Unaudited Condensed Interim Financial Statements of

MEDI-CAN HEALTH SOLUTIONS LTD.

June 30, 2017 and 2016

MEDI-CAN HEALTH SOLUTIONS LTD.
(Expressed in Canadian Dollars)
June 30, 2017 and 2016

Financial Statements

MEDI-CAN HEALTH SOLUTIONS LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited)
As at
Expressed in Canadian Dollars

	Note		June 30 2017		December 31 2016
ASSETS					
Current					
Cash		$	**20**	$	20
Taxes receivable	5		**4,054**		1,079
			4,074		1,099
Non-Current					
Equipment	6		**184,244**		139,891
		$	**188,318**	$	140,990
LIABILITIES					
Current					
Trade and other payables		$	**3,600**	$	3,600
Advances from shareholders	8		**396,853**		323,056
			400,453		326,656
SHAREHOLDERS' DEFICIENCY					
Share capital	7		**20**		20
Accumulated deficit			**(212,155)**		(185,686)
			(212,135)		(185,666)
		$	**188,318**	$	140,990

Signed on behalf of the Board of Directors by:

____________________ Director ____________________ Director

The accompanying notes are an integral part of these financial statements

MEDI-CAN HEALTH SOLUTIONS LTD.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(unaudited)
For the three and six months ended
June 30
Expressed in Canadian Dollars

			Three Months Ended		June 30		Six Months Ended		June 30
	Note		**2017**		2016		**2017**		2016
Expenses									
Depreciation	6	$	**8,529**	$	7,497	$	**17,058**	$	14,962
Rent			**3,600**		3,600		**7,200**		7,200
Telephone			**1,092**		1,076		**2,211**		2,153
Net loss and comprehensive loss for the period		$	**(13,221)**	$	(12,173)	$	**(26,469)**	$	(24,315)
Loss per share	9	$	**(66)**	$	(61)	$	**(132)**	$	(122)

The accompanying notes are an integral part of these financial statements

MEDI-CAN HEALTH SOLUTIONS LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(unaudited)
Expressed in Canadian Dollars

	Number of Shares		Share Capital		Accumulated Deficit		Total
Balance at December 31, 2015	200	$	20	$	(130,920)	$	(130,900)
Net loss for the period	-				(24,315)		(24,315)
Balance at June 30, 2016	200		20		(155,235)		(155,215)
Net loss for the period	-				(30,451)		(30,451)
Balance at December 31, 2016	200		20		(185,686)		(185,666)
Net loss for the period	-				(26,469)		(26,469)
Balance at June 30, 2017	**200**	**$**	**20**	**$**	**(212,155)**	**$**	**(212,135)**

The accompanying notes are an integral part of these financial statements

MEDI-CAN HEALTH SOLUTIONS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS (unaudited)
For the six months ended June 30
Expressed in Canadian Dollars

	Note		2017		2016
OPERATING ACTIVITIES					
Net loss for the year		$	**(26,469)**	$	(24,315)
Item not affecting cash					
Depreciation	6		**17,058**		14,962
Changes in non-cash working capital balances:					
Taxes receivable	5		**(2,975)**		-
Cash used in operating activities			**(12,386)**		(9,353)
Cash flows from investing activity					
Purchase of equipment	6		**(61,411)**		(2,213)
Cash flows from financing activity					
Advances from shareholders	8		**73,797**		11,566
Decrease in cash during the period			**-**		-
Cash beginning of period			**20**		20
Cash end of period		$	**20**	$	20

Supplemental cash flow information – Note 11

The accompanying notes are an integral part of these financial statements

1. CORPORATION INFORMATION

Medi-Can Health Solutions Ltd. (the "Company" or "Medi-Can") was incorporated in the Province of British Columbia on September 3, 2013 under the *Business Corporations Act* of British Columbia. The Company's corporate office and principal place of business is located at 8108 Highland Place, Vernon, BC V1B 3W6.

Medi-Can, a cannabis production license applicant under Health Canada's Access to Cannabis for Medical Purposes Regulations ("ACMPR"), holds a leasehold property in Vernon, BC and extensive cannabis cultivation equipment.

2. BASIS OF PREPARATION AND GOING CONCERN

These condensed interim financial statements for the three- and six-month periods ended June 30, 2017 and 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2016 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee.

The condensed interim financial statements were authorized for issue by the Board of Directors on February 14, 2018.

These condensed interim financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

The preparation of condensed interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in Note 4.

The Company has not yet achieved profitable operations. These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred a net loss of $26,469 for the period ended June 30, 2017 (2016 - $24,315) and has accumulated a deficit of $212,155 (December 31, 2016 - $185,686) since inception. The Company had a working capital deficit of $396,379 as at June 30, 2017 (December 31, 2016 - $325,557), which indicates the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's obligations as they come due.

No adjustments to the carrying values of the assets and liabilities have been made in these condensed interim financial statements. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis. Such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these condensed interim financial statements within reasonable limits of materiality and within the framework of the significant policies summarized below.

These condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual audited financial statements for the year ended December 31, 2016. These condensed interim financial statements should be read in conjunction with the Company's December 31, 2016 audited financial statements.

Recent and Future Accounting Pronouncements

The standard listed below includes only that which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standard on the condensed interim financial statements.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The final version of this new standard is effective for the Company's annual periods beginning January 1, 2018.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant Accounting Judgements, Estimates and Assumptions

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these condensed interim financial statements are discussed below.

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Estimated Useful Lives and Related Rates of Depreciation of Equipment

The Company makes judgments with respect to determining the useful lives of equipment and the related rate of depreciation which could result in carrying values of the underlying assets being over or understated, should those judgments be determined to be incorrect. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain assets.

5. TAXES RECEIVABLE

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

6. EQUIPMENT

Cost		
Balance at December 31, 2015	$	205,187
Assets acquired		22,756
Balance at December 31, 2016		227,943
Assets acquired		61,411
Balance at June 30, 2017	$	**289,354**
Depreciation and impairment losses		
Balance at December 31, 2015	$	55,921
Depreciation for the year		32,131
Balance at December 31, 2016		88,052
Depreciation for the period		17,058
Balance at June 30, 2017	$	**105,110**
Carrying amounts		
Carrying value at December 31, 2016	$	139,891
Carrying value at June 30, 2017	$	**184,244**

(Expressed in Canadian Dollars

7. SHARE CAPITAL

Common Shares

The Company's authorized share capital is an unlimited number of common shares with no par value. There were no share issuances during the periods ended June 30, 2017 and 2016.

8. RELATED PARTY TRANSACTIONS

As at June 30, 2017, the Company has amounts due to shareholders of the Company totaling $396,853 (December 31, 2016 - $323,056). The amounts due are non-interest-bearing, unsecured and have no specific terms of repayment. See Note 15.

9. LOSS PER SHARE

	June 30 2017	June 30 2016
Loss attributable to ordinary shareholders	**($26,469)**	($24,315)
Weighted average number of common shares	**200**	200
Basic and diluted loss per share	**($132)**	($122)

10. SEGMENT REPORTING

The Company has one reportable operating segment of producing, licensing and marketing proprietary ingredients and formulas for use in the cannabis industry. The Company's non-current assets as at June 30, 2017 and December 31, 2016 are all in Canada.

11. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the condensed interim statements of cash flows. During the periods ended June 30, 2017 and 2016 there were no transactions that were excluded from the condensed interim statements of cash flows.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets out are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of interest rate and commodity price risk. The Company is not exposed to significant market risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has minimal cash balances and no interest-bearing debt. The Company is not exposed to significant interest rate risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of the cash represents the maximum credit exposure. The Company is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

General Objectives, Policies and Processes (cont'd)

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company's trade and other payables are all due within 90 days after the period ended June 30, 2017. The Company does not have sufficient cash on hand to meet requirements.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The statement of financial position carrying amounts for cash, trade and other payables, and advances from shareholders approximate fair value due to their short-term nature.

13. CAPITAL MANAGEMENT

The Company considers its share capital as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended June 30, 2017.

(Expressed in Canadian Dollars)

14. COMMITMENTS

The Company leases its office premises under long-term lease. The lease expires in 2019. As of June 30, 2017, future minimum rent payments over the remaining term of the Company's lease agreement are estimated to be as follows:

Year		Amount
2017	$	7,200
2018		14,400
2019		5,400
Total	**$**	**27,000**

15. EVENTS AFTER THE REPORTING DATE

On August 31, 2017, the Company entered into a share purchase agreement with Choom Holdings Ltd. ("Choom", formerly known as Standard Graphite Corp.) pursuant to which Choom will acquire (the "Acquisition") all of the issued and outstanding common shares of Medi-Can.

Pursuant to the Acquisition, on the closing date, Choom will acquire all of the shares of Medi-Can, which will become a wholly owned subsidiary of Choom, and Choom will issue to the Medi-Can shareholders, based on their pro rata holdings, the following:

- 12,500,000 common shares to be issued into escrow, of which 10% (1,250,000) were released on October 18, 2017 with the remaining balance of 11,250,000 to be released over the subsequent 36 months; and

- a non-interest-bearing convertible note in the amount of $2,500,000, which will mature on the fifth trading day after the receipt by Medi-Can of a cultivation license under the ACMPR is announced, at which time the Company will have the option to either pay $2,500,000 in cash or issue $2,500,000 of its common shares (valued using the 20-day volume-weighted average trading price).

Additionally, the shareholder loans will be repaid to Medi-Can shareholders as follows:

- $50,000 on the date on which Choom raises cumulative equity capital in excess of $1,000,000; and

- $250,000 within 45 days of Choom starting tenant improvements on the Company's facilities.

The definitive share purchase agreement includes customary conditions, including obtaining all necessary corporate approvals and applicable exchange acceptances. Choom received all necessary approvals in connection with the Acquisition and completed the Acquisition November 17, 2017.