CROWNIA HOLDINGS LTD.

Consolidated Interim Financial Statements

(Expressed in US Dollars)

Nine months ended March 31, 2017 and 2016

(Unaudited)

CROWNIA HOLDINGS LTD.
Consolidated Interim Statements of Financial Position
(Expressed in US Dollars)

	Notes	31-Mar-17 (Unaudited) $	30-Jun-16 (Audited) $
ASSETS			
Current Assets			
Cash and cash equivalents		49,210	123,473
Accounts receivable	12(b)	2,251,832	2,550,696
Other receivable		184,676	5,321
Loan receivable	8	1,603,360	1,736,530
Prepaid expenses		527,372	76,325
Total current assets		4,616,451	4,492,345
Non-current assets			
Inventory		48,008	-
Property, plant and equipment	6	17,801	187
Intangible assets	7	2,321,942	63,262
Total non-current assets		2,387,751	63,449
TOTAL ASSETS		7,004,202	4,555,794
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		773,537	742,286
Advance from customers		348	348
Related party payable	13(b)	276,484	257,991
Total current liabilities		1,050,369	1,000,625
TOTAL LIABILITIES		1,050,369	1,000,625
SHAREHOLDERS' EQUITY			
Common shares	9	6,032,655	2,920,706
Subscription receipt		-	-
Retained earnings (Deficit)		(289,352)	233,028
Reserves	10	267,705	361,470
Accumulated other comprehensive income		(57,175)	39,965
Total shareholders' equity		5,953,833	3,555,169
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,004,202	4,555,794

NATURE OF OPERATIONS AND BASIS OF OPERATIONS (Note 1)

Approved and authorized by the Board on May 30, 2017

"*Savio Chiu*"	"*Ian Mallmann*"
Savio Chiu, Director	Ian Mallmann, Director

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

CROWNIA HOLDINGS LTD.

Consolidated Interim Statements of Operations and Comprehensive Income
(Expressed in US Dollars)

	Note	Three months ended March 31,		Nine months ended March 31,	
		2017	2016	2017	2016
		$	$	$	$
Revenue	5	170,873	1,713,436	2,121,852	5,143,320
Cost of Sales		155,703	1,463,699	1,831,440	4,287,136
Gross Margin		15,170	249,737	290,412	856,184
Expenses					
Accounting and audit		42,645	8,433	73,600	108,915
Consulting services		42,518	45,403	390,103	133,622
Filing and transfer agent		10,171	13,715	47,224	36,027
Legal fees		716	-	4,978	39,892
Listing expense		-	-	-	890,996
Meal and travel expenses		10,586	6,867	24,266	42,513
Office and general		46,447	35,119	124,077	94,066
Stock based compensation	10	(12,379)	88,077	(45,850)	264,782
Wages and salaries		76,689	39,605	180,009	133,310
		217,393	236,679	798,407	1,744,123
Other Expenses					
Foreign exchange loss (gain)		(66,768)	(12,397)	11,407	12,732
		(66,768)	(12,397)	11,407	12,732
Income tax		848	1,174	2,978	2,555
Net income (loss)		(136,303)	24,281	(522,380)	(903,226)
Other Comprehensive (Loss)		(11,374)	(8,512)	(97,140)	25,934
Comprehensive Income (Loss)		(147,677)	15,769	(619,520)	(877,292)
Basic and diluted income (loss) per share		(0.00)	0	(0.02)	(0.03)
Weighted average number of common shares outstanding – basic and diluted		45,122,191	35,837,240	40,263,367	40,413,398

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

CROWNIA HOLDINGS LTD.

Consolidated Interim Statements of Cash Flows

(Expressed in US Dollars)

	Nine months ended March 31,	
	2017	2016
	$	$
Net income (loss) for the year	(522,380)	(903,226)
Adjustments for items not involving cash:		
Amortization	42,142	40,960
Listing expense	-	890,996
Unrealized foreign exchange gain	-	32,032
Stock based compensation	(45,850)	264,782
	(526,088)	325,544
Operating activities		
Changes in non-cash operating working capital:		
Accounts receivable	159,971	218,251
Other receivable and loan receivable	(484,982)	13,678
Prepaid expenses	(188,124)	(265,570)
Accounts payable and accrued liabilities	355,623	(795,355)
Other payables	214,275	(7,450)
Due to (from) related parties	-	815
Net cash (used in) operating activities	**(469,325)**	**(510,087)**
Investing activities		
Cash from business transaction	2,142	503,731
Net cash from investing activities	**2,142**	**503,731**
Financing activities		
Loan receivable	-	(1,578,500)
Proceeds from share issurance and exercise of warrants	377,954	1,609,770
Net cash from financing activities	**377,954**	**31,270**
Net change in cash and cash equivalent	(89,229)	24,914
Effect of exchange rate on cash	14,966	23,200
Cash and cash equivalent, beginning of the period	123,473	76,034
Cash and cash equivalents, end of the period	**49,210**	**124,148**

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

CROWNIA HOLDINGS LTD.
Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in US Dollars)

	Number of Shares	Amount	Accumulated Other Comprehensive Income	Retained Earning	Reserves	Shareholders' Equity
		$	$	$	$	$
Balance, June 30, 2015	**50,000**	**50,000**	**8,056**	**1,726,977**	**-**	**1,785,033**
Capital reorganization	(50,000)	-	-	-	-	-
Transaction completed on September 11, 2015	22,000,000	-	-	-	-	-
Fair value of Crownia share capital upon RTO	6,000,000	733,037	-	-	-	733,037
Fair value of options to former officers of Crownia	-	-	-	-	34,242	34,242
Fair value of warrants to RTO agent	-	-	-	-	35,313	35,313
Issuance of shares for non-brokered private placement	2,500,000	377,400	-	-	-	377,400
Issuance of shares for QT finder's fee	500,000	75,480	-	-	-	75,480
Fair value of QT Finder's Warrants	-	-	-	-	44,289	44,289
Exercise of agent warrants	400,000	65,745	-	-	(35,313)	30,432
Exercise of options	40,000	18,975	-	-	(8,504)	10,471
Other comprehensive gain resulted from RTO	-	-	1,033	-	-	1,033
Other comprehensive income for the period	-	-	25,934	-	-	25,934
Grant of options	-	-	-	-	176,705	176,705
Issuance of shares for non-brokered private placement	4,437,240	1,600,069	-	-	-	1,600,069
Fair value of stock based compensation	-	-	-	-	88,077	88,077
Net loss for the period	-	-	-	(903,226)	-	(903,226)
Balance, Mar 31, 2016	**35,877,240**	**2,920,706**	**35,023**	**823,751**	**334,809**	**4,114,289**
Balance, June 30, 2016	**35,877,240**	**2,920,706**	**39,965**	**233,028**	**361,470**	**3,555,169**
Issuance of shares for non-brokered private placement	413,500	158,030	-	-	-	158,030
Exercise of finder's warrants	500,000	125,491	-	-	(47,915)	77,576
Fair value of stock based compensation	-	-	-	-	(45,850)	(45,850)
Other comprehensive loss for the period	-	-	(97,140)	-	-	(97,140)
Acquisition completed on Nov 25, 2016	6,933,673	2,519,246	-	-	-	2,519,246
Issuance of shares for non-brokered private placement	3,400,000	309,182	-	-	-	309,182
Net loss for the period	-	-	-	(522,380)	-	(522,380)
Balance – March 31, 2017	**47,124,413**	**6,032,655**	**(57,175)**	**(289,352)**	**267,705**	**5,953,833**

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

CROWNIA HOLDINGS LTD. (formerly known as 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 Public Offering Prospectus ("IPO") and the Company began trading under the symbol LXC.P on May 23, 2014. The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT").

On September 11, 2015, the Company completed 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. As a result of the transaction, the former shareholder of Jinsili acquired control of the Company. Therefore, the transaction is considered as a reverse take-over. This transaction constituted the QT and the Company has ceased to be a capital pool company since then.

Jinsili was incorporated under the British Virgin Island Business Companies Act on January 10, 2012. Jinsili specializes in specialty steel trading in the international steel markets.

The head office of the Company is located at 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

Through its review of future activities including forecasting future cash flows, management has formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which management has defined as being at least the next 12 months. In arriving at this judgment, management has considered the information in relation to the Company's existing commitments and the financial resources available to the Company. The expected cash flows have been modeled based on anticipated revenue and profit streams.

Management has considered the: (i) base of investors and debt lenders historically available; (ii) cash generation, debt levels and debt-to-equity ratios; and (iii) fundamental trends of the Company's businesses. Considering the above, management is satisfied that the Company has adequate resources to continue as a going concern for at least the next 12 months.

For these reasons, these consolidated financial statements have been prepared on a going concern basis.

These consolidated interim financial statements have been approved for issue by the Board of Directors on May 30, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation (continued)

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(Expressed in US Dollars, unless stated otherwise)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Since the QT is accounted for as a reverse take-over transaction, Jinsili is treated as an accounting acquirer and the Company is treated as an accounting acquiree. As a result, the financial statements are a continuance of Jinsili.

Details of controlled entities are as follows:

	Country of Incorporation	Percentage owned as at March 31,		Principal activity
		2017	2016	
Crownia International Trading Ltd.	Canada	100%	100%	Trading
Jinsili International Steel Holdings Co., Limited ("Jinsili")	BVI	100%	100%	Trading
Jinsili (Hong Kong) International Steel Holdings Co., Ltd. ("Jinsili Hong Kong")	Hong Kong	100%	100%	Trading
Zhongwan Co., Ltd. ("Zhongwan")	Hong Kong	100%	-	Holding
Shenzhen Leader New Material Co., Ltd. ("Shenzhen Leader New Material")	China	100%	-	Trading
Jinsili (Jinan) International Steel Holdings Co., Ltd. ("Jinsili Jinan")	China	-	100%	Deregistered
Sheng He Trading (Shenzhen) Co. Ltd. ("Sheng He")	China	-	100%	Deregistered

Critical accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements, in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting judgments, estimates and assumptions (continued)

Significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognized in the statements of financial position are:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. *Allowance for doubtful accounts*

The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts is estimated and recorded based on management's assessment of credit history with the customers and current relationships with them.

ii. *Intangible assets*

The Company assesses that an intangible asset has a finite life. The useful life used by management is based on their best estimate. Actual results may differ from this estimate.

iii. *Share-based payment*

Share-based payments are valued using the Black-Scholes Option Pricing Model at the date of grant and expensed in profit or loss over vesting period of each award. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Significant areas of critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the statement of financial position are:

i. *Going concern*

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the nine months ended March 31, 2017 and 2016. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

ii. *Gross versus net revenue recognition*

The Company evaluates whether it is appropriate to record the gross amount of its revenues and related costs by considering a number of factors, including, among other things, whether the Company is the primary obligor under the arrangement and has latitude in establishing prices. Revenue is derived from strategic partners providing shipping and packaging services to customers. Management has reviewed the primary indicators of these transactions such as:

- The strategic partners provide the services to the customer operating on behalf of the Company;
- The Company has control over who performs the service;
- The Company is responsible for all billing and collecting of revenues;
- The Company is responsible for setting all rates; and
- The strategic partners receive a set percentage of revenue generated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgments, estimates and assumptions (continued)

Taking all the above consideration, management has made the judgment that the Company is the primary obligor in these transactions and has sole latitude in establishing prices. Accordingly, revenue is recorded on a gross basis. When the service has been performed, the related costs are incurred, the revenues can be reliably measured and when collectability is reasonably assured.

iii. *Impairment of long-lived assets*

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No indication of impairment was noted for the period ended March 31, 2017 and 2016.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Company to the former owners of the acquire in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Good will arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the Company's interest in the fair value of the net identifiable asset, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnigns or loss immediately. Goodwill may also arise as a result of the requirement under IFRS to record a deferred tax liability on the excess of the fair value of the acquired assets over their corresponding tax bases, with the corresponding offset recorded as goodwill.

Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and cash on hand and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. As at March 31, 2017 and June 30, 2016, cash and cash equivalents solely consist of cash.

Revenue

The Company recognizes revenue, primarily from the sale of goods, net of trade discounts, rebates and other similar allowances. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probably that the economic benefits will flow to the Company, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The timing of the transfers of risks and rewards is depending on the terms of the contract of sales, which in most cases is after the product delivered to a destination port specified by the customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currencies Translation and Transaction

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated interim financial statements are presented in US dollars ("US Dollars"), which is Jinsili's functional currency. The functional currency of Jinsili Hong Kong is Hong Kong dollars ("HK Dollars"). The functional currency of Crownia Holdings Ltd. is Canadian dollars. The functional currency of Shenzhen Leader New Material is Chinese Renminbi ("RMB").

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of loss in the period in which they arise.

The financial statements of the entities that have a functional currency different from US Dollars are translated into US Dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization and impairment losses. Amortization is provided over the estimated useful lives of assets as follows:

Computer software	5 years

Cost associated with normal maintenance and repairs are expensed when they occur. Costs of major replacements that substantially extend the economic life of the asset are capitalized.

Upon disposal or abandonment, the carrying amount of an asset is derecognized and any gain or loss arising from the disposal or abandonment of the asset is determined as the sales proceeds less the carrying value of the asset and recognized as an operation expense in the statement of operations and comprehensive income (loss).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided using the straight-line method in amounts sufficient to amortize the cost of the assets over the estimated useful lives indicated:

Customer list	3 years
Office equipment	5 years
Export license	Indefinite life

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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 reporting date, and any adjustment to tax payable in respect of previous years.

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. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

Financial instruments – recognition and measurement

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments and loans and receivables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding year.

The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effectively yield basis.

The Company has implemented the following classifications for its financial instruments:

1. Cash has been classified as FVTPL.
2. Accounts receivables, other receivable, and loan receivable have been classified as loans and receivables.
3. Accounts payables and due to related party have been classified as other financial liabilities.

Impairment of financial assets

The Company assesses at the end of each reporting year whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In relation to accounts receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the accounts receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.
New accounting standards issued but not yet in effect:

The IASB issued the following standards which are currently relevant but have not yet been adopted by the Company: IFRS 2, "Share-based Payments''; IFRS 7, "Financial Instruments: Disclosures"; IFRS 9, "Financial Instruments"; IFRS 15, "Revenue from Contracts with Customers"; and IAS 7, "Statement of Cash Flows''. The Company is currently assessing the impact that these new and amended standards will have on its consolidated financial statements.

IFRS 2 – Share-based Payments
In June 2016, the IASB issued an amendment to address certain issues related to the accounting for cash settled awards, and the accounting for equity settled awards that include a "net settlement'' feature in respect of employee withholding taxes. The mandatory effective date of the amendment to IFRS 2 is for annual periods beginning on or after January 1, 2018.

IFRS 7 – Financial Instruments: Disclosures
IFRS 7 has been amended to enhance disclosure requirements related to offsetting of financial assets and liabilities. Originally, the amendments were applicable retrospectively for annual periods beginning on or after January 1, 2013. However, IFRS 7 has since been amended to require additional disclosures on transition from IAS 39, "Financial Instruments: Recognition and Measurement" to IFRS 9 (see below), effective on adoption of IFRS 9, which is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments
IFRS 9, "Financial Instruments" was issued by the IASB in October 2010 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Requirements relating to hedge accounting representing a new hedge accounting model have also been added to IFRS 9. The mandatory effective

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

date for IFRS 9, which is to be applied retrospectively, would be annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers
The objective of the IFRS 15 revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The revenue standard is effective for entities that report under IFRS for annual periods beginning on or after January 1, 2018. Early adoption is permitted for IFRS reporters.

IAS 7 – Statement of Cash Flows
In January 2016, the IASB published amendments to IAS 7, "Statement of Cash Flows". The amendments are intended to clarify IAS 7 to improve information provided to users of financing statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

3. REVERSE TAKE-OVER

On September 11, 2015, the Company completed a business transaction where the Company acquired all issued and outstanding equity interest of Jinsili for exchange of issuance of 22,000,000 common shares of the Company. As a result of the transaction, the former shareholder of Jinsili acquired control of the Company. Therefore, the transaction is considered as a reverse take-over.

As per IFRS 2 Share Based Payment and IFRS 3 Business Combination, since this transaction does not constitute a business combination, rather it is treated as a reverse take-over, it is treated as an issuance of shares by Jinsili for the net assets of the Company and its listing status as of September 11, 2015. Since the share consideration to be allocated to the former shareholders of the Company on closing the transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is to be expensed in the consolidated statement of operations and comprehensive income as listing expense.

In connection with the transaction, the Company closed a non-brokered private placement for gross proceeds of $377,400 (CAD $500,000) for issuance of 2,500,000 common shares at a $0.15 (CAD $0.20) per share. Upon closing of the transaction, the Company also issued a finder's fee to Qu Bo International Trading Company Limited ("Qu Bo") for 500,000 common shares (each "Finder's Share") and 500,000 non-transferable warrants (each "Finder's Warrants") to be exercised at $0.14 (CAD $0.19) for a period of two years.

The fair value of the Finder's Warrants is $44,289 (CAD $58,676) and is determined using the Black-Scholes option pricing model assuming a risk free interest rate of 0.52%, a dividend yield of 0%, an expected volatility of 112.50% and an expected life of two years.

The assets acquired and liabilities assumed are at their fair values which are the same as their carrying amounts. The net assets of the Company at fair value on September 11, 2015, are as follows:

(Expressed in US Dollars, unless stated otherwise)

3. REVERSE TAKE-OVER (CONTINUED)

	$	CAD $
Crownia's Identifiable Net Assets		
Cash and cash equivalents	503,731	667,370
Subscription receipts	(377,400)	(500,000)
GST receivable	4,900	6,492
Prepaid expenses	9,199	12,187
Accounts payable	(108,032)	(143,127)
Identifiable net assets	32,398	42,922
Transaction Costs		
Deemed share issue	733,037	971,167
Options deemed granted	34,242	45,366
Warrants deemed granted	35,313	46,785
	802,592	1,063,318
Finders fees in common shares	75,480	100,000
Finders fees in warrants	44,289	58,676
	119,769	158,676
Listing expense, net of identifiable net assets and other comprehensive income	889,963	1,179,072

The share based compensation in the amount of $802,592 (CAD $1,063,318) included in the listing expense is comprised of $733,037 (CAD $971,167) representing the fair value of the existing shares prior to the transaction at $0.15 (CAD $0.20) per share, $34,242 (CAD $45,366) representing the fair value of the existing options retained by the former shareholders of the Company, and $35,313 (CAD $46,785) representing the fair value of the existing warrants issued to the IPO agent. The $0.15 (CAD $0.20) value for the abovementioned shares was based on the fair value from the concurrent private placement, adjusted by the price effect on escrowed shares. The fair value of the options and warrants was based on an application of the Black Scholes option pricing model using the following weighted average assumptions: a share price of $0.15 (CAD $0.20) per share, a volatility of 112.5%, a weighted average annual risk free interest rate of 0.52%, no dividends, and expected remaining expected lives of 3.7 and 0.7 years for the options and warrants respectively.

4. ACQUISITION OF ZHONGWAN CO, LTD.

Effective November 24, 2016, the Company completed the acquisition of Zhongwan Co., Ltd. ("Zhongwan") by acquiring all of the issued and outstanding securities of Zhongwan from its shareholders through its wholly owned subsidiary, Jinsili (Hong Kong) International Steel Holdings Co., Ltd.

The Company issued 6,933,673 common shares to the shareholders of Zhongwan at a deemed price of $0.36 (CAD $0.49) per share for an aggregate purchase price of $2,519,246 (CAD $3,397,500).

As management concluded that Zhongwan constitutes a business, the acquisition is accounted for in accordance with IFRS 3 – Business Combination. Total consideration for the acquisition was valued at $2,519,246 (CAD $3,397,500) at the acquisition date and the purchase price allocation was estimated as follows:

(Expressed in US Dollars, unless stated otherwise)

4. ACQUISITION OF ZHONGWAN CO, LTD. (CONTINUED)

Total Consideration		
6,933,673 shares at USD $0.36 per share	$	2,519,246
	$	**2,519,246**

Net Assets Acquired		
Cash and cash equivalents		2,328
Accounts receivable		214,041
Other receivable		269,695
Prepaids		263,235
Inventory		58,813
Property, plant and equipment		19,001
Intangible assets		2,299,435
Other payable		(607,302)
	$	**2,519,246**

Transaction costs related to the acquisition were expensed for the nine months ended March 31, 2017.

Financial and operating results of Zhongwan are included in the Company's consolidated financial statements effective November 25, 2016.

5. SEGMENT INFORMATION

The Company's principal activity is importing and exporting specialty steels. The directors regard it as the single business segment and no segment information is presented.

Geographical information of the Company's sales and intangible assets are as follows:

	For the nine months ended March 31,	
	2017	**2016**
	$	**$**
Revenue		
British Virgin Island	2,121,852	5,143,320
Hong Kong	-	-
China	-	-
	2,121,852	5,143,320
Intangible assets		
British Virgin Island	22,507	76,847
Hong Kong	-	-
China	2,299,435	-
	2,321,942	76,847

(Expressed in US Dollars, unless stated otherwise)

6. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment $
Cost	
At June 30, 2016	650
Addition from acquisition of Zhongwan	19,001
Effect of foreign exchange	26
At March 31, 2017	19,677
Accumulated depreciation	
At June 30, 2016	(463)
Change during the period	(1,464)
Effect of foreign exchange	51
At March 31, 2017	(1,876)
Net book value	
At June 30, 2016	187
At March 31, 2017	17,801

7. INTANGIBLE ASSETS

On August 30, 2014, the Company entered into an assets purchase agreement with Profisino Global Holdings Company Limited ("Profitsino") to purchase a client database for a consideration of $163,018 (RMB $1,000,000). The purchase was completed on November 30, 2014 and the amortization commenced on December 1, 2014. The amortization expenses for the nine months ended March 31, 2017 is $40,754 (June 30, 2016 - $99,756).

On November 24, 2016, the Company completed the acquisition of Zhongwan which has a wholly owned subsidiary, Shenzhen Leader New Material. Shenzhen Leader New Material owns an export license to export steel products from China. Because of the export license, Shenzhen Leader New Material is eligible for tax refund, approximating 13% of the purchase price, on purchases it makes in China for exporting. Once the license is issued, there is no need for renewal and there is no expiration.

	Customer list $	Export license $
Cost		
At June 30, 2016	163,018	-
Change during the period	-	-
Acquired from Zhongwan	-	2,299,435
At March 31, 2017	163,018	2,299,435
Accumulated depreciation		
At June 30, 2016	(99,756)	-
Change during the period	(40,754)	-
At March 31, 2017	(140,511)	-
Net book value		
At June 30, 2016	63,262	-
At March 31, 2017	22,507	2,299,435

8. LOAN RECEIVABLE

On November 1, 2015 and amended on June 7, 2016, the Company entered into a loan agreement with an arm's length party, who is the former parent company of Shenzhen Leader New Material Co., Ltd. ("Shenzhen Leader New Material"), the major export agent of the Company. On November 25, 2016, the Company has received all applicable approvals and completed the acquisition of Zhongwan by acquiring all of the issued and outstanding securities of Zhongwan from its shareholders through its wholly subsidiary, Jinsili HK. The Company agreed to provide an operating loan up to $1,736,530 ($11,300,000 RMB) to help with this arm's length party's short-term working capital need. The loan is unsecured and non-interest bearing and due on demand with repayment term no more than one year.

As at March 31, 2017, the outstanding balance is $1,603,360 ($11,050,032 RMB) (June 30, 2016 - $1,736,530). A portion of the loan was settled through the acquisition transaction completed on November 24, 2016.

9. SHARE CAPITAL

a) Authorized: Unlimited number of common voting shares without nominal or par value

The below number of shares have been effected for the reverse take-over at a ratio of 1:440.

b) Issued and Outstanding: At March 31, 2016, 47,124,413 common shares were outstanding (June 30, 2016 – 35,877,240).

Share transactions after the reverse take-over:

c) On February 22, 2017, the Company issued a total of 3,400,000 shares for a non-brokered private placement raising gross proceeds of $309,182 (CAD $408,000) at a price of $0.09 (CAD $0.12) per Unit. Each Unit will consist of one common share (the "Common Share") and one share purchase warrant (the "Warrant"), and each Warrant will entitle the holder thereof to purchase one additional Common Share of the Company at a price of $0.11 (CAD $0.15) per share for a period of 5 years from the closing date. No finder's fees were paid.

d) On November 25, 2016, the Company issued 6,933,673 common shares to the shareholders of Zhongwan to acquire all of the issued and outstanding securities of Zhongwan, which resulted in Zhongwan becoming a wholly-owned subsidiary of Jinsili HK. The Consideration Shares were issued at a deemed price of $0.36 (CAD $0.49) per share for an aggregate purchase price of $2,519,246 (CAD $3,397,500).

e) On September 19, 2016, Qubo International Trading Company Limited (QT finder) exercised 500,000 warrants at an exercise price at $0.14 (CAD $0.19) into 500,000 common shares.

f) On July 18, 2016, the Company issued a total of 413,500 shares for a non-brokered private placement raising gross proceeds of $158,030 (CAD $206,750) at a price of $0.38 (CAD $0.50) per share. No finder's fees were paid.

g) On March 3, 2016, a former director exercised 40,000 options at an exercise price at $0.26 (CAD $0.35) into 40,000 common shares.

(Expressed in US Dollars, unless stated otherwise)

9. SHARE CAPITAL (CONTINUED)

h) On December 30, 2015, the Company issued a total of 4,437,240 shares for a non-brokered private placement raising gross proceeds of $1,600,069 (CAD $2,218,620) at a price of $0.36 (CAD $0.50) per share. No finder's fees were paid.

i) On September 21, 2015, Leede Jones Gable Inc (IPO sponsor) exercised 25,000 warrants at an exercise price at $0.08 (CAD $0.10) into 25,000 common shares.

j) On September 18, 2015, Leede Jones Gable Inc (IPO sponsor) exercised 375,000 warrants at an exercise price at $0.08 (CAD $0.10) into 375,000 common shares

k) In connection with the reverse take-over, the Company issues 500,000 common shares as finder's fee to Qu Bo International Trading Company Limited.

l) On September 11, 2015, the Company completed a business transaction where the Company acquired all issued and outstanding equity interest of Jinsili for exchange of issuance of 22,000,000 common shares of the Company. As a result of this transaction, Xizhou Tong, the sole shareholder of Jinsili has ownership or exercises control or direction over an aggregate of 22,000,000 Common Shares in the capital of the Company, representing approximately 59.80% of the issued and outstanding Common Shares of the Company.

10. OPTIONS AND WARRANTS

a) Warrants:

The warrants that are issued and outstanding as at March 31, 2017 are as follows:

	Number of warrant	Exercise price	Exercise price (CAD)
		$	$
Balance, June 30, 2016	500,000	0.14	0.19
Issued	3,400,000	0.11	0.15
Exercised	(500,000)	0.14	0.19
Balance, March 31, 2017	3,400,000	0.11	0.15

Upon closing of the reverse take-over transaction, the fair value of the Finder's Warrants is $44,289 (CAD $58,676) and is determined using the Black-Scholes option pricing model assuming a risk free interest rate of 0.52%, a dividend yield of 0%, an expected volatility of 112.50% and an expected life of two years.

On September 19, 2016, a total of 500,000 Finder's Warrants were exercised.

On February 22, 2017, the Company issued a total of 3,400,000 shares for a non-brokered private placement raising gross proceeds of $309,182 (CAD $408,000) at a price of $0.09 (CAD $0.12) per Unit. Each Unit will consist of one common share (the "Common Share") and one share purchase warrant (the "Warrant"), and each Warrant will entitle the holder thereof to purchase one additional Common Share of the Company at a price of $0.11 (CAD $0.15) per share for a period of 5 years from the closing date.

(Expressed in US Dollars, unless stated otherwise)

10. OPTIONS AND WARRANTS (CONTINUED)

b) 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.

c) Options:

On October 9, 2015, the Company granted 2,370,000 stock options to directors, officers, employees and consultants. Each option can be exercisable into one common share of the Company at a price of $0.27 (CAD $0.35) per share for five years from the date of grant. Options granted to certain consultants, directors, officers and employees are exercisable with one-third of stock options vesting on the date of grant, and another one-third vesting on the first and second anniversary of the date of grant. Options granted to certain consultants and employees are exercisable with 10% of such stock options vesting on the date of grant, 20% on the first anniversary, 30% on the second anniversary and 40% on the third anniversary of the date of grant. The average grant date fair value of the option was $0.21 (CAD $0.27).

On March 31, 2017, a total of ($45,850) (CAD ($62,699)) is recognized and is determined using the Black-Scholes option pricing model assuming a risk free interest rate of 0.75%, a dividend yield of 0%, an expected volatility of 112.50% and expected remaining expected lives of 3.53 years.

The initial fair value of the options was based on an application of the Black Scholes option pricing model using the following weighted average assumptions: a share price of $0.27 (CAD $0.35) per share, a volatility of 113%, a weighted average annual risk free interest rate of 0.54%, no dividends, and expected remaining lives of 5 years.

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

Upon closing of the reverse take-over transaction, options granted to former officers were revalued at $34,242 (CAD $45,366). The fair value of the options and warrants was based on an application of the Black Scholes option pricing model using the following weighted average assumptions: a share price of $0.15 (CAD $0.20) per share, a volatility of 113%, a weighted average annual risk free interest rate of 0.52%, no dividends, and expected remaining expected lives of 3.7 years.

The options outstanding and exercisable at March 31, 2017 are as follows:

	Number of options	Exercise Price	Exercise Price (CAD)
		$	$
Balance, June 30, 2016	2,470,000	0.27	0.32
Granted	-	-	-
Exercised	-	-	-
Forfeited	(300,000)	0.27	0.35
Balance, March 31, 2017	2,170,000	0.27	0.35

(Expressed in US Dollars, unless stated otherwise)

10. OPTIONS AND WARRANTS (CONTINUED)

The following table summarizes the options outstanding and exercisable as at March 31, 2017:

Number of Options	Exercise Price	Exercise Price (CAD)	Expiration Date	Number of Options Exercisable	Remaining contractual life
280,000	$0.08	$0.10	May 23, 2019	280,000	2.15
1,890,000	$0.27	$0.35	October 9, 2020	1,024,000	3.53

As at March 31, 2017, 2,170,000 options with a weighted average remaining contractual life of 3.35 years were outstanding and 1,304,000 options were exercisable with a weighted average remaining contractual life of 3.23 years, entitling the holders thereof the right to purchase one common share for each option held.

11. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Classification of Financial Instruments:

(a) Fair Values

Financial instruments recorded at fair value are measured using a three-level fair value hierarchy:

- Level 1 Fair value is determined by reference to quoted prices in active markets for identical assets and liabilities
- Level 2 Fair value is determined based on inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly
- Level 3 Fair value is determined based on inputs that are unobservable and significant to the overall fair value measurement

As at March 31, 2017 and June 30, 2016, cash is assessed to be level 1 instrument.

The fair values of other financial instruments, which include accounts receivable, other receivable, loan receivable and accounts payable approximate their carrying values due to the relatively short-term maturity of these instruments.

For related party payable, it is initially measured at fair value, which is determined by discounting future payments of principal and interests under long-term payable at the market interest rate at reporting dates.

(b) 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. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable.

(Expressed in US Dollars, unless stated otherwise)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

100% of the Company's revenue for the nine months ended March 31, 2017 and 2016 were derived from export sales. The Company has three major customers, one of the major customers represents 99% of accounts receivable as at March 31, 2017 (one major customer, June 30, 2016 – 95%). These three major customers also represent 38%, 31% and 22% of total revenue for the nine months ended March 31, 2017 accordingly (one major customer, nine months ended March 31, 2016 – 69%). The collectability of accounts receivable from this major customer could significantly impact the operation of the Company.

The aging of accounts receivable as at the reporting date is:

	As at March 31, 2017 $	As at June 30, 2016 $
Past due within 30 days	-	470,795
Past due 30 – 90 days	23,393	183,314
Past due 91-120 days	265,902	221,016
Past due 121 – 365 days	1,962,537	1,675,571
Total	2,251,832	2,550,696

(c) Currency Risk

Currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign currency risk, which arises primarily on fluctuations between the US Dollar and the Canadian Dollars and the US Dollar and the HK Dollar, is considered minimum given the foreign transactions are limited.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At March 31, 2017 and June 30, 2016, the Company had a working capital of $3,566,082 and $3,491,720. The Company is focused on generating sales revenue and is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

The following tables detail the remaining contractual maturities at the respective reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Company can be required to pay:

(Expressed in US Dollars, unless stated otherwise)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	One to three years
	$	$	$	$
Accounts payable and accrued liabilities	773,537	773,537	773,537	-
Related party payable	276,484	276,484	276,484	-
As of March 31, 2017	1,050,021	1,050,021	1,050,021	
Accounts payable and accrued liabilities	742,286	742,286	742,286	-
Related party payable	257,991	257,991	257,991	-
As of June 30, 2016	1,000,277	1,000,277	1,000,277	

(e) Price Risk

The Company is exposed to price risk with respect to fluctuations in the market price or availability of special steels could impact the Company's cash flow and purchase.

The Company's profitability depends on the selling price and purchase price of its products to customers. These prices are subject to various legislation, regional supply and demand and general economic conditions.

(f) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have interest bearing assets in relation to cash at banks carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal.

13. RELATED PARTY TRANSACTIONS

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Related party compensation*

i. During the nine months ended March 31, 2017 and 2016, the following amounts were incurred with respect to the officers of the Company:

	For the nine months ended March 31,	
	2017	2016
	$	$
President	54,989	39,572
Former COO	15,093	16,441

(Expressed in US Dollars, unless stated otherwise)

13. RELATED PARTY TRANSACTIONS (CONTINUED)

ii. During the nine months ended March 31, 2017 and 2016, the following amounts were incurred with respect to consulting services provided by corporations over which the former Chief Executive Officer ("CEO") and former Chief Financial Officer ("CFO") have significant influence and services provided by a director:

	For the nine months ended March 31,	
	2017	2016
	$	$
Consulting	99,272	40,872

(b) *Balance with Related Parties*

As at March 31, 2017 and June 30, 2016, the following amounts remained outstanding :

	As of March 31, 2017	As of June 30, 2016
	$	$
Related party payable	276,484	257,991

These transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

14. ECONOMIC DEPENDENCE

The Company cooperated with three major suppliers for the nine months ended March 31, 2017 and one major suppliers ended March 31, 2016 to purchase specialty steel. Purchases from the major suppliers represent 91% of the purchases for the nine months ended March 31, 2017 (83% of the purchase the nine months ended March 31, 2016). These suppliers also handle packaging and transportation functions for the Company. As the majority of the Company's income is derived from the sale of specialty steel products, its ability to continue operations is dependent upon the relationship with and the sustainability of these suppliers. Any significant disruption in the supply chain could result in a material adverse effect on the operations of the Company.

Furthermore, the Company had three major customers for the nine months ended March 31, 2017 (one major customer for the nine months ended March 31, 2016). Sales from the major customers represent 91% during the nine months ended March 31, 2017 (69% for the nine months ended March 31, 2016). The loss of this significant customer will adversely impact the operations of the Company.