VERITAS PHARMA INC.

Condensed Consolidated Interim Financial Statements

For the nine month period ended January 31, 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 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 unaudited condensed consolidated interim financial statements of Veritas Pharma Inc. (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the nine months ended January 31, 2018 have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars.

VERITAS PHARMA INC.
Condensed consolidated interim statements of financial position
(Unaudited - Expressed in Canadian dollars)

	January 31, 2018 $	April 30, 2017 $
Assets		
Current assets		
Cash and cash equivalents	2,378,659	1,178,617
Amounts receivable	109,699	65,221
Prepaid expenses and deposits	594,968	488,522
Total current assets	3,083,326	1,732,360
Non-current assets		
Deferred charges (Note 4)	434,346	425,020
Property and equipment (Note 5)	51,851	54,016
Intangible asset (Note 6)	1,580,000	1,580,000
Total non-current assets	2,066,197	2,059,036
Total assets	5,149,523	3,791,396
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	174,934	221,143
Total liabilities	174,934	221,143
Shareholders’ equity		
Share capital	13,256,733	5,994,670
Subscription receivable	(18,000)	–
Share-based payment reserve	874,417	1,083,579
Warrant reserve	651,071	759,104
Share subscriptions received (Note 8)	–	100,000
Deficit	(10,125,018)	(4,839,489)
Total Veritas Pharma Inc. shareholders’ equity	4,639,203	3,097,864
Non-controlling interest	335,386	472,389
Total shareholders’ equity	5,149,523	3,570,253
Total liabilities and shareholders’ equity	5,149,523	3,791,396

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 13)

Approved and authorized for issuance on behalf of the Board of Directors on April 2, 2018:

/s/ Yari Nieken
Yari Nieken, Director

/s/ Luigi Franciosi
Luigi Franciosi, Director

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

VERITAS PHARMA INC.
Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Three months ended January 31, 2018 $	Three months ended January 31, 2017 $	Nine months ended January 31, 2018 $	Nine months ended January 31, 2017 $
Expenses				
Consulting (Note 7)	408,402	203,650	919,219	423,763
Depreciation	4,782	–	13,244	–
Foreign exchange loss	21,693	–	22,629	–
Investor communications	1,876,084	215,090	2,130,652	362,001
Office and miscellaneous	78,907	27,921	130,219	77,619
Professional fees (Note 7)	109,820	25,298	175,740	81,867
Rent	14,718	7,050	24,666	20,480
Research and development (Note 7)	267,235	–	600,306	–
Share-based compensation (Note 10)	956,224	382,806	1,293,394	605,144
Transfer agent and filing fees	10,051	12,953	17,606	26,949
Travel and promotion	61,043	29,328	96,778	48,673
Total expenses	3,808,959	904,096	5,424,453	1,646,496
Loss before other income (expense)	(3,808,959)	(904,096)	(5,424,453)	(1,646,496)
Other income (expense)				
Interest income (expense)	635	–	1,921	(33,750)
Total other income (expense)	635	–	1,921	(33,750)
Net loss for the period	(3,808,324)	(904,096)	(5,422,532)	(1,680,246)
Less: net loss attributable to non-controlling interest	60,781	–	137,003	–
Net loss and comprehensive loss attributable to Veritas Pharma Inc.	(3,747,543)	(904,096)	(5,285,529)	(1,680,246)
Net loss per share attributable to Veritas Pharma Inc., basic and diluted	(0.08)	(0.03)	(0.13)	(0.07)
Weighted average number of shares outstanding	47,577,330	27,992,439	41,906,882	25,087,961

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

VERITAS PHARMA INC.
Condensed consolidated interim statements of changes in equity
(Unaudited - Expressed in Canadian dollars)

	Share capital		Subscription	Share-based payment	Warrant	Share subscriptions	Non-controlling		Total shareholders'
	Number of shares	Amount $	Receivable $	reserve $	reserve $	received $	interest $	Deficit $	equity $
Balance, April 30, 2016	23,624,250	2,074,569	–	349,954	–	–	–	(1,908,854)	515,669
Issued pursuant to private placements	11,116,840	2,611,100	(550,000)	–	–	–	–	–	2,061,100
Finders' fees	–	(114,784)	–	–	64,084	–	–	–	(50,700)
Issued for exercise of stock options	700,000	354,288	(88,000)	(165,288)	–	–	–	–	101,000
Issued pursuant to purchase option for Sechelt Organic Marijuana Corp.	750,000	180,000	–	–	245,020	–	–	–	425,020
Share subscriptions received	–	–	–	–	–	475,000	–	–	475,000
Fair value of stock options vested	–	–	–	605,144	–	–	–	–	605,144
Net loss for the period	–	–	–	–	–	–	–	(1,680,246)	(1,680,246)
Balance, January 31, 2017	36,191,090	5,105,173	(638,000)	789,810	309,104	475,000	–	(3,589,100)	2,451,987
Shares issued for exercise of stock options	1,323,500	799,497	88,000	(298,977)	–	(25,000)	–	–	563,250
Shares issued for exercise of warrants	300,000	90,000	–	–	–	–	–	–	90,000
Warrants issued pursuant to private	–	–	–	–	500,000	(500,000)	–	–	–
Finders' fees	–	–	–	–	(50,000)	50,000	–	–	–
Share subscriptions received	–	–	550,000	–	–	100,000	–	–	650,000
Fair value of stock options vested	–	–	–	592,746	–	–	–	–	592,746
Non-controlling interest arising on the acquisition	–	–	–	–	–	–	490,398	–	490,398
Net loss for the year	–	–	–	–	–	–	(18,009)	(1,250,389)	(1,268,398)
Balance, April 30, 2017	37,814,590	5,994,670	–	1,083,579	759,104	100,000	472,389	(4,839,489)	3,570,253

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

VERITAS PHARMA INC.
Condensed consolidated interim statements of changes in equity
(Unaudited - Expressed in Canadian dollars)

	Share capital		Subscription Receivable	Share-based payment reserve	Warrant reserve	Share subscriptions received	Non-controlling interest	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$	$	$	$
Balance, April 30, 2017	37,814,590	5,994,670	–	1,083,579	759,104	100,000	472,389	(4,839,489)	3,570,253
Issued pursuant to private placement	3,939,600	1,103,088	–	–	–	–	–	–	1,103,088
Finders fees	–	(75,488)	–	–	–	–	–	–	(75,488)
Shares issued for exercise of stock options	6,135,000	4,426,056	(18,000)	(1,502,556)	–	(100,000)	–	–	2,805,500
Shares issued for exercise of warrants	5,096,851	1,813,406	–	–	(113,032)	–	–	–	1,700,374
Share issuance costs		(4,999)	–	–	4,999	–	–	–	–
Fair value of stock options vested	–	–	–	1,293,394	–	–	–	–	1,293,394
Net loss for the period	–	–	–	–	–	–	(137,003)	(5,285,529)	(5,422,532)
Balance, January 31, 2018	52,986,041	13,256,733	(18,000)	874,417	651,071	–	335,386	(10,125,018)	4,974,589

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

VERITAS PHARMA INC.
Condensed consolidated interim statements of cash flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended January 31, 2018 $	Nine months ended January 31, 2017 $
Operating activities		
Net loss from continuing operations	(5,422,532)	(1,680,246)
Items not involving cash:		
Depreciation	13,244	–
Share-based compensation	1,293,394	605,144
Interest expense	–	33,750
Changes in non-cash operating working capital:		
Amounts receivable	(44,478)	(42,160)
Prepaid expenses and deposits	(106,446)	(429,994)
Accounts payable and accrued liabilities	(46,209)	(4,345)
Net cash used in operating activities	(4,313,027)	(1,517,851)
Investing activities		
Advances to Cannevert Therapeutics Ltd.	–	(750,000)
Deferred charges paid to Sechelt Organic Medicine Inc.	(9,326)	–
Purchase of property and equipment	(11,079)	–
Net cash used in investing activities	(20,405)	(750,000)
Financing activities		
Proceeds from loans payable	–	225,000
Proceeds from issuance of shares and share subscriptions received	5,608,962	2,320,850
Payment of finders' fees	(75,488)	(50,700)
Net cash provided by financing activities	5,533,474	2,495,150
Change in cash	1,200,042	227,299
Cash, beginning of period	1,178,617	34,307
Cash, end of period	2,378,659	261,606
Non-cash investing and financing activities:		
Fair value of options exercised	1,502,556	165,288
Fair value of warrants exercised	108,033	–
Fair value of units issued for Sechelt Organic Marijuana Corp.	–	425,020
Shares issued for settlement of loans payable	–	316,250
Fair value of finder's warrants	–	64,084
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

1. Nature of Operations and Continuance of Business

Veritas Pharma Inc. (the "Company") was incorporated on May 14, 2014 under the Business Corporations Act of British Columbia as Seashore Organic Marijuana Corp. for the purpose of completing the Plan of Arrangement between Noor Energy Corporation and Sechelt Organic Marijuana Corp. which was completed on August 7, 2014. On September 22, 2014, the Company changed its name from Seashore Organic Marijuana Corp. to Seashore Organic Medicine Inc. and had intentions to become a producer and distributor of medical marijuana in Canada. On December 29, 2015, the Company's name was changed to Veritas Pharma Inc., and its trading symbol was changed to "VRT". Its current focus is to develop the most effective proprietary cannabis strains for specific disease conditions. The Company's head office is located at 310 – 221 W.Esplanade, North Vancouver, BC, V7M 1A6.

These condensed consolidated interim financial statements have been prepared on the 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. As at January 31,2018 the Company has not generated any revenues from operations and has an accumulated deficit of $10,125,018. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's future business. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

The accompanying condensed interim condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the fiscal year ended April 30, 2017, which have been prepared with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements were approved by the Company's Board of Directors on April 2, 2018.

(b) Principles of Consolidation and Basis of Presentation

These condensed interim condensed consolidated interim financial statements include the accounts of the Company and its 80% owned subsidiary, Cannevert Therapeutics Ltd. ("CTL") from the effective date of acquisition on April 23, 2017. All significant inter-company balances and transactions have been eliminated on consolidation.

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of operations.

The Company elects on a transaction-by- transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

These condensed interim condensed consolidated interim financial statements have been prepared on a historical cost basis. The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. Significant Accounting Policies (continued)

(c) Use of Estimates and Judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include collectability of amounts receivable, impairment of deferred charges, useful lives and recoverability of property and equipment, impairment of intangible asset, fair value of share-based compensation, and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Significant accounting estimates and judgments

These Financial Statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended April 30, 2017.

(d) Accounting Standards Issued But Not Yet Effective

The following new standards, and amendments to standards and interpretations, are effective for the year ended April 30, 2018, and have not been applied in preparing these condensed consolidated interim financial statements:

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 2, "Share-based Payment"

The Company has not early adopted these new and revised standards and is currently assessing the impact that these standards will have on the Company's condensed consolidated interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

3. Acquisition of Cannevert Therapeutics Ltd.

On April 23, 2017, the Company closed a share purchase agreement with Cannevert Therapeutics Ltd. ("CTL") (the "Agreement"). Under the Agreement, the Company invested a total of $1,500,000 into CTL in consideration for 6,001 common shares of CTL (the "CTL Shares") which represents 80% of the total issued and outstanding CTL Shares. The proceeds will be used for joint research with the Company to develop and assess specific cannabis cultivars that are selective in action on specific medical disorders.

(Unaudited - Expressed in Canadian dollars)

3. Acquisition of Cannevert Therapeutics Ltd. (continued)

In accordance with IFRS 3, *Business Combinations,* the agreement was deemed a business combination for accounting purposes. Assets acquired and liabilities assumed are reported at their fair values as at the acquisition date. The following table summarizes the consideration paid, the fair value of assets acquired, and liabilities assumed at the acquisition date:

	$
Cash	1,500,000
Total consideration paid	1,500,000
Cash	750,436
Amounts receivable	6,520
Prepaid expenses	79,624
Property and equipment	54,235
Intangible asset	1,580,000
Accounts payable and accrued liabilities	(18,826)
Total net identifiable assets	2,451,989
80% of net identifiable assets acquired	1,961,591
Bargain purchase gain	461,591

4. Deferred Charges

The Company had planned to become an emerging producer and distributor of medical marijuana ("Product"), and had applied to Health Canada ("HC") for a medical marijuana production and distribution license under the new Marijuana for Medical Purposes Regulations ("MMPR") (a "Production License" or "License"), which became law as of April 1, 2014 and were seeking to start the construction of a growing facility under a "Ready to Build" approval. Cultivation and the distribution of organic marijuana for medical consumption under an MMPR license was expected to constitute the principal business activity of the Company for years to come.

On November 18, 2016, the Company entered into a Letter of Intent ("LOI") where it has the exclusive option to acquire 100% of the issued and outstanding shares of Sechelt Organic Medicine Inc ("Sechelt"). In consideration for entering into the LOI, the Company issued 750,000 units to the shareholders of Sechelt. Each unit consisted of one common share and one share purchase warrant exercisable at $0.75 expiring two years from the date of issuance. Refer to Note 8(g).

Upon receiving exchange approval on December 16, 2016, the Company issued the 750,000 units with a fair value of $425,020. The fair value of the common shares was based on the closing stock price on the date they were issued. The fair value of the share purchase warrants was valued at $245,020 using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value assuming no dividend yield or forfeitures are as follows: risk-free interest rate of 0.67%, expected volatility of 187%, and an expected life of 2 years.

On November 18, 2017, the Company announced it has signed a binding letter of intent with 906474 Alberta Ltd. ("906474") subject to regulatory authority to acquire 100% ownership of Sechelt Organic Marijuana Corp. ("SOM"), free and clear of all liens, charges and encumbrances in exchange for $800,000 payable in shares of the Company priced at the last trading day immediately preceding the closing. Refer to Note 13(a).

The Company advanced $9,326 to Sechelt during the nine months ended January 31, 2018 (2017 - $nil).

(Unaudited - Expressed in Canadian dollars)

5. Property and Equipment

	Computer hardware $	Computer software $	Lab equipment $	Total $
Cost:				
Balance, April 30, 2017	3,471	1,229	50,739	55,439
Additions	–	3,581	8,792	12,373
Deduction for credit note received	–	–	(1,294)	(1,294)
Balance, January 31, 2018	3,471	4,810	58,237	66,518
Accumulated depreciation:				
Balance, April 30, 2017	163	173	1,087	1,423
Additions	1,468	1,714	10,062	13,244
Balance, January 31, 2018	1,631	1,887	11,149	14,667
Carrying amounts:				
As at April 30, 2017	3,308	1,056	49,652	54,016
As at January 31, 2018	1,840	2,923	47,088	51,851

6. Intangible Asset

Intangible asset consists of intellectual property relating to the development and assessment of specific cannabis cultivars that are selective in action on specific medical disorders with a fair value of $1,580,000 acquired from CTL as part of the acquisition described in Note 3. The fair value of the intangible asset was determined using an independent valuator. As at January 31, 2018, the asset is still being developed and has not been placed in use. As a result, no amortization of the intangible asset has been recorded.

7. Related Party Transactions

(a) As at January 31, 2018, the Company was owed $16,432 (April 30, 2017 – $947) from a company controlled by the Chief Executive Officer of the Company, which was recorded in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing, and due on demand. During the three months ended January 31, 2018, the Company incurred consulting fees of $33,000 (2016 – 18,000) and research and development fees of $18,000 (2016 – nil) to a company controlled by the Chief Executive Officer. During the nine months ended January 31, 2018 the Company incurred consulting fees of $103,902 (2016 – $96,000) and research and development fees of $54,000 (2016 – nil) to a company controlled by the President of the Company.

(b) As at January 31, 2018, the Company owed $63,409 (April 30, 2017 - $34,580) to a company controlled by the Chief Financial Officer of the Company, which was recorded in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing, and due on demand. During the three months ended January 31, 2018, the Company incurred consulting fees of $15,000 (2016 – $15,000) and professional fees of $16,987 (2016 - $8,000) to a company controlled by the Chief Financial Officer of the Company.

7. Related Party Transactions (continued)

(b) During the nine months ended January 31, 2018, the Company incurred consulting fees of $45,000 (2016 – $45,000) and professional fees of $47,387 (2016 - $32,000) to a company controlled by the Chief Financial Officer of the Company.

(c) As at January 31, 2018, the Company owed $9,119 (April 30, 2017 – $6,418) to a director of the Company, which was recorded in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing, and due on demand.

(d) During the nine months ended January 31, 2018, the Company granted 750,000 (2016 – 1,150,000) stock options with a fair value of $248,953 (2016 - $237,414) to officers and directors of the Company.

8. Share Capital

Authorized: Unlimited number of common shares without par value

Share transactions for the nine months ended January 31, 2018:

(a) On October 10, 2017, the Company issued 3,939,600 units at $0.28 per unit for proceeds of $1,103,088. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at $0.45 per share until April 10, 2019, subject to the Company's discretion to reduce such exercise period in the event that the trading price of the common shares of the Company is $1.00 per share for a period of ten consecutive trading days. The Company paid $75,488 in finder's fees that were settled via issuance of 269,600 units.

(b) During the nine months ended January 31, 2018, the Company issued 6,135,000 common shares for proceeds of $2,923,500, $18,000 of which is receivable at January 31, 2018, pursuant to the exercise of stock options. Refer to Note 8 (j). The fair value of the stock options exercised of $1,502,556 was reallocated from share-based payment reserve to share capital.

(c) During the nine months ended January 31, 2018, the Company issued 5,096,851 common shares for proceeds of $1,700,374 pursuant to the exercise of share purchase warrants, of which 225,000 were finder's warrants with a fair value of $63,044 and 999,760 were common share purchase warrants with a fair value of $49,988. Finder's costs associated with the common share purchase warrant were reallocated to share capital with a value of $4,999

Escrowed Shares

As at January 31, 2018 the Company had nil (April 30, 2017 – 2,452,500) common shares held in escrow, pursuant to an escrow agreement dated August 7, 2014. Pursuant to the agreement, 16,350,000 common shares were subject to escrow with 10% of those shares to be released on August 12, 2014, the listing date, and an additional 15% every six months thereafter, with the final tranche being released three years after the listing date on August 12, 2017.

Share transactions for the year ended April 30, 2017:

(d) During the year ended April 30, 2017, the Company issued 2,023,500 common shares for proceeds of $689,520 pursuant to the exercise of stock options. The fair value of the stock options exercised of $464,265 was reallocated from share-based payment reserve to share capital.

(e) During the year ended April 30, 2017, the Company issued 300,000 common shares for proceeds of $47,000 and the settlement of $43,000 of accounts payable pursuant to the exercise of share purchase warrants.

8. Share Capital (continued)

Share transactions for the year ended April 30, 2017 (continued):

(f) On June 1, 2016, the Company issued 693,750 units at $0.40 per unit for proceeds of $277,500, of which 20,000 units for proceeds of $8,000 were issued to the spouse of the Chief Financial Officer of the Company. Each unit consisted of one common share and one-half share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at $0.75 per share until November 30, 2017, subject to the Company's discretion to reduce such exercise period in the event that the trading price of the common shares of the Company is at $0.90 per share for a period of ten consecutive trading days. In lieu of cash proceeds, $57,500 consisted of the settlement of a loan payable. Refer to Note 9(b).

(g) On December 16, 2016, the Company issued 750,000 units to the Creditors pursuant to the LOI for the acquisition of Sechelt. Each unit consisted of one common share and one share purchase warrant exercisable at $0.75 expiring on December 16, 2018. Refer to Note 5.

(h) On December 29, 2016, the Company issued 506,500 units at $0.30 per unit for proceeds of $151,950. Each unit consisted of one common share and one-half share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at $0.50 per share until June 29, 2018, subject to the Company's discretion to reduce such exercise period in the event that the trading price of the common shares of the Company is at $0.80 per share for a period of ten consecutive trading days. In connection with this private placement, the Company paid a finder’s fee of $1,200 and issued 4,000 finder’s warrants with the same terms as the unit warrants at a fair value of $1,040.

(i) On January 9, 2017, the Company issued 9,916,590 units at $0.22 per unit for proceeds of $2,181,650, of which 270,000 units for proceeds of $59,400 were issued to the spouse of the Chief Financial Officer of the Company, 200,000 units for proceeds of $44,000 were issued to the Chief Executive Officer of the Company, and 5,000,000 units for proceeds of $1,100,000 were issued to a significant shareholder of the Company. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at $0.30 per share until July 11, 2018, subject to the Company's discretion to reduce such exercise period in the event that the trading price of the common shares of the Company is at $0.80 per share for a period of ten consecutive trading days. In lieu of cash proceeds, $258,750 consisted of the settlement of loans payable and $49,500 consisted of finder’s fees incurred. In connection with this private placement, the Company paid finder’s fee of $49,500 and issued 225,000 finder’s warrants with the same terms as the unit warrants at a fair value of $63,044.

(j) As at April 30, 2017, the Company received $100,000 proceeds for the exercise of 200,000 stock options which is recorded as share subscriptions received.

9. Share Purchase Warrants

(Unaudited - Expressed in Canadian dollars)

On February 7, 2017, the Company closed a private placement for 10,000,000 share purchase warrants at $0.05 for aggregate gross proceeds of $500,000. Each warrant is exercisable at $0.40 per share expiring on February 6, 2018. In connection with the private placement, the Company paid $50,000 in finder's fees.

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, April 30, 2016	1,048,125	0.75
Issued	21,495,715	0.37
Exercised	(300,000)	0.30
Balance, April 30, 2017	22,243,840	0.39
Issued	8,980,000	0.63
Exercised	(5,096,851)	0.33
Expired	(1,263,125)	0.75
Balance, January 31, 2018	19,823,464	0.39

As at January 31, 2018, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
750,000	0.75	December 16, 2018
197,250	0.50	June 29, 2018*
5,936,364	0.30	July 11, 2018*
9,000,250	0.40	August 7, 2019*
3,939,600	0.45	April 10, 2019 **
19,823,464		

* The Company has the option to reduce the exercise period in the event that the trading price of the common shares of the Company is $0.80 or more for a period of ten consecutive trading days.

** The Company has the option to reduce the exercise period in the event that the trading price of the common shares of the Company is $1.00 or more for a period of ten consecutive trading days.

10. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. The exercise price of each option is set by the Board of Directors at the time of grant subject to a minimum price of $0.10 per share but cannot be less than the market price (less permissible discounts) on the Canadian Securities Exchange. Options can have a maximum term of five years and typically terminate ninety days following the termination of the optionee's employment or engagement (thirty days for options granted for investor relations services), except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

10. Stock Options (continued)

(Unaudited - Expressed in Canadian dollars)

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price $
Outstanding, April 30, 2016	1,400,000	0.25
Granted	4,150,000	0.44
Exercised	(2,023,500)	0.34
Outstanding, April 30, 2017	3,526,500	0.42
Granted	8,980,000	0.63
Exercised	(6,135,000)	0.48
Cancelled	(1,826,500)	0.57
Outstanding, January 31, 2018	4,545,000	0.69

Additional information regarding stock options outstanding as at January 31, 2018, is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.47	200,000	0.1	0.47
0.50	850,000	0.1	0.50
0.64	1,110,000	0.9	0.64
0.80	2,085,000	0.9	0.80
0.81	300,000	0.8	0.81
	4,545,000	0.7	0.69

The fair value for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

	2018	2017
Risk-free interest rate	1.46%	1.36%
Expected life (in years)	1.0	5
Expected volatility	118%	256%

The total fair value of stock options vested during the nine months ended January 31, 2018 was $1,293,394 (2017 - $605,144) which was recorded as share-based payment reserve and charged to operations. The weighted average grant date fair value of stock options granted during the nine months ended January 31, 2018 was $0.30 (2016 - $0.38) per share.

11. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, warrant reserve, and share subscriptions received.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2017.

12. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at January 31, 2018 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, January 31, 2018 $
Cash and cash equivalents	2,378,659	–	–	2,378,659

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and loans payable approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. Amounts receivable consists of GST receivable due from the Government of Canada and a receivable from a public company. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. Foreign exchange risk arises from purchase transactions.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

12. Financial Instruments and Risks (continued)

(e) 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 out of cash and cash equivalents. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

13. Subsequent Events

(a) On February 16, 2018, the Company completed a share purchase agreement for 100% of Sechelt Organic Marijuana Corp. issuing 1,454,545 common shares.

(b) On March 21, 2018, the Company completed the purchase of the remaining 20% ownership of Cannevert Therapeutics Ltd. for an aggregate 100% ownership issuing 5,000,000 common shares of the Company.

(c) On February 20, 2018 the Company granted 2,000,000 stock options exercisable at $0.65 per common share expiring on February 20, 2019.

(d) On February 28, 2018, the Company granted 1,000,000 stock options exercisable at $0.62 per common share expiring on February 28, 2019.

(e) Subsequent to October 31, 2017, 350,000 stock options expired unexercised and 1,100,000 stock options were cancelled.

(f) Subsequent to January 31, 2018 the Company issued 850,000 common shares for proceeds of $441,500 pursuant to the exercise of stock options.

(g) Subsequent to January 31, 2018, the Company issued 2,006,214 common shares for proceeds of $782,329 pursuant to the exercise of common share purchase warrants.

(h) Subsequent to January 31, 2018, the Company issued 4,000,000 common shares for consulting services.