CANADIAN INTERNATIONAL PHARMA CORP.

Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)

For the three months ended January 31, 2018
(Expressed in Canadian Dollars)

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CANADIAN INTERNATIONAL PHARMA CORP.

Dated March 20, 2018

Management's Comments on Unaudited Interim Financial Statements

The accompanying unaudited interim financial statements of Canadian International Pharma Corp. the three months ended January 31, 2018 and 2017 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the three month period ended January 31, 2018.

CANADIAN INTERNATIONAL PHARMA CORP.
Consolidated Statements of Financial Position
As at October 31,
(Expressed in Canadian Dollars)

	2018	2017
ASSETS		
Current		
Cash and cash equivalents	$ 140,343	$ 140,352
Marketable securities	7,686	4,612
Receivables	2,631	4,242
Prepaid expenses (Note 7)	16,920	20,718
	167,580	169,924
Reclamation deposit (Note 4)	5,000	5,000
	$ 172,580	$ 174,924
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 107,316	$ 115,788
Shareholders' equity		
Capital stock (Note 5)	14,333,733	14,214,576
Reserves	1,289,333	1,337,690
Deficit	(15,557,802)	(15,493,130)
	65,264	59,136
	$ 172,580	$ 174,924

Nature of operations and going concern (Note 1)
Commitments (Note 10)

On behalf of the Board:

"Douglas L. Mason" Director *"Sead Hamzagic"* Director

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

CANADIAN INTERNATIONAL PHARMA CORP.
Interim Consolidated Statements of Loss and Comprehensive Loss
Three months ended January 31,
(Unaudited – Expressed in Canadian Dollars)

	2018	2017
REVENUE		
Service fees	$ -	$ 5,104
EXPENSES		
Consulting fees (Note 7)	21,000	74,000
Filing fees	2,183	3,432
Interest (Note 7)	-	74
Office and miscellaneous	9,332	13,524
Professional fees (Note 7)	14,970	15,053
Rent (Note 7)	7,234	5,707
Transfer agent fees	662	3,768
Travel	719	9,343
Wages and benefits (Note 7)	11,651	8,846
	(67,751)	(133,747)
	(67,751)	(128,643)
OTHER INCOME (EXPENSES)		
Interest income	5	74
Unrealized gain (loss) on marketable securities	3,074	(5,037)
	3,079	(4,963)
Loss and comprehensive loss for the year	$ (64,672)	$ (133,606)
Basic and diluted loss per share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	37,442,578	32,873,013

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

CANADIAN INTERNATIONAL PHARMA CORP.

Interim Consolidated Statements of Change in Shareholders' Equity (Deficiency)

(Unaudited – Expressed in Canadian Dollars)

	Number of Common Shares	Amount	Share-based Payments Reserve	Residual Value of Warrants Reserve	Deficit	Total
Authorized:						
Unlimited number common shares without par value						
Balance as at October 31, 2016	**32,873,013**	**13,999,576**	**1,237,523**	**100,167**	**(15,043,905)**	**293,361**
Loss for the period	-	-	-	-	(133,606)	(133,606)
Balance as at January 31, 2017	**32,873,013**	**$ 13,999,576**	**$ 1,237,523**	**$ 100,167**	**$ (15,177,511)**	**$ 159,755**
Private placement @ $0.05	4,500,000	225,000	-	-	-	225,000
Share issue costs	-	(10,000)	-	-	-	(10,000)
Loss for the period	-	-	-	-	(315,619)	(315,619)
Balance as at October 31, 2017	**37,373,013**	**$ 14,214,576**	**$ 1,237,523**	**$ 100,167**	**$ (15,493,130)**	**$ 59,136**
Stock option exercise	1,080,000	119,157	(48,357)	-	-	70,800
Loss for the period	-	-	-	-	(64,672)	(64,672)
Balance as at January 31, 2018	**38,453,013**	**$ 14,333,733**	**$ 1,189,166**	**$ 100,167**	**$ (15,557,802)**	**$ 65,264**

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

CANADIAN INTERNATIONAL PHARMA CORP.
Interim Consolidated Statements of Cash Flows
Three months ended January 31,
(Unaudited – Expressed in Canadian Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (64,672)	$ (133,606)
Items not affecting cash		
Unrealized (gain) loss on marketable securities	(3,074)	5,037
Changes in non-cash working capital items		
Decrease (Increase) in receivables	1,611	(2,327)
Decrease in prepaid expenses	3,798	-
Decrease in accounts payable and accrued liabilities	(8,472)	(6,063)
Net cash used in operating activities	(70,809)	(136,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	70,800	-
Net cash provided by financing activities	70,800	-
Increase (decrease) in cash during the period	(9)	(136,959)
Cash and cash equivalents, beginning of period	140,352	266,134
Cash and cash equivalents, end of period	$ 140,343	$ 129,175
Cash paid for interest	$ -	$ 74
Cash paid for income taxes	$ -	$ -

Supplemental disclosures with respect to cash flows (Note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian International Pharma Corp., (the "Company") was incorporated under the laws of the Province of British Columbia and is currently trading on the NEX Board of the TSX Venture Exchange (Trading Symbol: CIP.H). The Company was previously engaged in in the acquisition and exploration of mineral resource properties, however, its intention is to pursue new business opportunities in the area of pharmaceutical and nutraceutical manufacturing and distribution.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future, will be able to realize its assets, discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding to continue its operations and intends to advance its new business opportunities in the area of pharmaceutical and nutraceutical manufacturing and distribution, however, the Company has incurred significant operating losses over the past several fiscal years (2017 - $449,225; 2016 - $570,988), has working capital of $60,264 (October 31, 2017 - $54,136), has a deficit of $15,557,802 (October 31, 2017 - $15,493,130), has limited resources, no source of operating cash flows and no assurances that sufficient funding will be available to further its goals and objectives. These indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to successfully complete its manufacturing process, commercialize its products and receive regulatory approvals for its business, the outcome of which cannot be predicted at this point. As a result, it may be necessary for the Company to obtain additional capital, such as issuance of equity and/or debt securities, or alternative financing sources of financing. There is no assurance that the Company will be able to obtain sufficient funds to continue its operating activities.

2. BASIS OF PREPARATION

Statement of compliance

These interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of January 31, 2018. The Board of Directors approved the financial statements for issue on March 20, 2018.

Basis of measurement

The consolidated 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.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

2. BASIS OF PREPARATION (Continued)

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

<u>Critical accounting estimates:</u>

a) Recoverability of asset carrying values

The Company assesses its assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period.

b) Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. These estimates will impact the amount of share-based payments recognized.

c) Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, Grupo Minero Venturex, S.A. de C.V. (Mexico). All significant inter-company transactions and balances have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash and cash equivalents

Cash and cash equivalents includes highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the periods presented, the Company does not have any cash equivalents.

(c) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost using the effective interest method.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) 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 (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Exploration and evaluation assets

For investments in exploration and evaluation assets the Company follows the practice of capitalizing all costs upon obtaining the legal right to explore relating to the acquisition of, exploration for and evaluation of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to an exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Exploration and evaluation assets (Continued)

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs are reclassified as mining assets and will be charged to operations on a unit-of-production method based on proven and probable reserves.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment at each financial position reporting date. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(e) Impairment of non-current assets

At each financial position reporting date, the Company's non-current assets are reviewed to determine whether there is any indication that the carrying value of those assets are impaired and may not be recoverable. If any such indication exists, the recoverable amount of the asset is evaluated at the level of a cash-generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition

Revenue from rendering services performed by the Company is recognized when the following conditions are met: amount of the revenue can be measured reliably; it is probable that economic benefits associated with the transaction will flow to the entity; the stage of completion of the transaction at the end of the reporting period can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Equity units
The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants where the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against common share component.

(h) Share-based payment transactions

The Company's stock option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is accrued and charged either to operations or exploration and evaluation assets, with the offset credit to share-based payments reserve, over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payments reserve are transferred to capital stock.

The Black-Scholes option valuation model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(j) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Restoration and rehabilitation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of an exploration and evaluation asset interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. As at January 31, 2018 and October 31, 2017 the Company does not have any significant restoration obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(m) New accounting standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of January 31, 2018 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Company.

IFRS 9 *Financial Instruments*

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has a tentative adoption date of periods beginning on or after January 1, 2018 for this standard.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 outlines the principles for recognizing revenue from contracts with customers. The new standard establishes a new five-step model for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard is effective for annual periods beginning on or after January 1, 2018, and is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

IFRS 16 *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard estimates the classification of leases as either operation or finance leases as it required by IAS 17 and instead introduces a single lessee accounting model.

Effective for annual periods beginning on or after January 1, 2019 for this standard.

4. EXPLORATION AND EVALUATION ASSETS

Realization of assets

Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Reclamation deposit

As at January 31, 2018, the Company has a refundable deposit of $5,000 (October 31, 2017 - $5,000) with the Ministry of Energy, Mines and Petroleum.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. During such time that the Company was involved in the acquisition and exploration of mineral resource properties, the Company conducted its mineral exploration activities in compliance with applicable environmental protection legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's previous operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of the exploration and development on an exploration and evaluation assets, the potential for production on the property may be diminished or negated.

Title to exploration and evaluation assets

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation asset and, to the best of its knowledge, title to its property is in good standing. However, properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Seagull Property, Ontario

The Company entered into an option agreement dated October 2, 2008 with Rainy Mountain Royalty Corp., ("Rainy Mountain"), and White Metal Resources Corp., ("White Metal") whereby the Company was granted an option to earn an initial 30% interest (earned) in the Seagull property located near Thunder Bay, Ontario. In order to acquire its initial 30% interest, the Company was required to spend $500,000 in exploration expenditures by February 28, 2009 (completed).

By an amending agreement dated October 15, 2010, the Company increased its ownership interest in the Seagull property from 30% to 40% interest, (based on its exploration expenditures incurred) with White Metal and Rainy Mountain each owning a 30% interest.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Seagull Property, Ontario (Continued)

By option agreement dated February 22, 2011, as amended, the Company, Rainy Mountain and White Metal (collectively the "Optionors") granted an option to Minfocus Exploration Corp. of Toronto, Ontario (the "Optionee" or "Minfocus") entitling the Optionee to earn an interest in the Seagull property. Under the option agreement, the Optionee has the initial option to earn a 55% interest in the property (the "Initial Option") from the Optionors upon paying the sum of $55,000 (paid) and issuing 50,000 Minfocus shares (issued). The Company's proportionate share received was $25,000 and 20,000 Minfocus shares at a value of $8,000. Additionally, the Optionee is required to pay the Optionors $25,000 (in cash and/or Minfocus shares), on a pro rata basis, on each of the 12 month anniversary (Minfocus shares received at a value of $10,000 in February, 2012), the 24 month anniversary ($5,000 received in cash and $5,000 received in Minfocus shares in February, 2013) and the 36 month anniversary (200,000 Minfocus shares received at a value of $10,000 in February, 2014) of the option agreement. Also, the Optionee is required to incur exploration expenditures of $1,000,000 (the "Exploration Expenditure Requirement") on the Seagull property in the amount of $250,000 in each year of the initial 4 year option term. As well, the Optionee can earn a 70% interest in the Seagull property (the "Additional Option") by incurring a further $2,000,000 in expenditures against the property and issuing 1,000,000 shares to the optioners during the option term. Further, the Optionee has the right to increase its interest to 85% (the "Further Option") by completing a feasibility study on the property within a 5 year period following the option term. By further amending agreement, dated February 11, 2015, the Optionors agreed to allow the Optionee to extend the Exploration Expenditure Requirement period to September 30, 2015 and to extend the Additional Option earn in period to September 30, 2016 in return for the Optionee collectively issuing 1,000,000 Minfocus shares to the Optionors (400,000 Minfocus shares received by the Company on February 27, 2015 representing the Company's 40% pro rata share of such issuance with a value of $6,000). By further amending agreement, dated July 29, 2016, the Optionors agreed to extend the date for the Optionee to complete the Exploration Expenditure Requirement to September 30, 2017 in return for the Optionee issuing 500,000 Minfocus shares to the Optionors (200,000 Minfocus shares were received by the Company on August 30, 2016 representing the Company's 40% pro rata share of such issuance with a value of $8,000). As well, if the Optionee does not complete the exploration commitment by September 30, 2017, the Optionors have also agreed to further extend the date for the Optionee to complete the Exploration Expenditure Requirement to September 30, 2018 in return for the Optionee paying the Optionors $30,000 in cash and/or shares (240,000 Minfocus shares were received by the Company on June 28, 2017 representing the Company's 40% pro rata share of such issuance with a value of $3,600), (or a the Optionee's election, such payment can be paid with Minfocus shares of equivalent value or any combination of cash and/or Minfocus shares). Additionally, for the above described consideration, the Optionors agreed to further extend the option period under the option agreement to September 30, 2019.

The Seagull property is subject to two separate royalties (2.4% NSR in total), of which 1.4% can be purchased for $2 million. In connection with the Company's recent change of business, the Company may divest of its joint venture interest in the Seagull property at some time in the future.

During the year ended October 31, 2015, the Company recorded an impairment charge of $927,224 related to the Seagull Property (due to the Company's change of business and the inactivity on the Seagull Property). The Company and Rainy Mountain have certain directors in common.

During the year ended October 31, 2017, the Company recorded a recovery of $3,600 (2016 - $8,000) on receipt of 240,000 (2016 – 200,000) common shares related to the Seagull Property under the extension terms of the option agreement.

(Unaudited – Expressed in Canadian Dollars)

5. CAPITAL STOCK

Authorized share capital:

- Unlimited number common shares without par value

During the period ended January 31, 2018, the following private placement was completed by the Company:

- In January 2018, $70,800 in proceeds were received on the exercise of 240,000 options @ $0.05 and 840,000 options @ $0.07 for a total of 1,080,000 options exercised.

During the year ended October 31, 2017, the following private placement was completed by the Company:

- On July 28, 2017, the Company completed its non-brokered private placement and raised $225,000 by the issuance of 4,500,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share for a period of one year at an exercise price of $0.10. In connection with this private placement, the Company paid a finder's fee of $10,000.

6. STOCK OPTIONS AND WARRANTS

Options

The Company has a rolling stock option plan, whereby it is allowed to issue options of up to 10% of the Company’s issued and outstanding common shares at any given time. Under the plan, options can be granted for a maximum term of five years and vesting of stock options is at the discretion of the board of directors at the time options are granted.

The Company recorded share-based payments during period ended January 31, 2018 of $nil (October 31, 2017 - $nil).

As at January 31, 2018, the following incentive stock options were outstanding:

	Number of Options		
Expiry Date	January 31, 2018	October 31, 2017	Exercise Price
July 2, 2018	35,000	275,000	$ 0.05
April 15, 2021	1,310,000	2,150,000	$ 0.07
Outstanding and exercisable	1,345,000	2,425,000	

The weighted average grant-date fair value of options granted during the period ended January 31, 2018 was $nil (October 31, 2017 - $nil) per share.

(Unaudited – Expressed in Canadian Dollars)

6. STOCK OPTIONS AND WARRANTS (Continued)

Options (Continued)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, October 31, 2016	**2,450,000**	**$ 0.07**
Expired	(25,000)	0.30
Outstanding, October 31, 2017	**2,425,000**	**0.07**
Exercised	(1,080,000)	0.07
Number of options currently exercisable	1,345,000	$ 0.07

Warrants

As at January 31, 2018 and October 31, 2017, the following warrants were outstanding:

	Number of Warrants		
Expiry Date	January 31, 2018	October 31, 2017	Exercise Price
July 28, 2018	4,500,000	4,500,000	$ 0.10
Outstanding and exercisable	4,500,000	4,500,000	

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 31, 2016	20,892,857	$ 0.13
Issued	4,500,000	0.10
Expired	(20,892,857)	0.13
Balance, October 31, 2017 and January 31, 2018	4,500,000	$ 0.10

(Unaudited – Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at January 31, 2018 is $73,919 (October 31, 2017 - $89,308) owing to companies controlled by directors, directors in common.

Included in prepaid at January 31, 2018 is $15,000 (October 31, 2017 - $15,000) as a payroll administration deposit to Waterfront Communications Inc. (a company with certain directors in common), to cover shared employee payroll costs.

During the period ended January 31, 2018, the Company paid or accrued the following amounts to companies controlled by directors or companies having directors in common:

	January 31, 2018	January 31, 2017
Consulting fees	$ 15,000	$ 53,500
Rent	7,234	5,707

7. RELATED PARTY TRANSACTIONS (Continued)

Key management compensation to the CEO, President, CFO, Directors and/or related entities includes the following:

	January 31, 2018	January 31, 2017
Consulting fees	$ 15,000	$ 53,500

The Company reimbursed Waterfront Communications Inc. (a company with certain directors in common) on a cost basis, to cover shared administrative and payroll costs in the amount of $11,651 (January 31, 2017 - $8,846) and shared expenses in the amount of $8,157 (January 31, 2017 - $7,351).

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

There were no significant non-cash financing or investing transactions during period ended January 31, 2018.

Significant non-cash financing or investing transactions during year ended October 31, 2017:

- receipt of 240,000 common shares valued at $3,600 on an exploration and evaluation asset in relation to the Seagull property.

(Unaudited – Expressed in Canadian Dollars)

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes as at October 31, 2017 is as follows:

		2017
Loss for the year	$	(449,225)
Expected income tax (recovery)	$	(117,000)
Permanent difference		(1,000)
Change in statutory foreign tax, foreign exchange rates and other		(72,000)
Share issue costs		(6,000)
Expiry of non-capital loss carried forward		-
Adjustment to prior years provision versus statutory tax returns		(2,000)
Change in unrecognized deductible temporary differences		198,000
Income tax recovery	$	-

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company’s unrecognized temporary differences, including unused tax credits and unused tax losses as at October 31, 2017 are as follows:

	Expiry Date Range		2017
Temporary differences:			
Exploration and evaluation assets	No expiry	$	1,365,000
Investment tax credits	2032 to 2035		17,000
Property and equipment	No expiry		3,000
Share issue costs	2018 to 2021		23,000
Marketable securities	No expiry		5,000
Allowable capital losses	No expiry		141,000
Non-capital losses available for future periods	2018 to 2037		5,563,000

The attributes are subject to review, and potential adjustment, by tax authorities.

9. COMMITMENTS

The Company has entered into three 5 year term renewable agreements with companies controlled by two directors and one former director of the Company for the provision of consulting and/or legal services at a cost of $2,500 per month ($30,000 per annum) for each of the three agreements. If any of such agreements are terminated without cause, or if there is a change in control of the Company, the Company is required to pay $150,000 to such contracted party so affected.

The Company has also entered into two agreements with certain directors/officers for services rendered in such capacities. If such agreements are terminated without consent of the director/officer or the director/officer resigns within 120 days following a change in control, the Company must pay $50,000 to such director/officer and allow any unvested stock options to vest.

11. CAPITAL MANAGEMENT

The Company's shareholders' equity comprise its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities in the area of pharmaceutical and nutraceutical manufacturing and distribution and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

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 new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operating activities, the Company will need to become profitable in perusing its new business and/or raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended January 31, 2018. The Company is not subject to externally imposed capital requirements.

(Unaudited – Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and cash equivalents and marketable securities as fair value through profit or loss; receivables and reclamation deposits as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

The carrying values of receivables, reclamation deposits, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's measurement of fair value of financial instruments in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
January 31, 2018				
Assets				
Cash and cash equivalents	$ 140,343	$ 140,343	$ -	$ -
Marketable securities	$ 7,686	$ 7,686	$ -	$ -
	$ 148,029	$ 148,029	$ -	$ -
October 31, 2017				
Assets				
Cash and cash equivalents	$ 140,352	$ 140,352	$ -	$ -
Marketable securities	$ 4,612	$ 4,612	$ -	$ -
	$ 144,964	$ 144,964	$ -	$ -

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at January 31, 2018, the Company had accounts payable and accrued liabilities of $107,316 (October 31, 2017 - $115,788). Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

12. FINANCIAL INSTRUMENTS (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices, and investments, as they are carried at fair values based on quoted market prices.

13. SEGMENTED INFORMATION

The Company currently has one business segment and operates in the generic drug manufacturing and distribution business in Canada.