	383,851
Total Liabilities	481,336	431,496
Stockholders' Deficit		
Common stock: 250,000,000 shares authorized, $0.001 par value; (Note 6)	2,178,769	2,169,032
Preferred stock: 100,000,000 shares authorized, $0.001 par value; (Note 7)	16,082	16,082
Additional paid-in capital	1,180,374	1,165,768
Accumulated deficit	(3,247,058)	(3,164,189)
Total Stockholders' Deficit	128,167	186,693
Total Liabilities and Stockholders' Deficit	609,503	618,189

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

CRE8TIVE WORKS, INC.
Statement of Operations
For The Year Ended December 31, 2016 and December 31, 2015
(Expressed in US Dollars)

	Year Ended December 31, 2016 $	Year Ended December 31, 2015 $
Revenue		
Other	-	-
Total Revenue	-	-
Operating Expenses		
Advertising and marketing	416	2,788
Amortization and depreciation	8,506	14,073
Internet and web-hosting	111	362
Licenses and dues	6,000	563
Management fees	60,000	36,000
News dissemination	33	4,724
Office and supplies	478	2,452
Postage and courier	125	757
Professional fees	2,742	26,701
Rent and utilities	2,622	3,194
Telephone and cellular	768	1,122
Transfer agent	1,560	1,393
Travel	1,831	265
Total Operating Expenses	85,197	94,394
Net Income (Loss) from Operation	(85,197)	(94,394)
Other Income (Expenses)		
Gain on write down of accounts payable	2,328	-
Total Income (Loss) Before Income Taxes	(82,869)	(94,394)
Income Tax Expense	-	-
Net Income (Loss)	(82,869)	(94,394)
Net Income (Loss) Per Common Share		
Continuing operations	(0.00044)	(0.00053)
Weighted Average Shares Common Shares Outstanding	189,008,165	179,271,265

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

CRE8TIVE WORKS, INC.

Statements of Stockholders' Equity (Deficit)

For the Period from December 31, 2003 (Date of Inception) to December 31, 2016

(Expressed in US Dollars)

	Preferred Stock $	Common Stock $	Addition Paid Up Capital $	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

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

CRE8TIVE WORKS, INC.

Statements of Cash Flows

For The Year Ended December 31, 2016 and December 31, 2015

(Expressed in US Dollars)

	Year Ended December 31, 2016 $	Year Ended December 31, 2015 $
Operating Activities		
Net loss from continuing operations	(82,869)	(94,394)
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	3,935	(23,804
Changes in non-cash working capital items		
Amortization and depreciation	8,687	14,073
Net Cash Used In Operating Activities	70,247	(104,125)
Financing Activities		
Due to related parties	70,247	82,341
Notes payable	-	(52,265)
Convertible debentures	(24,343)	(220,404)
Net Proceeds from issuance of common stock	24,343	278,371
Net Proceeds from issuance of preferred stock		16,082)
Net Cash Generated By Financing Activities	70,247	104,125
Net Change In Cash	-	-
Increase (Decrease) in Cash	-	-
Cash - Beginning of Period	-	-
Cash - End of Period	-	-

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

1. Nature of Operations and Continuance of Business

Cre8tive Works, 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 it business plan or operations.

Cre8tive Works is 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. Each project will be reviewed and vetted by Cre8tive Works Project Advisory Board and then be forwarded to management for final review and approval. Cre8tive Works investment in an approved project will not exceed 33% of the project's final budget and is capped at $500,000. In funding these projects, Cre8tive Works will utilize a combination of cash and stock. Recoupment of Cre8tive Works investment via revenue, tax incentives, government grants, etc., will be on a first out basis unless otherwise mutually agreed upon. Upon recoupment of the project's initial budget, future revenues generated will be shared on a pro-rata basis in perpetuity. The term "future revenue" includes but is not limited to: revenues from worldwide distribution, licensing fees, DVD sales, royalties, music publishing, web-related sales and merchandising. Cre8tive Works will appoint an Executive Producer to monitor the funding and progress of each project. The appointed Executive Producer and Cre8tive Works will each be entitled to a credit in the project including having their names displayed in the credit roll. Wherever possible and practical, approved projects will be encouraged to use the Cre8tive Works production facilities, which will be offered at preferred rates. The Company currently has an arrangement to participate in the royalties in four independent film production being developed

In addition to the financing of media productions, Cre8tive Works has access to a portfolio of studio and production facilities which it leases out at a small profit to independent film production companies in exchange for cash and royalties. The properties currently in the portfolio are available under short term lease to Cre8tive Works who then sub leases to the independent productions. Cre8tive Works is currently looking to purchase outright a number of properties in North American, Europe and Asia.

1. Nature of Operations and Continuance of Business (continued)

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 December 31, 2016, the Company has accumulated losses totaling $3,247,058 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.

2. Summary of Significant Accounting Principles (continued)

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 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 year ended December 31, 2016, there were no charges for interest or penalties.

2. Summary of Significant Accounting Principles (continued)

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. Due To Related Parties

As at December 31, 2016, the Company owed $152,588 (December 31, 2015 - $82,341 to related parties for expenses paid on behalf of and services provided to the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.

4. Notes Payable

(a) 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.

5. Convertible Debentures

(a) On July 3, 2014, the Company issued a convertible debenture, to a non-related party, for settlement of services provided during the period January 1, 2013 to September 30, 2013, in the amount of $45,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 0% per annum, and is due on December 31, 2014. 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.

(b) On July 3, 2014, the Company issued a convertible debenture, to a non-related party, for settlement of services provided during the period October 1, 2013 to March 31, 2014, in the amount of $45,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 0% per annum, and is due on December 31, 2014. 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.

(c) On July 3, 2014, the Company issued a convertible debenture, to a non-related party, for settlement of services provided during the period April 1, 2014 to June 30, 2014 in the amount of $30,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 0% per annum, and is due on December 31, 2014. 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.

(d) On September 30, 2014, the Company issued a convertible debenture, to a non-related party, for services provided during the period July 1, 2014 to September 30, 2014, in the amount of $30,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 0% per annum, and is due on March 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.

(e) On December 31, 2014, the Company issued a convertible debenture, to a non-related party, for settlement of expenses paid on behalf of the Company during the period October 1, 2014 to December 31, 2014, 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.

(f) On December 31, 2014, the Company issued a convertible debenture, to a non-related party, for settlement of services provided during the period October 1, 2014 to December 31, 2014, in the amount of $30,000.00. 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.

(g) On December 31, 2014, the Company issued a convertible debenture, to a related party, for settlement of expenses paid on behalf of the Company during the period July 1, 2014 to December 31, 2014, in the amount of $11,263.36. 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.

5. Convertible Debentures (continued)

(h) On September 30, 2014, the Company issued a convertible debenture, to a non-related party, for settlement of management fees provided during the period July 1, 2014 to September 30, 2014, in the amount of $3,000.00. Under the terms of the debenture, the amount owing is unsecured, bears interest at 0% per annum, and is due on March 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.

(i) On December 31, 2014, the Company issued a convertible debenture, to a non-related party, for settlement of management fees provided during the period October 1, 2014 to December 31, 2014, in the amount of $3,000.00. 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.

(j) On December 31, 2014, the Company issued a convertible debenture, to a related party, for settlement of management fees provided during the period October 1, 2014 to December 31, 2014, in the amount of $30,000.00. 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.

6. Common Stock

(a) As at December 31, 2016, the Company had an authorized common share capital set at 250,000,000 shares.

(b) As at December 31, 2016, the Company had a total of 189,008,165 common shares issued and outstanding.

(c) Common shares carry a par value of $0.001.

7. Preferred Stock

(a) As at December 31, 2016, the Company had an authorized preferred share capital set at 100,000,000 shares.

(b) As at December 31, 2016, the Company had a total of 16,081,530 preferred shares issued and outstanding.

(c) Common shares carry a par value of $0.001.

8. Share Purchase Warrants

As at December 31, 2016, there were no outstanding share purchase warrants:

9. Stock Options

As at December 31, 2016 there were no outstanding options to purchase shares of common stock.

10. Income Taxes

The Company has incurred operating losses of $3,2474,056 that can be carried forward to offset taxable income in future years and, if unutilized, will expire through to 2035. 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. The Company is in arrears on filing its statutory income tax returns and it therefore has estimated the expected amount of loss carry forwards available once the outstanding returns are filed. The Company expects to have net operating loss carry forwards for income tax purposes available to offset future taxable income. In addition, the Company may be subject to penalties and interest for failure to file these returns and related schedules.