Khiron Life Sciences Corp.

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018 and from inception (February 17, 2017) to March 31, 2017

(Unaudited, expressed in Canadian Dollars, unless otherwise noted)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsubsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed an audit or review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents (Note 5)	**$1,208,610**	$1,809,645
Accounts receivable and advances	**238,478**	286,923
Other current assets	**399,633**	558,409
	1,846,721	2,654,977
Property and equipment and intangible assets (Note 6)	**498,481**	242,563
	2,345,202	2,897,540
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	**1,173,590**	704,263
Total liabilities	**1,173,590**	704,263
Shareholders' equity		
Share capital (Note 8)	**5,096,739**	4,291,289
Warrants (Note 9)	**1,184,972**	1,085,422
Share based compensation (Note 10)	**731,294**	626,111
Accumulated other comprehensive loss	**(51,611)**	(30,133)
Net loss for the period	**(2,010,370)**	(3,779,412)
Retained deficit	**(3,779,412)**	-
Total shareholders' equity	**1,171,612**	2,193,277
	$2,345,202	$2,897,540

Note 1 – going concern
Note 14 – commitments and contingencies
Note 15 – subsequent events

Approved on behalf of the Board:

“Sidney Himmel”
Signed: Director

“Peter Simeon”
Signed: Director

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

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
(Unaudited)

	Three months ended March 31,	Inception (February 17, 2017) to March 31,
	2018	2017
Operating Expenses		
General and administrative	**$988,247**	$4,460
Selling, marketing and promotion	**368,524**	-
Travel and development	**99,802**	-
Professional fees	**66,589**	-
Consulting services	**361,310**	41,837
Share-based compensation	**105,183**	-
Other	**10,159**	-
	1,999,814	**46,297**
Other Income	**(5,047)**	-
Other expenses	**15,603**	-
	10,556	**-**
Net loss	**$(2,010,370)**	$(46,297)
Item that will be reclassified subsequently to income exchange differences on translating foreign operations	**(21,478)**	-
Net loss and comprehensive loss	**(2,031,848)**	**(46,297)**
Net loss per common share – basic and diluted	$(0.06)	$(0.002)
Weighted average number of common shares – basic and diluted	**33,042,295**	**18,866,667**

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

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statement of Cash Flows
(Unaudited)

Cash used in operating activities	**Three months ended March 31, 2018**	Inception (February 17, 2017) to March 31, 2017
Net loss for the period	$(2,010,370)	$(46,297)
Adjustments for:		
Share-based compensation	105,183	-
Depreciation and amortization	10,159	-
Changed in non-cash working capital items		
Accounts receivables	(43,710)	(650)
Other current assets	191,235	-
Accounts payable and accrued liabilities	467,947	40,447
Net cash used in operating activities	**(1,279,556)**	**(6,500)**
Cash from (used in) investing activities		
Purchase of property and equipment	(255,380)	-
Cash acquired via asset acquisition	-	1,000
Net cash from (used in) investing activities	**(255,380)**	**1,000**
Cash used in financing activities		
Proceeds from founders' shares	-	25,000
Proceeds from issuance of private placement	905,000	2,000,000
Net cash provided by financing activities	**905,000**	**2,025,000**
Cash and cash equivalent, beginning of period	**1,809,645**	**-**
Net change in cash and cash equivalents	(629,936)	2,019,500
Effect of movements in exchange rates on cash held	28,901	-
Cash and cash equivalents, end of period	**$1,208,610**	**$2,019,500**

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

Khiron Life Sciences Corp.

Condensed Interim Consolidated Statements of Changes in Deficiency
(Unaudited)

	Number of common shares	Share capital	Share-based compensation	Warrants reserve	Acc. other comprehensive Income	Retained deficit	Total
Balance, February 17, 2017	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Founders shares	5,000,000	25,000	-	-	-	-	25,000
Shares issued for acquisition	14,300,000	1,000	-	-	-	-	1,000
Shares issued on private placement	8,000,000	2,000,000	-	-	-	-	2,000,000
Net loss for the period	-	-	-	-	-	(46,297)	(46,297)
Balance, March 31, 2017	**27,300,000**	**$ 2,026,000**	**$ -**	**$ -**	**$ -**	**$ (46,297)**	**$ 1,979,703**

	Number of common shares	Share capital	Share-based compensation	Warrants reserve	Acc. other comprehensive Income	Retained deficit	Total
Balance, January 1, 2018	**35,570,281**	**$ 4,291,289**	**$ 626,111**	**$ 1,085,422**	**$ (30,133)**	**$ (3,779,412)**	**$ 2,193,277**
Shares issued on private placement	905,000	805,450	-	99,550	-	-	**905,000**
Share issued on rights offering	1,325,542	-	-	-	-	-	**-**
Fair value of share-based payments	-	-	105,183	-	-	-	**105,183**
Net loss for the period	-	-	-	-	-	(2,010,370)	**(2,010,370)**
Other comprehensive loss	-	-	-	-	(21,478)	-	**(21,478)**
Balance, March 31, 2018	**37,800,823**	**$ 5,096,739**	**$ 731,294**	**$ 1,184,972**	**$ (51,611)**	**$ (5,789,782)**	**$ 1,171,612**

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

1. Nature of operations and going concern

Khiron Life Science Corp. ("Khiron" or the "Company") was incorporated under the Business Corporations Act (Ontario) on February 17, 2017. Through its wholly-owned subsidiary, Khiron Colombia SAS, the Company is positioned to be the leading medically-validated cannabis provider in Colombia and South America, a developing market for the distribution of cannabis products for medical proposes. Khiron has received licenses from the Ministry of Health and Ministry of Justice in Colombia for the cultivation of cannabis and production of extracts that will enable the development of products for the domestic and international markets. The principal and registered head office of the Company is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5 and its main office in Colombia is at Carrera 15 #88-64 of.812, 4. Bogota, Colombia.

The Company's common shares are listed under the symbol “KHRN” on the Toronto Stock Exchange Venture (“TSXV”). These consolidated financial statements were approved by the Company's Board of Directors on May 30, 2018.

2. Significant accounting policies

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. These financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these consolidated financial statements are based on IFRS's issued and outstanding as of May 30, 2018, the date the Board of Directors approved the statements.

Basis of presentation

These financial statements have been prepared on the going concern basis, under historical cost convention except for financial instruments which are measured at fair value and biological assets that are measured at fair value less cost to sell, as explained in the Company's accounting policies.

Basis of consolidation

The condensed consolidated financial statements as at March 31, 2018, reflect the assets, liabilities, and results of operations of Khiron Life Science Corp. and its wholly owned subsidiary Khiron Colombia SAS. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

2. Significant accounting policies – continued

Foreign currencies

The functional currency of the Company is the Canadian dollar. The functional currency of the subsidiary Khiron Colombia SAS is the Colombian Peso. For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the consolidated statement of loss and comprehensive loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the spot rate at the date of the initial transaction. Nonmonetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income (loss) and in the cumulative transaction adjustment in shareholders' equity.

Estimates and critical judgments by management

The preparation of these condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the period they become known. Items for which actual results may differ significantly from these estimates are described in the following section.

Share-based compensation

The fair value of stock options and warrants is based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the share price, volatility of the share price, expected dividend yield and expected risk-free interest rate.

Useful lives of property and equipment and intangible assets

Depreciation and amortization of property, equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability.

2. Significant accounting policies – continued

Income taxes - continued

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Cash and cash equivalents

Cash and cash equivalents includes cash on deposit at banking institutions and amounts held in trust on behalf of the Company.

Property and equipment ("PPE")

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted if appropriate. Assets under construction are no subject to depreciation as they are not ready for use.

2. Significant accounting policies – continued

Intangible asset

Intangible assets are recorded at cost less accumulated amortization. They are amortized over their estimated useful lives using the following methods and rates:

	Estimated useful life/ asset depreciation method
Software	Straight-line over 5 years

An asset's residual value, useful life and amortization method are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount of a provision is the best estimate of the consideration at the end of the reporting period. Provisions measured using estimated cash flows required to settle the obligation are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company has no material provisions as at March 31, 2018.

Share capital and warrants

Common shares and warrants are classified as equity. The share capital represents the amount received upon issuance of shares. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes option pricing model to determine the fair value of warrants issued.

2. Significant accounting policies – continued

Share-based compensation transactions

The Company has a share-based payment plan that grants stock options to employees and non-employees. This plan is an equity-settled plan. For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, using an option pricing model.

The expense is recognized over the vesting period of the options granted and is recognized as an expense in earnings with a corresponding credit to reserve for share-based payments. At the end of each reporting period the Company re-assesses its estimate of the number of stock options expected to vest and recognizes the impact of the revisions in the consolidated statement of loss and comprehensive loss. Any consideration paid by employees and directors on exercise of stock options is credited to share capital combined with any related share-based compensation expense originally recorded in reserve for share-based payments.

Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares to the extent that that are not antidilutive.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2. Significant accounting policies – continued

Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit and loss as incurred. To date, no development costs have been capitalized.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial instruments

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. The Company classifies its financial assets as financial assets at fair value through profit and loss, available for sale, or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and cash equivalent	Fair value through profit and loss (FVTPL)
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

New standards not yet adopted and interpretations issued but not yet effective

IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not anticipate a material impact on its consolidated financial statements as a result of implementing this standard.

2. Significant accounting policies – continued

IFRS 15 - Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted The Company does not anticipate a material impact on its consolidated financial statements as a result of implementing this standard.

IFRS 16 - In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

The Company has not yet assessed the impact of this standard on its consolidated financial statements and will not early adopt.

3. Capital risk management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of 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 its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. As at March 31, 2018, the Company has not entered into any debt financing. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its shareholders equity as capital which as at March 31, 2018 is $1,171,612.

4. Financial instruments

Fair values

At March 31, 2018, the Company's financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

4. Financial instruments – continued

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on 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).
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 - cash and cash equivalents
Level 2 - none
Level 3 - none

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk; and
- Liquidity risk

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash is held at financial institutions which are Colombian Chartered Banks or fund held in trust with legal counsel in which management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with out of cash. As at March 31, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar but is exposed to foreign currency risk with respect to the expenditures incurred by its Colombian subsidiary, Khiron Colombia SAS. The Company does not anticipate a material impact on its consolidated financial statements as a result of a 5% change in the exchange rate between the two currencies.

5. Cash and cash equivalents

	March 31, 2018
Cash	$ 136,827
Cash in trust	1,071,783
Total	**$ 1,208,610**

6. Property and equipment and intangible assets

Cost	Asset under construction	Computer equipment	Software	Total capital assets
At December 31, 2017	$ 214,833	$ 26,826	$ 1,293	**$ 242,952**
Additions	239,423	18,813	100	**258,336**
Transfers	-	-	-	**-**
Disposals	-	-	-	**-**
At March 31, 2018	**$ 454,256**	**$ 45,639**	**$ 1,393**	**$ 501,288**

Accumulated amortization	Asset under construction	Computer equipment	Software	Total capital assets
At December 31, 2017	$ -	$ 66	$ 323	**$ 389**
Amortization	-	2,045	373	**2,418**
Transfers	-	-	-	**-**
Disposals	-	-	-	**-**
At March 31, 2018	**$ -**	**$ 2,111**	**$ 696**	**$ 2,807**

Net book value				
At December 31, 2017	$ 214,833	$ 26,760	$ 970	**$ 242,563**
At March 31, 2018	**$ 454,256**	**$ 43,528**	**$ 697**	**$ 498,481**

7. Accounts payable and accrued liabilities

	March 31, 2018
Accounts payable	$ 818,777
Payroll liabilities	80,136
Accruals and other liabilities	274,677
Total	**$ 1,173,590**

8. Share capital

Authorized share capital

The authorized share capital consists of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Common shares issued

	Number of common shares	Amount
Balance, December 31, 2017	**32,570,281**	**$4,291,289**
Fair value of units attributed to common shares[(i)]	905,000	805,450
Shares issued on rights offerings[(ii)]	1,325,542	-
Balance, March 31, 2018	**37,800,823**	**$5,096,739**

[(i)] On March 28, 2018, Khiron completed a non-brokered private placement offering of 905,000 at a price of $1.00 per unit for aggregate gross proceeds of $905,000. Each unit consistent of one common share and one common share purchase warrant of Khiron. Each warrant shall entitle the holder thereof to acquire one common share of Khiron at a price of $1.20 for a period of 24 months following the listing of Khiron, subject to adjustment and acceleration. No commissions were paid in connection with the offering. Funds will be used to further develop the business of Khiron and for general working capital purposes.

[(ii)] In March 2018, an additional 1,325,542 common shares were issued to subscribers pursuant to rights issued under the Company's March 2017 and August 2017 financings, respectively. Pursuant to a provision in the March 2017 financing, the Company was required to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 28, 2018. With respect to the August 2017 financing, a provision in the financing required the Company to issue common shares equal to 15% of the subscribers' initial subscription in the event the Company's common shares were not listed by March 24, 2018.

9. Warrants

The following table reflects the continuity of warrants for the three months ended March 31, 2018:

	Number of warrants	**Amount**
Balance, December 31, 2017	**3,422,448**	**$1.02**
Issued in units [10(i)]	905,000	1.20
Balance, March 31, 2018	**4,327,448**	**$1.06**

10. Stock Options

The Company has adopted a stock option plan (the “Plan"), to be administered by the Directors of the Company. Under the Plan, the Company may grant options to directors, officers, employees and consultants to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed five years. The plan provides that it is solely within the discretion of the Board to determine who should receive stock options, in what amounts, and determine vesting terms. The exercise price for any stock option shall not be lower than the market price of the underlying common shares at the time of grant.

	Number of stock options		Weighted average exercise price
Balance, December 31, 2017	3,012,500	$	1.00
Balance, March 31, 2018	**3,012,500**	**$**	**1.00**

As at March 31, 2018, 2,674,758 options are exercisable.

11. Loss per share

For the period ended March 31, 2018, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $2,031,848 and the weighted average number of common shares outstanding of 28,915,412. Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

12. Related party transactions

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts. During the period ended March 31, 2018, the Company paid $164,250 (2017 – $72,363) in consulting fees to directors and board members of the firm.

13. Segmented Information

The Company conducts its business as a single operating segment being Colombia. The Company maintains a head office in Toronto, Canada.

The following table summarizes the total assets and liabilities by geographic segment as at:

March 31, 2018	**Canada**	**Colombia**	**Total**
Cash and cash equivalents	$1,071,783	$136,827	**$1,208,610**
Other current assets	441,432	196,679	**$638,111**
Property and equipment and intangible assets	-	498,481	**$498,481**
Total assets	**$1,513,215**	**$831,987**	**$2,345,202**
Accounts payable and accrued liabilities	$924,577	$248,993	**$1,173,570**
Total liabilities	**$924,577**	**$248,993**	**$1,173,570**

13. Segmented Information – continued

The following table summarizes the loss by geographic segment:

	Canada	Colombia	Total
Operating expense	**$1,091,262**	**$908,552**	**$1,999,814**
Net other expenses/(income)	(3,543)	14,099	**$10,556**
	$1,087,719	**$922,651**	**$2,010,370**

14. Commitments and contingencies

	March 31, 2018
Due in one year	**224,178**
Due between one and five years	**964,630**
Greater than five years	**747,996**
	1,936,804

15. Subsequent events

On April 2018, an additional 115,000 common shares were issued to subscribers under the Company's April 2017 financing pursuant to a provision in the financing that required the Company to issue common shares equal to 10% of the subscribers' initial subscription in the event the Company's common shares were not listed by April 12, 2018.

On May 15, 2018, the Company and Adent Capital Corp. closed the previously announced Qualifying Transaction (the "Qualifying Transaction"). Pursuant to the Qualify Transaction, a subsidiary of Adent amalgamated with the target which constitute the Qualifying Transaction of Adent pursuant to TSX Venture Exchange Inc. (the "Exchange" or "TSXV") policy 2.4 – Capital Pool Companies.

Pursuant to the terms of the Transaction all outstanding securities of the Target were exchanged for post Consolidation securities of Khiron on a 1:1 basis. In connection with the Transaction, Khiron issued 46,852,073 common shares to former shareholders of Target. Further details regarding the Transaction can be found in the company's Filing Statement (the "Filing Statement") dated May 15, 2018 filed under the company's profile on SEDAR, and in prior press releases.

As previously announced, the Target completed a brokered subscription receipt financing with Canaccord Genuity Corp. and Eight Capital for gross proceeds of $11,230,000. In connection with the completion of the Transaction, each subscription receipt converted, on a post-Consolidation basis, into one common share of Khiron and one warrant. Proceeds of the offering have been released from escrow.

In connection with the Transaction, certain principals of Khiron have entered into a Tier 2 Value Escrow Agreement with the Exchange and TSX Trust, as escrow agent, in respect of 19,146,467 Khiron common shares and 295,115 warrants. Under the terms of the Escrow Agreement, 10% of such escrowed securities were released upon closing with subsequent 15% releases occurring 6, 12, 18, 24 and 30 months from closing.

15. Subsequent events – continued

In addition, certain non-principal shareholders of Khiron are subject to seed share resale restrictions ("SSRR"). SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-principals by private companies. The terms of the SSRRs are based on the length of time such shares of the Target have been held and the price at which such shares were originally issued. There are 5 non-principal shareholders of Khiron who will hold an aggregate of 500,000 Khiron common shares that will be subject to a 36 month hold period which will be released on the same terms and conditions as the Value Escrow Agreement described above.

On May 23, 2018, Khiron announced the grant of stock options and restricted share units ("RSUs") to certain employees, consultants, officers and directors of the Company. Stock options to purchase up to 1,105,000 common shares were granted to certain employees, consultants, officers and directors of the Company pursuant to Khiron's stock option plan, exercisable at a price of $1.40 per common share. The stock options have a term of 5 years and will vest in quarterly instalments over a two-year period after shareholder approval of the Company's stock option plan at its annual general meeting.

In addition, 5,135,000 RSUs were awarded to employees, consultants, officers and directors pursuant to the Company's RSU plan. The RSUs will vest in quarterly instalments over a two-year period after shareholder approval of the Company's RSU plan at its annual general meeting.

On May 30, 2018, the Colombia National Food and Drug Surveillance Institute (“INVIMA”), a level four World Health Organization (“WHO”) agency, has granted the Company authorization for the production, sale, and export of four cannabidiol based products.