# AMFIL TECHNOLOGIES INC.

## AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30TH 2017 & 2016

**AMFIL Technologies, Inc. and Subsidiaries**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders
AMFIL Technologies, Inc. and Subsidiaries

We have audited the accompanying balance sheets of AMFIL Technologies, Inc. and Subsidiaries (collectively, the "Company") as of June 30, 2017 and 2016, and the related statements of operations and comprehensive loss, stockholders' deficit and cash flows for the two years in the period ended June 30, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at June 30, 2017 and 2016, and the results of its operations and its cash flows for the two years in the period ended June 30, 2017, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in the Note 2 to the accompanying financial statements, the Company has a working capital deficit and has incurred an accumulated deficit. These raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*/s/ RBSM LLP*

New York, NY
September 12, 2018

AMFIL Technologies, Inc. and Subsidiaries

Consolidated Balance Sheets

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS:** | | |
| Cash | $ 288,978 | $ - |
| Accounts receivable, net | 184,239 | - |
| Inventories | 4,290,130 | - |
| Prepaid expenses and other current assets | 119,425 | - |
| Total Current Assets | 4,882,772 | - |
| Property and equipment, net | 1,120,834 | - |
| Intangible assets, net | 48,246 | - |
| Goodwill | 48,424 | - |
| **TOTAL ASSETS** | $ 6,100,276 | $ - |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES:** | | |
| Accounts payable and accrued expenses | $ 4,530,560 | $ 266,766 |
| Deferred Income | 31,700 | 48,577 |
| Bank indebtedness | 483,339 | - |
| Shareholder loans | 976,420 | 242,477 |
| Related party loans | 65,478 | - |
| Related party convertible notes payable, net of debt discount of $20,877 and $0, respectively | 229,193 | 217,382 |
| Convertible notes payable, net of debt discount of $0 and $1,149, respectively | 667,270 | 79,514 |
| Total current liabilities | 6,983,960 | 854,716 |
| **TOTAL LIABILITIES** | 6,983,960 | 854,716 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **STOCKHOLDERS' DEFICIT:** | | |
| Preferred stock, $0.001 par value, 10,000,000 shares authorized, 4,500,000 and 0 issued and outstanding, respectively | 4,500 | - |
| Common stock, $0.001 par value; 900,000,000 shares authorized, 473,895,499 and 664,493,098 issued and outstanding, respectively | 473,895 | 664,493 |
| Additional paid in capital | 1,589,148 | 347,908 |
| Accumulated deficit | (2,720,559) | (1,697,778) |
| Accumulated other comprehensive income | (230,668) | (169,339) |
| **TOTAL STOCKHOLDERS' DEFICIT** | (883,684) | (854,716) |
| **TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT** | $ 6,100,276 | $ - |

**See Notes to Consolidated Financial Statements**

AMFIL Technologies, Inc. and Subsidiaries

Consolidated Statements of Operations and Comprehensive Loss

| | For the years ended June 30, 2017 | 2016 |
|---|---|---|
| Revenues | | |
| Board game sales | $ 8,168,251 | $ - |
| Hardscape sales | 161,516 | 230,985 |
| Total revenue | 8,329,767 | 230,985 |
| Cost of revenue | | |
| Board game cost of revenue | 5,053,402 | - |
| Hardscape cost of revenue | 217,681 | 141,067 |
| Total cost of revenue | 5,271,083 | 141,067 |
| **Gross profit** | 3,058,684 | 89,918 |
| Operating expenses: | | |
| General and administrative | 3,259,341 | 206,579 |
| Selling and marketing | 109,104 | 120,812 |
| Research and development | - | 6,329 |
| Total operating expenses | 3,368,445 | 333,720 |
| **Operating loss** | (309,761) | (243,802) |
| Other expenses: | | |
| Loss on extinguishment of debt | (281,500) | - |
| Loss on settlement | (110,880) | |
| Finance expense, net | (307,754) | (66,306) |
| Realized loss on foreign currencies | (5,034) | (14,825) |
| **Loss before income taxes** | (1,014,929) | (324,933) |
| Income tax expense | (7,852) | - |
| **Net loss** | $ (1,022,781) | $ (324,933) |
| Basic and diluted loss per common share | (0.00) | (0.00) |
| Basic and diluted weighted average number of common shares outstanding | 655,672,316 | 664,493,098 |
| **Comprehensive loss:** | | |
| Net loss | (1,022,781) | (324,933) |
| Foreign currency translation gain (loss) | (61,329) | 12,938 |
| **Comprehensive loss** | (1,084,110) | (311,995) |

**See Notes to Consolidated Financial Statements**

AMFIL Technologies, Inc. and subsidiaries

STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

| | Preferred Stock | | Common Stock | | Additional Paid-in | Accumulated | Accumulated Other | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Capital | (Deficit) | Comprehensive Loss | Total |
| Balances, July 1, 2015 | - | $ - | 664,493,098 | $ 664,493 | $ 347,908 | $ (1,372,845) | $ (182,277) | $ (542,721) |
| Foreign currency translation income | - | - | - | - | - | - | 12,938 | 12,938 |
| Net loss | - | - | - | - | - | (324,933) | - | (324,933) |
| Balances, June 30, 2016 | - | - | 664,493,098 | 664,493 | 347,908 | (1,697,778) | (169,339) | (854,716) |
| Shares issued for extinguishment of liability | - | - | 42,764,166 | 42,764 | 301,979 | - | - | 344,743 |
| Shares issued for settlement | - | - | 38,500,000 | 38,500 | 72,380 | - | - | 110,880 |
| Shares issued for consulting services | - | - | 15,000,000 | 15,000 | 277,725 | - | - | 292,725 |
| Shares issued upon conversion of debt | - | - | 43,138,235 | 43,138 | 44,412 | - | - | 87,550 |
| Convertible notes payable debt discount | - | - | - | - | 44,209 | - | - | 44,209 |
| Shares issued upon acquisition | - | - | 20,000,000 | 20,000 | 26,000 | - | - | 46,000 |
| Modification expense | | | | | 129,035 | | | 129,035 |
| Common stock converted into preferred stock | 4,500,000 | 4,500 | (350,000,000) | (350,000) | 345,500 | - | - | - |
| Foreign currency translation loss | - | - | - | - | - | | (61,329) | (61,329) |
| Net loss | - | - | - | - | - | (1,022,781) | - | (1,022,781) |
| Balances, June 30, 2017 | 4,500,000 | $ 4,500 | 473,895,499 | $ 473,895 | $ 1,589,148 | $ (2,720,559) | $ (230,668) | $ (883,684) |

**See Notes to Consolidated Financial Statements**

AMFIL Technologies, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

| | For the years ended June 30, 2017 | 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | $ (1,022,781) | $ (324,933) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 190,771 | - |
| Amortization of debt discount | 24,482 | 31,850 |
| Stock based compensation | 292,725 | - |
| Loss on extinguishment of debt | 281,500 | - |
| Loss on settlement | 110,880 | - |
| Modification Expense | 129,035 | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 66,269 | - |
| Inventories | (630,369) | - |
| Prepaid expenses and other current assets | (62,849) | 79,263 |
| Accounts payable and accrued expenses | 486,548 | 100,686 |
| Deferred income | (16,877) | 19,615 |
| **NET CASH USED IN OPERATING ACTIVITIES** | (150,666) | (93,519) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchase of fixed assets | (343,788) | - |
| Purchase of intangible assets | (69,747) | - |
| Cash received upon acquisition | 21,261 | - |
| **NET CASH USED IN INVESTING ACTIVITIES** | (392,274) | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from shareholder loans | 1,465,688 | 104,396 |
| Payments of shareholder loans | (1,328,633) | - |
| Payments of related party loans | - | (29,793) |
| Proceeds from related party convertible notes | 47,818 | 5,978 |
| Proceeds from convertible notes | 633,246 | - |
| Proceeds from bank indebtedness | 684,681 | - |
| Payments of bank indebtedness | (597,254) | - |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | 905,546 | 80,581 |
| Effect of exchange rate on cash | (73,627) | 12,938 |
| Net increase in cash | 288,979 | - |
| **Cash, beginning of period** | - | - |
| **Cash, end of period** | $ 288,979 | $ - |
| **SUPPLEMENTAL CASH FLOW INFORMATION:** | | |
| Cash paid for interest | $ - | $ - |
| Cash paid for taxes | $ - | $ - |
| **NON-CASH FINANCING ACTIVITIES:** | | |
| Common stock issued for goodwill | $ 46,000 | $ - |
| Common stock issued upon conversion of debt | $ 87,550 | $ - |
| Debt Discount | $ 44,210 | $ - |
| Assignment of Debt | $ 36,000 | $ - |
| Common Stock converted into preferred stock | $ 350,000 | $ - |
| Liability Extinguished by share issuance | $ 63,243 | $ - |

**See Notes to Consolidated Financial Statements**

**Note 1 - The Company**

**Nature of Business**

Amfil Technologies, Inc. ("AMFE" or the "Company") is a New York State corporation formed on June 14, 1985 and was formally known as Technical Ventures, Inc.

On August 1, 2013 the Company entered into a definitive acquisition agreement with Interloc-Kings Inc.("Interloc"). Interloc is an interlock and landscaping specialists and offers landscape construction and snow removal services in Canada. The company was founded in April 2009 and is based in Markham, Ontario, Canada. It has completed projects throughout Markham and the Greater Toronto Area.

On September 1, 2016, the Company acquired the shares of Snakes & Lagers Inc., a holding company that holds the shares of Snakes & Lattes Inc. Snakes & Lattes College Inc., Snakes & Lattes Annex Inc., & Snakes & Lattes Midtown Inc. This collection of entities is involved in the following revenue generating activities; board game retail, online and wholesale distribution; retail coffee shop/bistro; distribution of board game related products; board game publishing and manufacturing; and corporate/personal events.

**Note 2 - Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The amounts of assets and liabilities in the consolidated financial statements do not purport to represent realizable or settlement values. The Company has incurred operating losses since inception and has an accumulated deficit of $2.7 million at June 30, 2017.

The Company intends to meet its working capital requirements from the issuance of common shares and convertible promissory notes as well as short term related party loans and income from operations. However, there can be no assurance that such financial support shall be ongoing or available on terms or conditions acceptable to the Company. This raises substantial doubt about the Company's ability to continue as a going concern. If management is unsuccessful in these efforts, discontinuance of operations is possible. These financial statements do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should we be unable to continue as a going concern. Our continuation as a going concern is dependent upon our ability to obtain additional financing and to generate profits and positive cash flow.

**Note 3 - Significant Accounting Policies**

The significant accounting policies used in the preparation of the financial statements are as follows:

**Basis of presentation**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**Principles of consolidation**

The consolidated financial statements include the accounts of AMFE and its wholly-owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

**Use of estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional currency and foreign currency translation**

The Company's subsidiary's functional currency is the Canadian dollar ("CAD"), while the Company's reporting currency is the U.S. dollar.

All transactions initiated in Canadian dollars are translated into US dollars in accordance with ASC 830, "Foreign Currency Translation" as follows:

- Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date.
- Equity at historical rates.

Revenue and expense items and cash flows at the date of the transactions rate of exchange prevailing during the period.

Adjustments arising from such translations are deferred until realization and are included as a separate component of stockholders' deficit as a component of accumulated other comprehensive income or loss. Therefore, translation adjustments are not included in determining net income (loss) but reported as other comprehensive income (loss).

For foreign currency transactions, the Company translates these amounts to the Company's functional currency at the exchange rate effective on the invoice date. If the exchange rate changes between the time of purchase and the time actual payment is made, a foreign exchange transaction gain or loss results which is included in determining net income for the period.

The relevant translation rates are as follows: For the year ended June 30, 2017 a closing rate of CAD $1.0000 equals US $0.76979 and for June 30, 2016 a closing rate of CAD $1.0000 equals US $0.768935.

**Business Combinations**

We include the results of operations of the businesses that we acquire as of the respective dates of acquisition. We allocate the fair value of the purchase price of our acquisitions to the tangible assets acquired, liabilities assumed, and intangible assets acquired, based on their estimated fair values. The excess of the fair value of purchase price over the fair values of these identifiable assets and liabilities is recorded as goodwill.

**Cash**

The Company considers all highly liquid short-term investments purchased with an original maturity date of three months or less to be cash equivalents. The Company had approximately $289,000 and $0, on deposit in bank operating accounts at June 30, 2017 and 2016, respectively. At times, the Company's bank balances may exceed federally insured limits.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. The Company makes estimates for the allowance for doubtful accounts based upon its assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of our customers, current economic conditions, and other factors that may affect customers' ability to pay. As of June 30, 2017, and 2016, the allowance for doubtful accounts was $0.

**Inventories**

Inventories are stated at lower of cost or net realizable value using the first-in, first-out method and are evaluated at least annually for impairment. Write-downs for potentially obsolete or excess inventory are made based on management's analysis of inventory levels, historical obsolescence and future sales forecasts. For the years ended June 30, 2017 and 2016, no impairment charges were recorded.

**Fixed assets, net**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated based on the straight-line method, at annual rates reflecting the estimate useful lives of the related assets, as follows:

| | |
|---|---|
| Office and furniture equipment | 5 – 15 years |
| Computer equipment | 3 – 5 years |
| Capitalized software – internal use | 3 – 5 years |
| Leasehold improvements | Shorter of lease term or useful life |

**Fair value of financial instruments**

The carrying values of cash, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses, deferred income, loans and notes payable approximate their fair value due to the short-term maturity of these instruments.

A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2** - Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**Impairment of Long-lived Assets**

Long-lived assets comprise of mining rights. The Company accounts for impairment of long-lived assets in accordance with the guidance established in ASC 360, Accounting for the Impairment or Disposal of Long-Lived Assets, which requires the Company to evaluate a long-lived asset for recoverability when there is an event or circumstance that indicates the carrying value of the asset may not be recoverable. The Company follows the guidance of ASU 2012-02 and first assesses qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of before the end of its estimated useful life. An impairment loss is recognized when the carrying amount of a long-lived asset or asset group is not recoverable (when carrying amount exceeds the gross, undiscounted cash flows from use and disposition) and is measured as the excess of the carrying amount over the asset's (or asset group's) fair value. Management evaluated whether there are any adverse qualitative factors in respect to mining rights indicating that they might be impaired. Since there were indicators of impairment, Management reviewed its long-lived intangible assets and has determined that the mining rights assets were impaired.

**Convertible notes**

Convertible notes with characteristics of both liabilities and equity are classified as either debt or equity based on the characteristics of their monetary value, with convertible notes classified as debt being measured at fair value, in accordance with ASC 480-10, "Accounting for Certain Financial instruments with Characteristics of both Liabilities and Equity".

ASC 718-10 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's statement of operations.

The Company recognizes compensation expenses for the value of non-employee awards, which have graded vesting, based on the straight-line method over the requisite service period of each award, net of estimated forfeitures.

**Warrants**

The Company accounts for warrants on capital stock based on guidelines provided in ASC 815, *Derivatives and Hedging – Contracts in Entity's Own Equity,* ASC Topic 815, which provides guidance on contracts that are settled in the Company's own shares as either a liability or as an equity instrument depending on the warrant agreement. The Company uses the Black-Scholes or trinomial pricing models, depending on the applicable terms of the warrant agreement, to value the derivative warrant liabilities in bifurcating such amount from convertible notes payable. (See Note 6).

### Deferred Income

Deferred revenue consists of billings in advance of revenue recognition. Deposits relate to prepayments on SnowPlow deposits and Landscaping revenues which have not been earned as at years end. In addition, we have received an initial deposit for Board Game development in which at the year end the work was completed subsequent to the year end.

### Revenue recognition

Revenue is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery or performance has occurred; the sales price is fixed or determinable; and collection is reasonably assured.

### Research and development costs, net

The Company accounts for research and development costs in accordance with ASC 730-10, Research and Development. Accordingly, all research and development costs are charged to expense as incurred as research and development costs.

### Patent costs

Costs incurred in connection with acquiring patent rights and the protection of proprietary technologies are charged to expense as incurred.

### Stock-based compensation

The Company applies ASC 718-10, "Share-Based Payment," which requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors including employee stock options based on estimated fair values.

The Company estimates the fair value of stock options granted as equity awards using a Black-Scholes options pricing model. The option-pricing model requires a number of assumptions, of which the most significant are share price, expected volatility and the expected option term (the time from the grant date until the options are exercised or expire). Expected volatility is estimated based on volatility of similar companies in the technology sector. The Company has historically not paid dividends and has no foreseeable plans to issue dividends. The risk-free interest rate is based on the yield from governmental zero-coupon bonds with an equivalent term. The expected option term is calculated for options granted to employees and directors using the "simplified" method. Grants to non-employees are based on the contractual term. Changes in the determination of each of the inputs can affect the fair value of the options granted and the results of operations of the Company.

### Non-monetary transactions

The Company applies ASC 845, "Accounting for Non-Monetary Transactions", to account for services received through non-cash transactions based on the fair values of the services involved, where such values can be determined. If fair value of the services received cannot be determined, then the fair value of the shares given as consideration is used.

### Basic and diluted net loss per share

The Company computes basic net loss per share in accordance with ASC 260, *Earnings Per Share*, by dividing the net loss for the period by the weighted average number of common shares outstanding during the year. Diluted loss per share is computed by dividing the net loss for the year by the weighted average number of common and potentially dilutive common shares outstanding during the year, adjusted by any effects of warrants and options outstanding, if dilutive, that may add to the number of common shares during the year.

Potentially dilutive common shares were excluded from the calculation of diluted loss per share for all periods presented due to their anti-dilutive effect.

### Income Taxes

The Company accounts for income taxes under FASB ASC 740, *Income Taxes*. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which a change in judgement occurs, as a result of information that arises or when a tax position is effectively settled. Interest and penalties related to income tax matters are recognized in general and administrative expense.

The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of FASB ASC 740.

**Reclassification**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**Recent accounting standards**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which amends the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which delays the effective date of ASU 2014-09 by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. In March 2016, the FASB issued Accounting Standards Update No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* (ASU 2016-08) which clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The new standard further requires new disclosures about contracts with customers, including the significant judgments the company has made when applying the guidance. We will adopt the new standard effective January 1, 2018, using the modified retrospective transition method. The Company finalized its analysis and the adoption of this guidance will not have a material impact on our consolidated financial statements and our internal controls over financial reporting.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (ASU 2016-02), which generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. This guidance will be effective for us in the first quarter of 2019 on a modified retrospective basis and early adoption is permitted. The Company will adopt the new standard effective January 1, 2019. The Company has selected a lease accounting system and we are in the process of implementing such system as well as evaluating the use of the optional practical expedients. While the Company continues to evaluate the effect of adopting this guidance on its consolidated financial statements and related disclosures, the Company expects its operating leases, as disclosed in Note 14 — Commitments and Contingencies in the accompanying notes to the consolidated financial statements of this Annual Report, will be subject to the new standard. The Company will recognize right-of-use assets and operating lease liabilities on its consolidated balance sheets upon adoption, which will increase its total assets and liabilities.

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory* (ASU 2016-16), which requires companies to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, rather than when the asset has been sold to an outside party. The Company will adopt the new standard effective January 1, 2018, using the modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the effective date. A cumulative-effect adjustment will capture the write-off of income tax consequences deferred from past intra-entity transfers involving assets other than inventory, new deferred tax assets, and other liabilities for amounts not currently recognized under U.S. GAAP. Based on transactions up to December 31, 2017, the Company does not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-02, *Business Combinations (Topic 805): Clarifying the Definition of a Business* (ASU 2017-01), which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. The Company will adopt the new standard effective

January 1, 2018, on a prospective basis and do not expect the standard to have a material impact on its consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (ASU 2017-04), which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance will be effective for us in the first quarter of 2020 on a prospective basis, and early adoption is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

In February 2017, the FASB issued ASU 2017-05, an amendment to Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets The amendments in this Update are required for public business entities and other entities that have goodwill reported in their financial statements, under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The amendments in this Update modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. An entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. An entity should apply the amendments in this Update on a prospective basis. The amendments in this Update are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the effect ASU 2017-05 will have on its consolidated financial statements.

In July 2017, the FASB issued Accounting Standards Update No. (“ASU’’) 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815). The amendments in this Update provide guidance about:

1. Accounting for certain financial instruments with down round features.
2. Replacement of the indefinite deferral for mandatorily redeemable financial instruments of certain non-public entities and certain non-controlling interests.

The amendments in Part I of this Update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity’s own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260).

The amendments in Part II of this Update re-characterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect.

The amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in Part 1 of this Update should be applied in either of the following ways: 1. Retrospectively to outstanding financial instruments with a down round feature by means of a cumulative-effect adjustment to the statement of financial position as of the beginning of the first fiscal year and interim period(s) in which the pending content that links to this paragraph is effective 2. Retrospectively to outstanding financial instruments with a down round feature for each prior reporting period presented in accordance with the guidance on accounting changes in paragraphs 250-10-45-5 through 45-10. The amendments in Part II of this Update do not require any transition guidance because those amendments do not have an accounting effect. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging, (Topic 815), Targeted Improvements to accounting for Hedging Activities. The amendments in this Update better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. To meet that objective, the amendments expand and refine hedge accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements.

For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted in any interim period after issuance of the Update. Transition Requirements For cash flow and net investment hedges existing at the date of adoption, an entity should apply a cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the beginning of the fiscal year that an entity adopts the amendments in this Update. The amended presentation and disclosure guidance is required only prospectively. The impact this ASU will have on the Company's consolidated financial statements is expected to be immaterial.

**Note 4 – Bank Indebtedness**

The bank loans are secured by a general security agreement on Snakes & Lattes Inc and Snakes & Lattes College Inc.

The specific loans have the following terms:

Royal Bank of Canada has a Line of Credit authorized for $200,000 CAD dollars payment is due on demand at an interest rate of prime plus 3%. As at June 30, 2017 the balance outstanding was $141,000 CAD. As at June 30, 2016 the balance outstanding was $146,769 CAD.

Royal Bank of Canada Leased equipment over 36 months; with a commencement date of December 12, 2014, a termination date of December 12, 2017, with monthly payments inclusive of taxes of $5,079 CAD dollars. The original costs of the equipment leased is $149,000 CAD dollars with a rental factor of .03016. Royal Bank of Canada Leased equipment over 36 months; with a commencement date of August 31, 2015, a termination date of August 31, 2018, with monthly payments inclusive of taxes of $1,931 CAD dollars. The original costs of the equipment leased is $57,000 CAD dollars with a rental factor of .02998. In aggregate the leased equipment as at June 30, 2017 the outstanding balance was 17,304 USD and as of June 30, 2016 the outstanding balance was 85,758 USD.

Royal Bank of Canada has a term loan that is co-signed by the Government of Canada under the Small Business Financing loan program at an effective interest rate of 5.7% that is variable based on prime plus 3% with monthly payments on principal of $2,778.00 CAD. As at June 30, 2017 year end there is a balance remaining of $158,665 CAD dollars. As at June 30, 2016 there was a balance of 192,001 CDN outstanding.

The Business Development Bank of Canada has a term loan with an authorized amount of $62,500 with an effective interest rate of 7.30%, with monthly payments on principal of $1,300 CAD dollars, as at year end there is a balance remaining of $50,700 CAD dollars. As at June 30, 2016 there was no balance outstanding.

The Business Development Bank of Canada has a term loan with an authorized amount of $187,500 with an effective interest rate of 12.10%, with monthly payments on principal of $3,125 CAD dollars, as at June 30, 2017 year end there is a balance remaining of $159,375 CAD dollars. As at June 30, 2016 there was no balance outstanding.

Lending Loop has a term loan with an authorized amount of $125,000 CAD dollars with an effective interest rate of 10.63%, with monthly payments on principal of $5,762 CAD dollars, as at year end there is a balance remaining of 9,217 CAD dollars. As at June 30, 2016 there was a balance of 78,360 CAD outstanding.

Thinking Capital Inc. has a term loan with an authorized amount of $100,000 CAD dollars with a flat rate of interest amounting to 22.19% of the authorized amount, with monthly payments based on 14% of credit card transactions processed, and as at year end there is a balance remaining of $96,428 CAD dollars. As at June 30, 2016 there was no balance outstanding.

The following table summarizes total bank indebtedness as of June 30, 2017:

| Description | As of June 30, 2017 | | As of June 30, 2016 | |
|---|---|---|---|---|
| Royal Bank of Canada Line of Credit | $ | 108,688 | $ | |
| Royal Bank of Canada Leased Equipment (Aggregate) | | 17,304 | | |
| Royal Bank of Canada Term Loan | | 122,174 | | |
| Business Development Bank of Canada Term Loan (aggregate) | | 153,828 | | |
| Lending Loop Term Loan | | 7,095 | | |
| Thinking Capital | | 74,250 | | |
| Total | $ | 483,339 | $ | 17,158 |

## Note 5 – Related Party Convertible Notes, Convertible Notes, and Promissory Notes

Related Party Convertible Notes

As of June 30, 2015, the Company had entered into $171,000 of principal related party convertible debt, which associated debt discount of $20,937 for a beneficial conversion feature. The debt is convertible at a weighted average of $0.0041 per share into the Company's common stock. The Company had accrued interest of $21,145 in relation to the debt. The debt has an interest rate of 10% and the balance matured and was payable one year from the date of issuance.

During the year ended June 30, 2016, the Company entered into $5,978 of convertible debt. The debt is convertible at $0.005 per share into the Company's common stock. The debt has an interest rate of 10% and the balance matured and was payable one year from the date of issuance. The Company recorded finance expense in the amount of $19,259 for accrued interest of $40,404 and amortization of debt discount of $20,937. As of June 30, 2016, the balance of $217,382 includes the principal balance of $176,978 and accrued interest of $40,404.

During the year ended June 30, 2017, the Company entered into $47,818 of convertible debt and reclassed $36,000 to convertible debt from related party convertible debt due to a private transaction. The convertible debt entered into is convertible at a conversion price of $0.05 per share into the Company's common stock. The Company recorded a debt discount of $21,709 due to the beneficial conversion feature at the time of issuance. The debt has an interest rate of 10% and the balance matured and was payable one year from the date of issuance. The Company recorded finance expense in the amount of $20,870 for accrued interest of $61,274 and amortization of debt discount of $833. As of June 30, 2017, the balance of $229,193 includes the principal balance of $188,796, accrued interest of $61,274, less remaining debt discount of $20,877.

Convertible Notes

As of June 30, 2015, the Company had entered into $40,000 of principal convertible debt, which associated debt discount of $40,000 for an original issue discount of $3,000 and a beneficial conversion feature of $37,000. The debt is convertible at a weighted average of $0.005 per share into the Company's common stock. The Company had accrued interest of $589in relation to the debt. The debt has an interest rate of 10% and the balance matured and was payable one year from the date of issuance. Amortization amounted to $5,890 which resulted into a net debt discount of $34,110 and a net loan balance of $5,890. As of June 30, 2015, these loans were fully amortized thus resulting in a loan balance of $40,000 and accrued interest of $4,590

During the year ended June 30, 2015, the Company entered into $31,550 of convertible debt. The debt was convertible at $0.004 per share into the Company's common stock. The Company recorded a debt discount of $31,550 due to the beneficial conversion feature at the time of issuance. The debt has an interest rate of 10% and the balance matured and was payable one year from the date of issuance. The Company recorded finance expense in the amount of $11762 for accrued interest of $1,762 and amortization of debt discount of $6,192. As of June 30, 2016, the balance of $79,514 includes the principal balance of $71,550, accrued interest of 10,816, less remaining debt discount of $2,852.

During the year ended June 30, 2017, the Company entered into $633,246 of convertible debt and reclassed $36,000 to convertible debt from related party convertible debt due to a private transaction. The convertible debt entered into is convertible at a weighted average conversion price of $0.09 per share into the Company's common stock. The Company recorded a debt discount of $22,500 due to the beneficial conversion feature at the time of issuance. The debt has an interest rate of 10% and the balance matured and was payable one year from the date of issuance. The Company converted $87,550 of debt into 43,138,235 shares of the Company's common stock. In addition, the Company recorded an expense of $129,035 for debt modification due to the conversion of notes that converted into approximately 31 million shares. The Company also recorded finance expense in the amount of $3,208 for accrued interest of $14,024 and amortization of debt discount of $25,352. As of June 30, 2017, the balance of $667,269 includes the principal balance of $653,246 and accrued interest of $14,024.

**Note 6 – Warrants**

The Company utilizes the Black-Scholes valuation method to value warrants and recognize compensation expense over the vesting period. The expected life represents the period that the Company's warrants are expected to be outstanding. The Company uses a simplified method provided in Securities and Exchange Commission release, Staff Accounting Bulletin ("SAB") No. 110 ("SAB No. 110"), which averages a warrant's weighted average vesting period and contractual term for "plain vanilla" warrants. The expected volatility was obtained by analyzing the historic volatility of the Company's stock. The Company does not estimate forfeitures.

No dividend payouts were assumed as we have not historically paid and are not anticipated to pay dividends in the foreseeable future. The risk-free rate of return reflects the weighted average interest rate offered for US treasury rates over the expected term of the warrants. The fair market value of common stock used in the calculation was based upon future cash flow scenarios.

In connection with the issuance of convertible notes in April 2017 the company granted 1,000,000 options to a note holder at an exercise price of $0.05. The estimated fair value of the underlying stock was $0.06 per share with an intrinsic value of $7,200.

In July 2016, 74,625,218 warrants to purchase stock expired as they were not exercised by the holder.

A summary of significant assumptions used to estimate the fair value of the equity awards granted during the period are as follows:

| | For the years ended June 30, | |
|---|---|---|
| | **2017** | **2016** |
| Expected term (years) | 3 | None |
| Risk-free interest rate | 1.80% | None |
| Volatility | 212% | None |
| Dividend yield | None | None |

A summary of warrant activity for the combined plans for the years ended June 30, 2017 and 2016, and the changes for the years then ended, is presented as follows:

| | **Number of Warrants** | | **Weighted Average Exercise Price** | **Weighted Average Remaining Contract Terms (years)** |
|---|---|---|---|---|
| **Warrants outstanding June 30, 2015** | **94,625,218** | **$** | **0.020** | **1.4** |
| Granted | - | | - | |
| Forfeited | - | | - | |
| **Warrants outstanding June 30, 2016** | **94,625,218** | **$** | **0.020** | **0.4** |
| Granted | 1,000,000 | $ | 0.002 | |
| Forfeited | 74,625,218 | $ | 0.040 | |
| **Warrants outstanding June 30, 2017** | **21,000,000** | **$** | **0.050** | **0.8** |

**Note 7 – Stockholders' deficit**

As at June 30, 2017 the authorized common stock of the Company consists of 900,000,000 shares with par value of $0.001.

**Common Stock issued for services**

On October 21, 2016 the Company issued 38,500,000 shares of common stock in relation to a settlement agreement. The shares were valued at $110,880 which was recorded as loss on settlement.

During the period ended June 30, 2017, the Company issued 42,764,166 shares of common stock to third parties for payment of liabilities related to consulting services provided in prior years. The shares were valued at $344,743 which was recorded as a reduction in accounts payable in the amount of $63,243 and loss on extinguishment of debt in the amount of $281,500.

During the period ended June 30, 2017, the Company issued 15,000,000 shares of common stock to third parties for consulting services rendered. The shares were valued at $292,725 which was recorded as general and administrative expense.

**Common Stock issued for debt conversion**

On July 25, 2016, the Company issued 31,550,000 shares of common stock to convert $31,550 of convertible debt in accordance with the conversion terms.

On April 3, 2017, the Company issued 10,588,235 shares of common stock to convert $36,000 of convertible debt in accordance with the conversion terms.

On May 1, 2017, the Company issued 1,000,000 shares of common stock to convert $20,000 of convertible debt in accordance with the conversion terms.

**Conversion of Common Stock into Preferred Stock**

On March 1, 2017, the Company converted 350,000,000 shares of common stock into 4,500,000 shares of preferred stock at par.

**Business Acquisition**

On September 1, 2016, the Company issued 20,000,000 in connection with an acquisition which was recorded as part of the purchase price in the amount of $46,000, see Note 10.

**Preferred Stock**

The authorized preferred stock of the Company consists of 10,000,000 shares with a par value of $.001. The preferred shares are convertible into common stock at a ratio of 77.78 to 1. There are no redemption features or any additional privileges over and above the rights to the common stock it would convert into.

**Note 8 – Related Party Transactions**

During the years ended June 30, 2017 and 2016, the Company entered into convertible notes with a related party. See Note 5.

A party related to a shareholder and director provided a non-interest bearing loan to the Company. During the years ended June 30, 2017 and 2016, the Company made payments in the amount of $31,897 and $1,146 related to this loan, respectively.

A shareholder made advances to the Company totaling that are non-interest bearing, unsecured and have no fixed repayment dates. During the years ended June 30, 2017 and 2016, the Company received proceeds in the amount of $1,450,098 and $60,229 related to this loan, respectively. During the year ended June 30, 2017 the Company made payments in the amount of $1,008,620 related to this loan.

The Company leases office space and motor vehicles from a shareholder and director of the Company (See Note 14).

**Note 9 – Income Taxes**

The reconciliation of the US income tax provision computed at statutory rates to the reported income tax provision is as follows:

| | June 30, | |
|---|---|---|
| | 2017 | 2016 |
| Net loss for the year | $ (337,634) | $ (220,083) |
| Effective statutory rate | 34% | 34% |
| Expected tax recovery | (114,796) | (74,828) |
| Net effects of Canadian income taxes | 141,043 | - |
| | $ 26,247 | $ - |

Deferred income taxes reflect the net income tax effect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and amounts used for income taxes. The Company's deferred income tax assets and liabilities consist of the following:

| | June 30, | |
|---|---|---|
| | 2017 | 2016 |
| Net operating loss carry forward US | $ 422,454 | $ 358,964 |
| Net operating loss carry forward Canada | 102,890 | |
| Deferred tax asset | 525,344 | 358,964 |
| Valuation allowance | (525,344) | (358,964) |
| Deferred tax assets, net of valuation allowance | $ - | $ - |

The company is current in all Canadian tax filings across all of its subsidiaries; however, Amfil Technologies Inc. has not filed its US tax filings from 2009 to 2017. We do not believe that there are any US corporate taxes owing at this time other than potential late filing fees. The company is currently in the process of bringing the outstanding US tax filings up to date and expects this process to be completed by the end of calendar year.

As a result of the above management believes that the net operating loss carryforwards for US tax purposes totaled approximately $1,200,000 at June 30, 2017, which expire in 2037, and approximately $395,732 in Canada which expires between 2033 and 2037. The net operating loss carryforwards will begin to expire in the year 2018 if not utilized. After consideration of all the evidence, management has recorded a valuation allowance at June 30, 2017 due to uncertainty of realizing the deferred tax assets. Utilization of the Company's net operating loss carry forwards may be limited based on changes in ownership as defined in Internal Revenue Code Section 382.

**Note 10 – Acquisition**

In accordance with ASC 805, the Company accounts for acquisitions using the purchase method under which the acquisition purchase price is allocated to the assets acquired and liabilities assumed based upon their respective fair values. The Company utilizes management estimates and, in some instances, may retain the services of an independent third-party valuation firm to assist in determining the fair values of assets acquired, liabilities assumed and contingent consideration granted. Such estimates and valuations require the Company to make significant assumptions, including projections of future events and operating performance.

During the year ended June 30, 2017, the Company completed a business acquisition for total consideration of $46,000, related to a business combination involving the purchase of Snakes & Lagers Inc (which directly owned Snakes & Lattes Inc and Snakes & Lattes College Inc.) in exchange for 20 million common shares of the Company. We have included the financial results of these business acquisitions in our consolidated financial statements from their respective dates of acquisition.

The acquisition took place on September 1, 2016 as at that date the assets and liabilities acquired where was as follows:

| | |
|---|---|
| Cash | $ 21,261 |
| Prepaid expenses | 56,576 |
| Inventories | 3,659,761 |
| Fixed assets | 946,316 |
| Total assets | $ 4,683,914 |
| | |
| Accounts payable | $ 3,759,109 |
| Tax liability | 107,161 |

| | | |
|---|---|---|
| Shareholder loan | | 321,112 |
| Long term debt | | 430,228 |
| Related party loans | | 68,728 |
| Total liabilities | | 4,686,338 |
| | | |
| Net liabilities assumed | $ | 2,424 |
| Purchase price | | 46,000 |
| Goodwill | $ | 48,424 |

The following unaudited pro forma consolidated results of operations have been prepared, as if the acquisition of Snakes & Lagers Inc. has occurred as of July 1, 2015:

| | Year ended June 30, | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| Revenues | $ | 9,561,982 | $ | 9,613,194 |
| Net Loss from continuing operations | $ | (349,446) | $ | 119,349 |
| Net loss per share – basic and diluted | $ | (0.00) | $ | 0.00 |
| Weighted average number of common shares – basic and diluted | | 473,895,499 | | 664,493,098 |

The Company recorded revenues of $8,168,251 from the acquisitions completed during Fiscal 2017. The Company recorded no third-party expenses associated with consummating the acquisition.

**Note 11 – Property and Equipment**

Property and equipment consisted of the following as of June 30, 2017 and 2016:

| | **June 30,** | | | |
|---|---|---|---|---|
| | **2017** | | **2016** | |
| Office furniture | $ | 79,342 | $ | - |
| Equipment | | 272,626 | | - |
| Computers | | 20,550 | | - |
| Leasehold improvements | | 690,460 | | - |
| Grozone Equipment | | 111,555 | | - |
| Inventory Management Platform | | 346,503 | | - |
| Accumulated depreciation and amortization | | (400,202) | | - |
| Property and equipment, net | $ | 1,120,834 | $ | - |

Depreciation expense for the years ended June 30, 2017 and 2016 was $169,269 and $0, respectively.

**Note 12 – Intangible assets**

Intangible assets consisted of the following as of June 30, 2017 and 2016:

| | **June 30,** | | | |
|---|---|---|---|---|
| | **2017** | | **2016** | |
| Intangible assets | $ | 69,747 | $ | - |
| Accumulated amortization | | (21,501) | | - |
| Property and equipment, net | $ | 48,246 | $ | - |

Amortization expense for the years ended June 30, 2017 and 2016 was $21,501 and $0, respectively.

**Note 13 – Dividends**

Dividends are paid to a preferred shareholder of Snakes & Lattes College Inc. holding 150 preferred shares valued at $1,000 CAD dollars per share. Dividends are paid out cumulatively at a rate of 6% per annum. In the current year dividends payable amounted to $6,353 USD.

**Note 14 – Commitments and contingencies**

**Operating lease**

The Company has lease agreements to lease office space and motor vehicles from a shareholder of the Company under operating leases for terms of ten and five years respectively. The Company's future minimum payment obligations under the lease commitments are as follows:

| Twelve Months Ended June 30, | | Amount |
|---|---|---|
| 2018 | $ | 598,755 |
| 2019 | | 598,755 |
| 2020 | | 528,397 |
| 2021 | | 528,397 |
| 2022 | | 360,903 |
| Thereafter | | 1,087,713 |
| | $ | 3,539,263 |

**Joint venture with ACTS**

Under the terms of the Joint Venture Agreement, the Company shall be responsible for the initial investment funding and capital contribution of $200,000 over the first 2 – 3 months on an as needed basis and shall further co-ordinate on a best effort basis for an additional investment funding and capital contribution of approximately $3 million to $5 million into the Joint Venture over a 15-month period from the date of initiation of the Joint Venture Agreement. The initial investment of $200,000 shall be used for the advancement of the EcoPr03 GRO3 technology, including materials for assembly of the first 2 – 3 units as well as travel, costs and expenses incurred to generate the first sales and beta tests in existing facilities. In addition, AMFE issued 10 million common shares to ACTS.

The Company has contributed approximately $111,555 as at June 30, 2017 and these have been capitalized in the property and equipment. The other party to the Joint Venture only contributes knowhow and labor for the advancement of the EcoPr03 GRO3technology.

**Note 15 – Certain Risks and Concentrations**

The Company's revenues are primarily derived from online and in store board game sales as well as at our brick and mortar retail locations, the market for which is highly competitive and rapidly changing. Significant changes in this industry or changes in customer buying or spending behavior could adversely affect our operating results.

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents and accounts receivable. Cash equivalents consist primarily of deposits. Accounts receivable are typically unsecured and are derived from revenues earned from customers located around the world, but primarily in Canada and the US. In 2016 and 2017 the Company generated approximately 98% of our revenues from customers based in Canada and the United States. The Company performs ongoing evaluations to determine customer credit and the Company limits the amount of credit it extends, but generally it does not require collateral from its customers. The Company maintains reserves for estimated credit losses and these losses have generally been within its expectations.

One customer represented approximately 32.27% of revenues amounting to approximate sales of $2,687,982.

During the year, the Company purchased approximately 74% of its products from one of its suppliers and has undertaken, under the terms of a contract, to purchase exclusively from the same supplier. In the current year it has purchased approximately $4,538,264 of product. The Company signed an agreement with the supplier whereby they have distribution rights of the enterprise's products in Canada. This agreement has no fixed date of expiration.

**Note 16 – Industry Segmentation and Sales by Major Supplier**

**Industry Segmentation**

*Current Activities* **-** The Company focuses on two primary activities: 1) operating a board game cafe retail, online and wholesale distribution, and 2) hardscape construction and winter services.

**Board game retail, online and wholesale distribution ("Board Game")**

Snakes & Lagers Inc.. a holding company that holds the shares of Snakes & Lattes Inc. Snakes & Lattes College Inc., Snakes & Lattes Annex Inc., & Snakes & Lattes Midtown Inc. This collection of entities is involved in the following revenue generating activities; board game retail, online and wholesale distribution; retail coffee shop/bistro; Distribution of board game related products; Board game publishing and manufacturing; and corporate/personal events.

**Hardscape Construction and winter services ("Hardscape Construction")**

Interloc Kings Inc. is an interlock and landscaping specialists and offers landscape construction and snow removal services in Canada. The company was founded in April 2009 and is based in Markham, Ontario, Canada. It has completed projects throughout Markham and the Greater Toronto Area.

| | As of and for the year ended June 30, 2017 | | |
|---|---|---|---|
| | **Board Game** | **Hardscape Construction** | **Consolidated** |
| Total revenues | $ 8,168,251 | $ 161,516 | $ 8,329,767 |
| Depreciation and amortization | 114,121 | - | 114,121 |
| Operating income (loss) | 159,491 | (176,250) | (16,759) |
| Capital expenditures, net | 178,895 | - | 178,895 |
| Interest expense | 121,122 | 3,340 | 124,462 |
| Income before taxes | 159,491 | (176,250) | (16,759) |
| Income tax expense | 19,360 | - | 19,360 |
| Identifiable assets, net | $ 5,982,207 | $ 4,276 | $ 5,986,483 |

**Major Customer**

Revenue from one major customer representing 10% or more of consolidated revenue is as follows:

| | For the year ended June 30, | |
|---|---|---|
| | **2017** | **2016** |
| Board Game – one customer | 32.27 % | N/A |

**Note 17 – Subsequent Events**

The subsequent events were evaluated until September 12, 2018.

On July 17, 2017 the company issued 22,000 restricted common shares for services.

On July 17, 2017 the company issued 430,000 common shares for debt reduction.

On August 2, 2017 the company issued 100,000 common shares for $10,000 cash.

On August 5, 2017 the company issued 2,650,000 common shares for debt reduction.

On August 15, 2017 the company issued 8,737,821 restricted common shares for debt reduction.

On August 22, 2017 the company issued 1,262,266 common shares for debt reduction.

On September 20, 2017 the company reduced the authorized common share count of the company down from 900,000,000 shares to 600,000,000 shares.

On September 25, 2017 the company issued 2,000,000 common shares for debt reduction.

On October 23, 2017 the company issued 3,235,295 common shares for debt reduction.

On October 23, 2017 the company issued 1,290,867 common shares for services.

On October 25, 2017 the company acquired Natural Stuff Inc. for 750,000 shares of common stock.

On October 26, 2017 the company issued 600,000 restricted common shares for $60,000 in cash and debt reduction.

On November 9, 2017 the company issued 500,000 restricted common shares for $20,000 cash and debt reduction.

On January 8, 2018 the company issued 200,000 restricted common shares for services.

On January 8, 2018 the company issued 4,529,412 common shares for debt reduction.

On January 18, 2018 a shareholder exchanged 20,000,000 common shares for 257,136 shares of preferred stock.

On March 1, 2018 the company issued a convertible note for 1,500,000 shares for cash proceeds of $150,000 cash.

On March 8, 2018 the company issued a convertible note for 300,000 shares for $30,000 cash.

In May 2018, the company acquired a board game publishing and distribution company in France for 150,000 EURO, or approximately $175,000.

On May 1, 2018 the company issued 3,000,000 shares for debt reduction.

In May 2018, the Company entered into a ten year lease for a fourth location in Tempe, Arizona with annual rents of approximately $230,000. The location planned opening is in September 2018.

On July 6, 2018 the company issued 3,069,863 common shares for debt reduction.

On August 31, 2018 the company issued 1,016,986 common shares for debt reduction.