
**GULFSTREAM ACQUISITION 1 CORP.
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013 AND
FOR THE PERIOD FROM INCORPORATION ON JUNE 8, 2012 TO
DECEMBER 31, 2012**



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Gulfstream Acquisition 1 Corp.

We have audited the accompanying financial statements of Gulfstream Acquisition 1 Corp. which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of comprehensive loss, cash flows and changes in equity for the year ended December 31, 2013 and the period from incorporation on June 8, 2012 to December 31, 2012, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gulfstream Acquisition 1 Corp. as at December 31, 2013 and 2012, and its financial performance and cash flows for the year ended December 31, 2013 and the period from incorporation on June 8, 2012 to December 31, 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Gulfstream Acquisition 1 Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
March 21, 2014

GULFSTREAM ACQUISITION 1 CORP.**STATEMENTS OF FINANCIAL POSITION****AS AT DECEMBER 31, 2013 and 2012**(Expressed in Canadian dollars)

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 349,211	\$ 180,075
Amounts Receivable	4,308	-
	353,519	180,075
Deferred share issue costs (Note 4)	-	10,000
	\$ 353,519	\$ 190,075
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 11,275	\$ 15,407
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	349,232	190,000
CONTRIBUTED SURPLUS	89,458	11,845
DEFICIT	(96,446)	(27,177)
	342,244	174,668
	\$ 353,519	\$ 190,075

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Notes 1 and 2)

Approved on behalf of the Board:

“Mark Attanasio”
Director

“Charles Shin”
Director

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

GULFSTREAM ACQUISITION 1 CORP.**STATEMENTS OF COMPREHENSIVE LOSS****FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE PERIOD FROM INCORPORATION ON
JUNE 8, 2012 TO DECEMBER 31, 2012**(Expressed in Canadian dollars)

	2013 (12 months)	2012 (7 months)
EXPENSES		
Accounting	\$ 10,033	\$ 8,000
Legal fees	19,661	7,332
Listing and regulatory	29,780	-
Other expenses	950	-
Share-based compensation (Note 5)	8,845	11,845
NET LOSS AND COMPREHENSIVE LOSS	\$ (69,269)	\$ (27,177)
LOSS PER SHARE – BASIC AND DILUTED	\$ (0.01)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	5,541,781	2,192,719

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

GULFSTREAM ACQUISITION 1 CORP.**STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2013 AND PERIOD THE FROM INCORPORATION ON
JUNE 8, 2012 TO DECEMBER 31, 2012**(Expressed in Canadian dollars)

	2013		2012
	(12 months)		(7 months)
OPERATING ACTIVITIES			
Net loss for the period	\$ (69,269)	\$	(27,177)
Item not affecting cash:			
Share-based compensation	8,845		11,845
	(60,424)		(15,332)
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities	(4,132)		15,407
Amounts receivable	(4,308)		-
Cash provided by (used in) operating activities	(68,864)		75
FINANCING ACTIVITIES			
Shares issued for cash	275,000		190,000
Share issuance costs	(37,000)		(10,000)
Cash provided by financing activities	238,000		180,000
NET INCREASE IN CASH	169,136		180,075
CASH, BEGINNING OF PERIOD	180,075		-
CASH, END OF PERIOD	\$ 349,211	\$	\$ 180,075
SUPPLEMENTAL INFORMATION			
Interest paid	\$ -	\$	-
Income taxes paid	\$ -	\$	-

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

GULFSTREAM ACQUISITION 1 CORP.**STATEMENTS OF CHANGES IN EQUITY****FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE PERIOD FROM INCORPORATION ON JUNE 8, 2012 TO DECEMBER 31, 2012**(Expressed in Canadian dollars)

	Number of Common Shares Issued	Amount of Common Shares Issued	Contributed Surplus	Deficit	Total
Shares issued for cash	3,750,000	\$ 190,000	\$ -	\$ -	190,000
Share-based compensation	-	-	11,845	-	11,845
Net loss for the period	-	-	-	(27,177)	(27,177)
Balance, December 31, 2012	3,750,000	190,000	11,845	(27,177)	174,668
Shares issued for cash	3,000,000	275,000	-	-	275,000
Share issuance costs	-	(115,768)	68,768	-	(47,000)
Share-based compensation	-	-	8,845	-	8,845
Net loss for the year	-	-	-	(69,269)	(69,269)
Balance, December 31, 2013	6,750,000	\$ 349,232	\$ 89,458	\$ (96,446)	\$ 342,244

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

GULFSTREAM ACQUISITION 1 CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE PERIOD FROM INCORPORATION ON
JUNE 8, 2012 TO DECEMBER 31, 2012

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS

Gulfstream Acquisition 1 Corp. (the "Company") was incorporated on June 8, 2012 under the Ontario Business Corporations Act. The Company is a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4 and accordingly, its planned principal activity is to use its capital to investigate and acquire a business or group of assets (the "Qualifying Transaction"). The address of the Company's principal place of business and registered office is Suite 701 - 130 Adelaide Street, Toronto, Ontario, Canada M5H 2K4.

2. BASIS OF PREPARATION AND CONTINUING OPERATIONS

Statement of Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Approval of the Financial Statements

The annual financial statements of the Company for the year ended December 31, 2013 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on March 21, 2014.

Basis of Measurement

These annual financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 3.

The functional and presentation currency of the Company is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going Concern

As at December 31, 2013, the Company had no business operations and its only significant asset was cash. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of, or participation in, a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to identify, evaluate and negotiate an acquisition, participate in or invest in an interest in a Qualifying Transaction, and obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within twenty-four months from the date the Company's shares are listed for trading, at which time the Exchange may suspend or de-list the Company's shares from trading.

GULFSTREAM ACQUISITION 1 CORP.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE PERIOD FROM INCORPORATION ON JUNE 8, 2012 TO DECEMBER 31, 2012**

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

a) Significant Accounting Estimates and Judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of share-based compensation and the recognition of deferred income tax assets. Actual results could differ from these estimates.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective or assessments with a significant risk of material adjustment in the next year. Significant areas requiring critical accounting judgements include the Company's ability to carry on as a going concern.

b) Income Taxes

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

c) Loss Per Share

Basic loss per share is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

d) Share Issue Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations.

GULFSTREAM ACQUISITION 1 CORP.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE PERIOD FROM INCORPORATION ON JUNE 8, 2012 TO DECEMBER 31, 2012**

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**e) Share-based Compensation**

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of equity settled stock options awarded to employees defined under IFRS 2 Share-based payments (i.e. employees for legal and tax purpose, directors and certain consultants), determined as of the date of grant, and awarded to non-employees defined under IFRS 2, as of the date of delivery of service, is recognized as share-based compensation expense, included in general and administrative expenses in the statement of comprehensive loss, over the vesting period of the stock options based on the estimated number of options expected to vest, with a corresponding increase to equity.

f) Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and accounts payable. At initial recognition management has classified financial assets and liabilities as follows:

Financial assets - The Company has classified its cash at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

Financial liabilities - The Company has classified its accounts payable as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when it its contractual obligations are discharged, cancelled or expire.

g) Changes in Accounting Policies

The Company adopted the following accounting policies effective January 1, 2013:

IFRS 7, Financial Instruments: Disclosures - requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The adoption of this IFRS did not impact the Company's financial statements.

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaced SIC-12, Consolidation-Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements. The adoption of this IFRS did not impact the Company's financial statements.

IFRS 12, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The adoption of this IFRS did not impact the Company's financial statements.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Changes in Accounting Policies (continued)

IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The adoption of this IFRS did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives. The adoption of this IFRS did not impact the Company's financial statements.

i) New Accounting Standards Issued But Not Yet Effective.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company intends to adopt these standards when they become effective.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

IFRS 10 Consolidated Financial Statements – In June 2012, the IASB issued an amendment to provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries fair value through profit or loss, rather than consolidate them. This amendment also set out disclosure requirements for investment entities. This amendment also impacts IFRS 12 – Disclosure of Interests in other entities and IAS 27 – Separate Financial Statements.

IAS 32 Financial Instruments: Presentation - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

IAS 36 Impairment of Assets – In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 39 Financial Instruments: Recognition and Measurement – In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met.

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**i) New Accounting Standards Issued But Not Yet Effective (continued)**

The following standard will be effective for annual periods not earlier than January 1, 2017:

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

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

4. DEFERRED SHARE ISSUE COSTS

During the period from incorporation on June 8, 2012 to December 31, 2012, the Company entered into a Letter Agreement (the "Agreement") with Canaccord Genuity Corp. ("Agent") to raise total gross proceeds of up to \$310,000 at \$0.10 per common share by way of an initial public offering (the "Offering"). The total gross proceeds of the Offering were reduced from \$310,000 to \$250,000 on March 12, 2013. Upon execution of the Agreement, the Company paid the Agent a \$10,000 retainer toward legal and other expenses associated with the Offering.

On June 14, 2013 the offering was successfully completed by Canaccord Genuity Corp (Note 5).

5. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Issued and outstanding:

At the date of incorporation on June 8, 2012, the Company issued 1 common share at a price of \$0.05 per share.

On August 21, 2012, the Company issued of 3,099,999 shares at a price of \$0.05 per share to the directors of the Company for total proceeds of \$155,000.

On September 1, 2012, the Company issued 100,000 common shares at \$0.05 per share to the director of the Company for total proceeds of \$5,000.

On November 5, 2012, the Company issued 500,000 common shares at \$0.05 per share for total proceeds of \$25,000.

On November 13, 2012, the Company issued 50,000 common shares at \$0.10 per share for total proceeds of \$5,000.

On February 26, 2013, the Company issued 500,000 common shares at \$0.05 per share for total proceeds of \$25,000.

On June 14, 2013 the Company issued 2,500,000 common shares at \$0.10 per share for total proceeds of \$250,000.

During the year ended December 31, 2013, the Company incurred cash share issuance costs of \$47,000 related to the offering, disclosed in Note 4, of which \$10,000 was paid in the prior period.

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(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

c) Escrow shares

The Company has 4,200,000 shares held in escrow at December 31, 2013 (2012 – Nil). 10% of the escrowed shares will be released from escrow upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V and as the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

d) Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in their discretion, and in accordance with the requirements of the TSX Venture Exchange (the “Exchange”), grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options will be exercisable for a period of up to 5 years from the date of grant, and must comply with the rules of the Exchange.

On September 19, 2012, the Company granted 685,000 stock options with an exercise price of \$0.10 per unit expiring 5 years from the date of listing on Exchange. The fair value of the options granted was \$22,195. The Company calculated the fair value of the share based payments using the Black-Scholes model and amortized them over the estimated vesting period. The options vest upon the Company completing its listing on the Exchange. During the period from incorporation on June 8, 2012 to December 31, 2012, the Company recorded share based payments of \$11,845.

On March 12, 2013, the Board of Directors approved an amendment to stock options granted to certain directors of the Company on September 19, 2012. In accordance with the terms of the amendment, the number of issued and outstanding options held by the optionees were reduced from 685,000 to 675,000. As a result of the amendment, the Company cancelled 10,000 options of which none had vested. All other terms of the outstanding stock options remain the same.

On June 14, 2013, the options vested. Due to the amendment on March 12, 2013, the Company revalued the options as at the amendment date and determined that the fair value was \$20,689 of which \$11,845 was recognized during the period ended December 31, 2012. The Company recorded the remaining balance of \$8,845 to share based compensation during the year ended December 31, 2013.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at June 8, 2012	-	-
Granted	685,000	\$0.10
Balance at December 31, 2012	685,000	\$0.10
Cancelled	(10,000)	\$0.10
Balance at December 31, 2013	675,000	\$0.10

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5. SHARE CAPITAL (continued)

d) Stock options (continued)

The following table summarizes stock options outstanding and exercisable at December 31, 2013:

Grant Date	Exercise prices \$	Number of options	Outstanding		Exercisable	
			Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
9/19/2012	0.10	675,000	3.72	0.10	675,000	0.10

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2013	2012
Share price	\$0.05	\$0.05
Expected life	4.5 years	5 years
Expected volatility	100%	100%
Dividend yield	-	-
Risk-free interest rate	1.33%	1.43%
Forfeiture rate	0%	0%

Any common shares acquired pursuant to the exercise of options prior to completion of a Qualifying Transaction must be deposited into escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

d) Warrants

Canaccord Genuity Corp. acted as agent (the "Agent") for the Offering. On June 14, 2013, the Company granted the Agent and its sub-agent an aggregate of 250,000 non-transferable warrants (each, an "Agent's Warrant"), each of which entitles the Agent or its sub-agent, as applicable, to purchase one share at a price of \$0.10 per Share for a period of 24 months from the date of the listing of the shares on the TSX Venture Exchange (the "Exchange"). The total fair value of the Agent's Warrants issued of \$68,768 was calculated using the Black-Scholes option pricing model. Upon issuance of the warrants on June 14, 2013 the company recorded share issuance costs of \$68,768.

The fair values for the agent warrants granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2013
Share price	\$0.35
Expected life	2 years
Expected volatility	100%
Dividend yield	-
Risk-free interest rate	1.43%
Forfeiture rate	0%

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(Expressed in Canadian dollars)

6. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification, evaluation and acquisition of a Qualified Transaction. The Company does not have any externally imposed capital requirements to which it is subject.

As at December 31, 2013, the Company had capital resources consisting mainly of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash.

7. INCOME TAXES

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

	2013	2012
Combined statutory tax rate	26.5%	26.5%
Income tax recovery at combined statutory rate	\$ (18,356)	\$ (7,202)
Non-deductible items for tax purposes and other items	(10,111)	3,139
Tax benefits not recognized	28,467	4,063
Deferred income tax expense	\$ -	\$ -

Significant components of the Company's deferred income tax assets are shown below:

	2013	2012
Non-capital loss carry forwards	\$ 22,566	\$ 4,063
Share issuance costs	9,964	-
Tax benefits not recognized	(32,530)	(4,063)
Net deferred income tax assets	-	-

As at December 31, 2013, the Company had approximately \$85,156 in non-capital loss carry forward available to reduce taxable income for future years. The non-capital losses expire accordingly:

2032	\$15,332
2033	\$69,824
	<u>\$85,156</u>

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and accounts payable. The carrying value of these financial instruments approximates their fair values due to their immediate or short-term maturity.

The following table summarizes the carrying values of the Company's financial instruments:

December 31, 2013

FVTPL (i)	\$ 349,211
Other financial liabilities (ii)	3,275
(i) Cash	
(ii) Accounts payable	

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8. FINANCIAL INSTRUMENTS (continued)

The Company classifies its fair value measurements in accordance with an established hierarchy that priorities the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 - Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	349,211	-	-	349,211

i) Credit risk

Credit risk is the risk of financial loss to the Company if counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash with a large Canadian chartered bank. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's cash.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The Company does not have any interest bearing financial instruments.

iii) Currency risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

iv) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term expenditures for the identification, evaluation and acquisition of a Qualified Transaction by raising additional funds through share issuance when required.

The Company does not have investments in any asset backed deposits. The Company does not have any contractual financial liabilities as at December 31, 2013.