AOO Energy (Solartrail) Corp.

Financial Statements

For the year ended 31 December 2017

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Independent Auditor's Report

To the Shareholders of AOO Energy (Solartrail) Corp.

We have audited the accompanying financial statements of AOO Energy (Solartrail) Corp., which comprise the balance sheet as at December 31, 2017, and the statement of cash flows for the year then ended, and 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 Canadian Accounting Standards for Private Enterprises, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 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 AOO Energy (Solartrail) Corp. as at December 31, 2017, and the results of operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
March 9, 2018
Ottawa, Ontario

AOO Energy (Solartrail) Corp.

Balance Sheet

As at 31 December 2017
(with 2016 figures for comparison)

	2017	2016
ASSETS		
Current:		
Cash	$ 10	$ 10
Investment in partnership (Note 4)	1	1
	$ 11	$ 11
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)		
Current liabilities:		
Due to Algonquins of Ontario Opportunities Trust (Note 5)	$ 1	$ 1
Due to Algonquin Treaty Negotiation Funding Trust (Note 6)	2,147	
	$ 2,148	$ 1
Shareholder's equity (deficit):		
Capital stock:		
Authorized - unlimited number of common shares		
Issued - 100 common shares	$ 10	$ 10
Retained earnings (deficit)	(2,147)	-
	$ (2,137)	$ 10
	$ 11	$ 11

Approved on behalf of the Board: ______________________

(See accompanying notes)

AOO Energy (Solartrail) Corp.

Statement of Operations and Deficit

For the year ended 31 December 2017
(with 2016 figures for comparison)

	2017	2016
Expenses:		
Professional fees	$ 2,147	$ -
Net loss for the year	$ (2,147)	$ -
Retained earnings (deficit) at the beginning of the year	-	-
Retained earnings (deficit) at the end of the year	$ (2,147)	$ -

(See accompanying notes)

AOO Energy (Solartrail) Corp.

Statement of Cash Flows

For the year ended 31 December 2017
(with 2016 figures for comparison)

	2017	2016
Cash flows used for operating activities:		
Net loss for the year	$ (2,147)	$ -
Cash flows from financing activities:		
Proceeds from Algonquin Treaty Negotiation Funding Trust	$ 2,147	$ -
Net increase in cash and cash equivalents during the year	$ -	$ -
Cash and cash equivalents at the beginning of the year	10	10
Cash and cash equivalents at the end of the year	$ 10	$ 10

(See accompanying notes)

AOO Energy (Solartrail) Corp.

Notes to the Financial Statements

For the year ended 31 December 2017

1. NATURE OF THE BUSINESS

The company was incorporated on 24 August 2015, under the laws of Ontario and its operations consist of pursuing economic development opportunities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:
These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

a) Investments:
The business accounts for its investment in Solartrail LP using the equity method. Equity method investments are recorded at original cost and include goodwill on acquisition. The investment is adjusted periodically to recognize the business' proportionate share of the investees' net income or losses after the date of investment, additional contributions made and distributions received. When net losses from an equity accounted for investment exceed its carrying amount, the investment balance is reduced to zero and additional losses are not provided for unless the business is committed to provide financial support to the investee. The business resumes accounting for the investment under the equity method when the business subsequently reports net income and the business' share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

b) Revenue recognition:
Revenue, including investment income, is recorded on the accrual basis of accounting.

c) Use of estimates:
The preparation of financial statements in accordance with Canadian Accounting Standards for Private Enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from management's best estimates as additional information becomes available in the future.

d) Income taxes:
The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rate established by taxation authorities.

e) Cash and cash equivalents:
Cash and cash equivalents are comprised of cash and investments due no greater than three months from the date of acquisition or that are cashable on demand.

f) Financial instruments:
The company's financial instruments consist of cash, investment in partnership, due to Algonquins of Ontario Opportunities Trust and due to Algonquin Treaty Negotiation Funding Trust. The carrying amount approximates their fair value, except where fair values are not readily obtainable.

3. FINANCIAL INSTRUMENTS

Risks and concentrations:
The company is exposed to various risks through financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure at the balance sheet date, 31 December 2017.

Liquidity risk:
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The enterprise is exposed to this risk mainly in respect of its due to Algonquins of Ontario Opportunities Trust and due to Algonquin Treaty Negotiation Funding Trust.

Credit risk:
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company is not exposed to any significant credit risk.

Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; currency risk, interest rate risk and other price risk. The company is not exposed to market risk.

4. INVESTMENT IN PARTNERSHIP

The company is the holder of 15% of the common units of Solartrail LP, a limited partnership in business to produce and sell renewable energy.

Investment consists of:	2017	2016
Solartrail LP (1,500 units)	$ 1	$ 1

5. DUE TO ALGONQUINS OF ONTARIO OPPORTUNITIES TRUST

The amount due to Algonquins of Ontario Opportunities Trust is interest free and has no specific repayment terms.

6. DUE TO ALGONQUIN TREATY NEGOTIATION FUNDING TRUST

The amount owing to Algonquin Treaty Negotiation Funding Trust is interest free and has no specific repayment terms. The amount arises from expenses paid for by the Algonquin Treaty Negotiation Funding Trust on behalf of the company and consists of 2017 - $ 2,147 (2016 - Nil).

7. INCOME TAXES

a) Income taxes are accounted for by the taxes payable method. Under the taxes payable method, only current income tax assets and liabilities are recognized. Currently there are no differences between the income tax expense and the applicable statutory income tax rate.

	2,017	2,016
Income (loss) before income taxes	$ (2,147)	$ -
Expected income taxes at the combined tax rate of 15% (2016 - 15%)	$ (322)	$ -
Tax on loss carried forward	322	
Income tax expense for the year	$ -	$ -

b) Income tax loss carryforward expiring:

31 December 2037	$ 2,147