GULFSTREAM ACQUISTION 1 CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

MANNING ELLIOTT
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Gulfstream Acquisitions 1 Corp.

Opinion

We have audited the financial statements of Gulfstream Acquisitions 1 Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive loss, cash flow and changes in equity for the years ended December 31, 2018 and 2017 the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017 and the its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that the Company has a deficit of $428,314. As stated in Note 2, these events and conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando Costa.

/s/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
March 4, 2019

GULFSTREAM ACQUISITION 1 CORP.

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018 AND 2017

(Expressed in Canadian dollars)

	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents	$ 306,792	$ 470,443
Amounts receivable (Note 4)	75,000	-
	$ 381,792	$ 470,443
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 3,240	$ 24,084
EQUITY		
SHARE CAPITAL (Note 5)	684,831	684,831
CONTRIBUTED SURPLUS	122,035	61,632
DEFICIT	(428,314)	(300,104)
	378,552	446,359
	$ 381,792	$ 470,443

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Notes 1 and 2)
SUBSEQUENT EVENTS (Note 10)

Approved on behalf of the Board:

“Mark Korol”	*“Charles Shin”*
Director	Director

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

GULFSTREAM ACQUISITION 1 CORP.

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian dollars)

		2018		**2017**
EXPENSES				
Accounting	$	18,683	$	9,030
Legal fees		30,000		100
Listing and regulatory		4,820		20,827
Project investigation costs (Note 9)		21,485		24,152
Share-based compensation (Note 5)		60,403		-
NET LOSS		(135,391)		(54,109)
OTHER INCOME				
Interest revenue		7,181		-
NET LOSS AND COMPREHENSIVE LOSS	$	(128,210)	$	(54,109)
LOSS PER SHARE – BASIC AND DILUTED	$	(0.02)	$	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		8,055,159		7,425,415

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

GULFSTREAM ACQUISITION 1 CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian dollars)

	2018	**2017**
OPERATING ACTIVITIES		
Net loss for the year	$ (128,210)	$ (54,109)
Item not affecting cash:		
Share-based compensation	60,403	-
	(67,807)	(54,109)
Changes in non-cash working capital item:		
Accounts payable and accrued liabilities	(20,844)	(39,717)
Amounts receivable	(75,000)	-
Cash used in operating activities	(163,651)	(93,826)
FINANCING ACTIVITIES		
Shares issued for cash	-	300,000
Share issuance cost	-	(2,743)
Cash provided by financing activities	-	297,257
INCREASE IN CASH	(163,651)	203,431
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	470,443	267,012
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 306,792	$ 470,443
SUPPLEMENTAL INFORMATION		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

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

GULFSTREAM ACQUISITION 1 CORP.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian dollars)

	Number of Common Shares Issued		Amount of Common Shares Issued		Contributed Surplus		Deficit		Total
Balance, December 31, 2016	4,755,159	$	387,574	$	61,632	$	(245,995)	$	203,211
Shares issued	3,000,000		300,000		-		-		300,000
Share issuance cost	300,000		(2,743)		-		-		(2,743)
Comprehensive loss for the year	-		-		-		(54,109)		(54,109)
Balance, December 31, 2017	8,055,159	$	684,831	$	61,632	$	(300,104)	$	446,359
Share-based compensation	-		-		60,403		-		60,403
Comprehensive loss for the year	-		-		-		(128,210)		(128,210)
Balance, December 31, 2018	8,055,159	$	684,831	$	122,035	$	(428,314)	$	378,552

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

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").

Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2018 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on March 4, 2019.

Basis of Measurement

These 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, 2018, the Company had no business operations and its only significant asset was cash. The Company reported a net loss of $128,210 for the year ended December 31, 2018 and has accumulated losses of $428,314 since inception.

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 (the "Qualifying Transaction"). Where an acquisition or participation is warranted, 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. The Company has not identified a business or asset that warrants acquisition or participation within twenty-four months from the date the Company's shares were listed for trading, and as a result the Exchange may suspend or de-list the Company's shares from trading. These factors create a material uncertainty that raises significant doubt upon the Company's ability to continue as a going concern.

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) Cash and Cash Equivalents

The Company considers deposits with banks and highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of 90 days or less when acquired to be cash equivalents.

b) 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 inputs used in the calculation of share-based compensation. 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 assessment of its ability to carry on as a going concern and the recognition of deferred income tax assets.

c) 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.

d) 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.

e) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

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

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

Cash and cash equivalents are measured at FVTPL and amounts receivable are measured at amortized cost. The Company has not designated any financial assets as FVOCI.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not designate any financial liabilities at FVTPL. The Company has designated its accounts payable as amortized cost.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Changes in Accounting Policies

The adoption of the following new or revised accounting standards did not have a material impact on the Company's financial statements:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from Contracts with Customers"

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, 2019:

IFRS 16 Leases - IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRS 2 Shared-Based Payments - In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

The adoption of these standards and interpretations is not expected to have a material effect on the financial statements of the Company.

4. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's officers and directors are considered key management personnel. During the year ended December 31, 2018, the Company did not have any transactions with its key management personnel or related parties other than share -based compensation of $60,403.

As at December 31, 2018, there are no balances due to or from related parties, other than the $75,000 amount receivable from a director as a result of a bank error. The bank erroneously transferred $75,000 to a director's account. The error was rectified subsequent to December 31, 2018 and the amount was deposited into the Company's bank account.

5. SHARE CAPITAL

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

b) Issued and outstanding:

On July 10, 2017, the Company issued 3,000,000 common shares of the Corporation (the "Common Shares") at a price of $0.10 per Common Share for aggregate gross proceeds to the Corporation of $300,000 (the "Private Placement").

In connection with closing of the Private Placement, on July 4, 2017, the Corporation issued a total of 300,000 Common Shares to eligible finders, being 10% of the number of Common Shares sold under the Private Placement to purchasers introduced by the finders. The Company recognized a fair value of $30,000 for these shares recorded as share issuance cost in the statement of changes in equity.

The Company also incurred $nil (2017 – $ 2,473) in legal fees related to the private placement which are recorded as share issuance costs.

No common shares were issued during the year ended December 31, 2018.

c) Escrow shares

The Company has 2,100,000 shares held in escrow at December 31, 2018 (2017 – 2,100,000). 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.

There was no stock option transactions during the years ended December 31, 2017.

On April 18, 2018, the Company granted 199,485 stock options with an exercise price of $0.10 per share expiring 5 years from the date of listing on the Exchange. The fair value of the options granted was $14,967. The Company calculated the fair value of the share based payments using the Black-Scholes model.

On June 14, 2018, all 475,515 stock options issued and outstanding expired unexercised.

On July 18, 2018, the Company granted 606,015 stock options with an exercise price of $0.10 per share expiring 5 years from the date of listing on the Exchange. The fair value of the options granted was $45,436. The company calculated the fair value of the share based payments using the Black-Scholes model.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

d) Stock options (continued)

The following table summarizes stock options outstanding and exercisable at December 31, 2018 and 2017:

	Number of options	Weighted average exercise price
Balance at December 31, 2017 and 2016	475,515	$0.10
Granted	805,500	0.10
Expired	(475,515)	(0.10)
Balance at December 31, 2018 (outstanding and exercisable)	805,500	$0.10

The weighted average remaining contractual life of the stock options outstanding and exercisable at December 31, 2018 is 4.45 years.

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:

	2018
Share price	$0.10
Expected life	5 years
Expected volatility	100%
Dividend yield	-
Risk-free interest rate	2.08%
Forfeiture rate	0%
Fair value per option	$0.07

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.

e) Warrants

There were no warrants outstanding at December 31, 2018 and 2017.

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.

The Company's capital structure consists of shareholders equity. As at December 31, 2018, the Company had capital resources consisting mainly of cash and cash equivalents. 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.

(Expressed in Canadian dollars)

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:

	2018	**2017**
Combined statutory tax rate	26.5%	26.5%
Income tax recovery at combined statutory rate	$ (33,976)	$ (14,339)
Permanent difference and others	16,319	-
Tax benefits not recognized	17,657	14,339
Deferred income tax expense	$ –	$ –

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

	2018	**2017**
Non-capital loss carry forwards	$106,236	$ 86,669
Share issuance costs	435	2,346
Tax benefits not recognized	(106,671)	(89,014)
Net deferred income tax assets	$ –	$ –

As at December 31, 2018, the Company had approximately $401,000 in non-capital loss carry forward available to reduce taxable income for future years. The non-capital losses expire accordingly:

2032	$ 15,000
2033	70,000
2034	46,000
2035	42,000
2036	90,000
2037	64,000
2038	74,000
	$401,000

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, amounts receivable 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:

	2018
FVTPL (i)	$ 306,792
Amortized cost (asset) (ii)	75,000
Amortized cost (liability) (iii)	3,240

(i) Cash and cash equivalents
(ii) Amounts receivable
(iii) Accounts payable

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash and cash equivalents is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalent is held at a large Canadian financial institution in interest bearing accounts.

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 its capital management and ensuring that sufficient financial resources to meet liabilities as they come due. As at December 31, 2018, the Company had working capital of $378,552. All the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices and foreign exchange rates.

Interest Rate Risk

The Company does not have any financial assets exposed to interest rate risk.

Price Risk

The Company is not exposed to price risk.

Currency Risk

As at December 30, 2018, the Company has not incurred any foreign currency expenditures, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

9. PROPOSED QUALIFYING TRANSACTION

Herman Market

On August 8, 2017, the Company signed a non-binding letter of intent (LOI) with Herman Market Ltd. ("Herman Market") which outlines the general terms and conditions of a proposed transaction that would have resulted in Gulfstream acquiring all of the issued and outstanding shares of Herman Market.

In consideration for all of the issued and outstanding securities of Herman Market, Gulfstream was going to issue 19,913,514 common shares. The common shares that were to be issued by Gulfstream would be subject to such trade restrictions as might be imposed under applicable securities laws, including any required pooling or escrowing required.

On the signing of the LOI, Gulfstream provided a $25,000 non-refundable deposit to Herman Market.

The Company terminated the LOI and forfeited the $25,000 non-refundable deposit to Herman Market, which was recorded as project investigation cost during the year ended December 31, 2017 on the statement of comprehensive loss.

Liberty Defense Holdings Inc.

On November 29, 2018, the Company entered into a letter of intent (LOI) with Liberty Defense Holdings Inc. ("Liberty"). The LOI outlines the general terms and conditions pursuant to which Gulfstream and Liberty will effect a business combination and reverse takeover transaction that will result in Gulfstream acquiring all of the issued and outstanding securities of Liberty in exchange for equity in Gulfstream.

10. SUBSEQUENT EVENTS

Business Combination Agreement and Proposed Qualifying Transaction

On January 24, 2019, the Company entered into a business combination agreement (the "Agreement") with Liberty Defense Holdings, Inc. ("Liberty") with respect to a proposed acquisition of all issued and outstanding shares of Liberty by the Company (the "Transaction"). Pursuant to the Agreement, the Transaction will be completed by way of a three cornered amalgamation whereby a wholly-owned subsidiary of the Company will amalgamate with Liberty and the amalgamated company will become a wholly-owned subsidiary of the Company. Under the terms of the Agreement, the Company's outstanding common shares will be consolidated on a two and one half for one basis and shareholders of Liberty will receive one common share of the Company in exchange for one common share of Liberty. The Transaction will result in the shareholders of Liberty acquiring control of the Company and for accounting purposes will be recorded as a reverse take-over of the Company.

Pursuant to the Transaction, Gulfstream will further effect, among other items, change of its name to "Liberty Defense Holdings, Inc.", or such other name as is mutually agreed upon and will also apply to change its stock symbol.

The final structure for the Transaction is subject to satisfactory tax, corporate and securities law advice on the part of both Gulfstream and Liberty. Completion of the Transaction is subject to a number of conditions, including completion of the QT Financing (as defined below), receipt of applicable regulatory approvals, including the approval of the Exchange for the Transaction, completion of satisfactory due diligence and the execution of a definitive agreement and related transaction documents. Gulfstream shareholders' approved the Transaction on February 20, 2019 and Liberty has scheduled a shareholder meeting to approve the Transaction on February 28, 2019 respectively.

In connection with the Transaction, Liberty expects to complete a financing of up to $6,000,000 of subscription receipts. Closing of the Transaction is subject to a number of conditions and approvals, including the approval by shareholders of the Company and Liberty and regulatory approval.

10. SUBSEQUENT EVENTS (continued)

The Company will also issue 1,167,163 post-consolidation Gulfstream shares to 1043619 B.C. Ltd. as finders' fee upon the completion of the Transaction.

Stock Options

On February 20, 2019, 249,650 stock options issued to Officers and Directors of the Company with an exercise price of $0.10 per common share expired unexercised under the Company's Option Plan due to the resignation of a Director on November 22, 2018.

On February 28, 2019, Officers and Directors of the Company exercised 555,850 stock options with an exercise price of $0.10 per common share, and the Company issued 555,850 common shares at a price of $0.10 per common share for aggregate proceeds of $55,585.