VERITAS PHARMA INC.

Consolidated Financial Statements

Years Ended April 30, 2018 and 2017

(Expressed in Canadian dollars)

SATURNAGROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Veritas Pharma Inc.

We have audited the accompanying consolidated financial statements of Veritas Pharma Inc., which comprise the consolidated statements of financial position as at April 30, 2018 and 2017, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Veritas Pharma Inc. as at April 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Veritas Pharma Inc. to continue as a going concern.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

August 28, 2018

VERITAS PHARMA INC.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	April 30, 2018 $	April 30, 2017 $
Assets		
Current assets		
Cash and cash equivalents	2,156,496	1,178,617
Amounts receivable	6,665	7,327
Prepaid expenses and deposits	427,110	488,522
Due from related parties (Note 7)	129,528	57,894
Total current assets	2,719,799	1,732,360
Non-current assets		
Deferred charges (Note 4)	–	425,020
Property and equipment (Note 5)	365,941	54,016
Intangible asset (Note 6)	1,580,000	1,580,000
Total non-current assets	1,945,941	2,059,036
Total assets	4,665,740	3,791,396
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	204,809	221,143
Due to related party (Note 7)	47,006	–
Total liabilities	251,815	221,143
Shareholders' equity		
Share capital	22,395,823	5,994,670
Share-based payment reserve	231,197	1,083,579
Warrant reserve	684,135	759,104
Share subscriptions received (Note 9)	–	100,000
Share subscriptions receivable (Note 9)	(194,500)	–
Deficit	(18,702,730)	(4,839,489)
Total Veritas Pharma Inc. shareholders' equity	4,413,925	3,097,864
Non-controlling interest	–	472,389
Total shareholders' equity	4,413,925	3,570,253
Total liabilities and shareholders' equity	4,665,740	3,791,396

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board of Directors on August 28, 2018:

/s/ Yari Nieken | */s/ Luigi Franciosi*

Yari Nieken, Director | Luigi Franciosi, Director

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

VERITAS PHARMA INC.

Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended April 30, 2018 $	Year ended April 30, 2017 $
Expenses		
Consulting fees (Note 7)	6,101,207	774,922
Depreciation	18,593	1,423
Foreign exchange loss	16,525	26,895
Investor relations	2,555,378	958,253
Office and miscellaneous	300,562	90,576
Professional fees (Note 7)	213,961	108,247
Rent	35,647	27,494
Research and development (Note 7)	96,361	44,994
Share-based compensation (Note 11)	3,197,458	1,197,890
Transfer agent and filing fees	30,720	49,272
Travel and promotion	154,145	77,691
Wages and benefits	390,163	19,032
Total expenses	13,110,720	3,376,689
Loss before other income (expense)	(13,110,720)	(3,376,689)
Other income (expense)		
Bargain purchase gain (Note 3)	–	461,591
Interest expense	–	(33,546)
Write-down of goodwill (Note 4)	(891,141)	–
Total other income (expense)	(891,141)	428,045
Net loss for the year	(14,001,861)	(2,948,644)
Less: net loss attributable to non-controlling interest	138,620	18,009
Net loss and comprehensive loss attributable to Veritas Pharma Inc.	(13,863,241)	(2,930,635)
Net loss per share attributable to Veritas Pharma Inc. shareholders, basic and diluted	(0.29)	(0.10)
Weighted average shares outstanding used in the calculation of net loss attributable to Veritas Pharma Inc. per common share	46,903,845	28,407,090

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

VERITAS PHARMA INC.
Statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Warrant reserve	Share subscriptions received	Share subscriptions receivable	Non-controlling interest	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$	$	$	$
Balance, April 30, 2016	23,624,250	2,074,569	349,954	–	–	–	–	(1,908,854)	515,669
Shares issued pursuant to private placements	11,116,840	2,611,100	–	–	–	–	–	–	2,611,100
Finders' fees	–	(114,784)	–	64,084	–	–	–	–	(50,700)
Shares and warrants issued pursuant to purchase option for Sechelt Organic Marijuana Corp.	750,000	180,000	–	245,020	–	–	–	–	425,020
Shares issued for exercise of stock options	2,023,500	1,153,785	(464,265)	–	–	–	–	–	689,520
Shares issued for exercise of warrants	300,000	90,000	–	–	–	–	–	–	90,000
Warrants issued pursuant to private placement	–	–	–	500,000	–	–	–	–	500,000
Finders' fees	–	–	–	(50,000)	–	–	–	–	(50,000)
Share subscriptions received	–	–	–	–	100,000	–	–	–	100,000
Fair value of stock options vested	–	–	1,197,890	–	–	–	–	–	1,197,890
Non-controlling interest arising on the acquisition	–	–	–	–	–	–	490,398	–	490,398
Net loss for the year	–	–	–	–	–	–	(18,009)	(2,930,635)	(2,948,644)
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 consolidated financial statements)

VERITAS PHARMA INC.
Statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Warrant reserve	Share subscriptions received	Share subscriptions receivable	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
Shares issued pursuant to private placements	6,939,600	2,603,088	–	–	–	(50,000)	–	–	2,553,088
Finders' fees	–	(131,064)	–	55,576	–	–	–	–	(75,488)
Shares issued pursuant to acquisition of Cannevert Therapeutics Ltd.	5,000,000	2,700,000	(2,366,231)	–	–	–	(333,769)	–	–
Shares issued pursuant to acquisition of Sechelt Organic Marijuana Corp.	1,454,545	727,272	–	–	–	–	–	–	727,272
Shares issued for services	4,000,000	2,840,000	–	–	–	–	–	–	2,840,000
Shares issued for exercise of stock options	6,985,000	5,048,609	(1,683,609)	–	(100,000)	(144,500)	–	–	3,120,500
Shares issued for exercise of warrants	7,103,065	2,613,248	–	(130,545)	–	–	–	–	2,482,703
Fair value of stock options vested	–	–	3,197,458	–	–	–	–	–	3,197,458
Net loss for the year	–	–	–	–	–	–	(138,620)	(13,863,241)	(14,001,862)
Balance, April 30, 2018	69,296,800	22,395,823	231,197	684,135	–	(194,500)	–	(18,702,730)	4,413,925

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

VERITAS PHARMA INC.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended April 30, 2018 $	Year ended April 30, 2017 $
Operating activities		
Net loss for the year	(14,001,861)	(2,948,644)
Items not involving cash:		
Bargain purchase gain	–	(461,591)
Depreciation	18,593	1,423
Shares issued for services	2,840,000	–
Share-based compensation	3,197,458	1,197,890
Write-down of goodwill	891,141	–
Changes in non-cash operating working capital:		
Amounts receivable	662	(42,967)
Prepaid expenses and deposits	61,412	(343,418)
Amounts due from related parties	(8,390)	–
Accounts payable and accrued liabilities	(19,225)	235,511
Net cash used in operating activities	(7,020,210)	(2,361,796)
Investing activities		
Advances to Cannevert Therapeutics Ltd.	–	(1,000,000)
Advances to related parties	(71,635)	–
Cash acquired from acquisition of Cannevert Therapeutics Ltd.	–	750,436
Purchase of property and equipment	(11,079)	–
Net cash used in investing activities	(82,714)	(249,564)
Financing activities		
Proceeds from loans payable	–	225,000
Proceeds from issuance of shares and share subscriptions received	8,156,291	3,081,870
Proceeds from issuance of warrants	–	500,000
Share issuance costs	(75,488)	(51,200)
Net cash provided by financing activities	8,080,803	3,755,670
Change in cash	977,879	1,144,310
Cash and cash equivalents, beginning of year	1,178,617	34,307
Cash and cash equivalents, end of year	2,156,496	1,178,617
Cash and cash equivalents consists of:		
Cash	2,156,496	778,617
Cashable Guaranteed Investment Certificates	–	400,000
Total cash and cash equivalents	2,156,496	1,178,617

Supplement cash flow information (Note 15)

(The accompanying notes are an integral part of these consolidated 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 Suite 310, 221 West Esplanade, North Vancouver, BC, V7M 1A6.

These consolidated 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 April 30, 2018, the Company has not generated any revenues from operations and has an accumulated deficit of $18,702,730. 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 consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

(b) Principles of Consolidation and Basis of Presentation

These consolidated financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

Sechelt Organic Marijuana Corp. ("Sechelt")	Acquired on February 18, 2018
Cannevert Therapeutics Ltd. ("CTL")	Acquired 80% on April 23, 2017 and the remaining 20% on March 22, 2018

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 consolidated financial statements have been prepared on a historical cost basis. The consolidated 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 consolidated 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) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Property and Equipment

Property and equipment is recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives at the following rates:

Computer equipment	2 year straight-line
Computer software	1 year straight-line
Lab equipment	5 years straight-line

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in the consolidated statement of operations.

(e) Goodwill

Goodwill represents assets that are not separately identifiable. Goodwill does not include identifiable assets that are capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset, or liability regardless of whether the entity intends to do so. Goodwill also does not include contractual or other legal rights regardless of whether those are transferable or separable from the entity or other rights and obligations. Goodwill is never amortized. Instead, management is responsible for valuing goodwill every year and to determine if impairment is required.

2. Significant Accounting Policies (continued)

(f) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives of intangible assets are assessed as either finite or infinite. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as a change in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of operations.

(g) Impairment of Non-Financial Assets

Intangible asset with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the cash generating unit (”CGU”) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

At each reporting date, the Company assesses whether there are indicators of impairment for its non-financial assets. If indicators exist, the Company determines if the recoverable amount of the asset or CGU is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks, and materiality to define its CGUs.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in the consolidated statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm’s length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in the consolidated statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(h) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash and cash equivalents is classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the consolidated statement of operations. The Company does not have any available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable and amounts due from related parties.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the consolidated statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets (continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the consolidated statement of operations are not reversed through the consolidated statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

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

2. Significant Accounting Policies (continued)

(i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenue and expenses are translated at average rates for the periods. Foreign exchange gains and losses are included in the consolidated statement of operations.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

2. Significant Accounting Policies (continued)

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at April 30, 2018, the Company had 26,062,250 (2017 – 25,770,340) potential dilutive shares outstanding.

(m) Comprehensive Loss

Comprehensive loss is the total non-owner change in equity for a reporting period. This change encompasses all changes in equity other than transactions from shareholders. For the years ended April 30, 2018 and 2017, the Company did not have any transactions impacting comprehensive income (loss).

(n) Reclassifications

Certain reclassifications have been made to the prior year’s figures to conform to the current year’s presentation.

(o) 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 consolidated 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 consolidated 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 consolidated financial statements.

3. Acquisition of Cannevert Therapeutics Ltd.

On December 7, 2015, the Company entered into a share purchase agreement with Cannevert Therapeutics Ltd. (“CTL”) (the "Agreement"). Under the Agreement, the Company will invest a total of $1,500,000 into CTL in consideration for 6,001 common shares of CTL (the "CTL Shares"), in six separate tranches over the period of 15 months from the date of the Agreement (the "Private Placement"), after which the Company will hold 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.

As at April 30, 2016, the Company had advanced $500,000 to CTL. On April 23, 2017, the Company completed the acquisition of 80% of the total issued and outstanding CTL Shares.

(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:

	$
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

On March 5, 2018, the Company entered into a purchase agreement to purchase the remaining 1,500 common shares of CTL for an aggregate 100% ownership in consideration of 5,000,000 common shares of the Company with a fair value of $2,700,000, which was issued on March 21, 2018. Refer to Note 9(d). The fair value of the common shares was based on the closing stock price on the date they were issued. As there was no change in control, the transaction was accounted for as an equity transaction, with the excess of the consideration given up over the interest acquired being recorded in share-based payment reserve.

4. Acquisition of Sechelt Organic Marijuana Corp.

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. 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 signed a binding letter of intent with 906474 Alberta Ltd. (“906474”), subject to regulatory authority, to acquire 100% ownership of Sechelt, free and clear of all liens, charges, and encumbrances in exchange for common shares of the Company.

On February 16, 2018, the Company completed the share purchase agreement for 100% of the common shares of Sechelt by issuing 1,454,545 common shares with a fair value of $727,272. Refer to Note 9(b). The fair value of the common shares was based on the closing stock price on the date they were issued.

(Expressed in Canadian dollars)

4. Acquisition of Sechelt Organic Marijuana Corp. (continued)

Given the limited operations and inactive status of Sechelt at the date of the transaction, Sechelt did not meet the definition of a business under IFRS 3, *Business* Combinations. The acquisition is therefore considered an issuance of common shares by the Company for the net assets of Sechelt in accordance with IFRS 2, *Share-based Payment.* 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:

	$
Fair value of units issued	425,020
Fair value of common shares issued	727,272
Total consideration paid	1,152,292
Land	319,439
Accounts payable and accrued liabilities	(2,890)
Amounts due to related parties	(55,398)
Total net identifiable assets	261,151
Goodwill	891,141

During the year ended April 30, 2018, the Company recorded a write-down of goodwill of $891,141 (2017 - $nil) due to the uncertainty of future cash flows.

5. Property and Equipment

	Computer hardware $	Computer software $	Lab equipment $	Land $	Total $
Cost:					
Balance, April 30, 2016	–	–	–	–	–
Additions	3,471	1,229	50,739	–	55,439
Balance, April 30, 2017	3,471	1,229	50,739	–	55,439
Additions	–	3,581	7,498	319,439	330,518
Balance, April 30, 2018	3,471	4,810	58,237	319,439	385,957
Accumulated depreciation:					
Balance, April 30, 2016	–	–	–	–	–
Additions	163	173	1,087	–	1,423
Balance, April 30, 2017	163	173	1,087	–	1,423
Additions	1,957	2,926	13,710	–	18,593
Balance, April 30, 2018	2,120	3,099	14,797	–	20,016
Carrying amounts:					
As at April 30, 2017	3,308	1,056	49,652	–	54,016
As at April 30, 2018	1,351	1,711	43,440	319,439	365,941

(Expressed in Canadian dollars)

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 4. The fair value of the intangible asset was determined using an independent valuator. As at April 30, 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.

	$
Cost:	
Balance, April 30, 2016	–
Additions	1,580,000
Balance, April 30, 2017 and 2018	1,580,000

7. Related Party Transactions

(a) As at April 30, 2018, the Company owed $23,558 (2017 – was owed $947 from) to 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 year ended April 30, 2018, the Company incurred consulting fees of $387,344 (2017 – $115,600) to a company controlled by the Chief Executive Officer of the Company.

(b) As at April 30, 2018, the Company owed $25,944 (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 year ended April 30, 2018, the Company incurred consulting fees of $310,250 (2017 – $60,000) and professional fees of $64,000 (2017 - $44,000) to a company controlled by the Chief Financial Officer of the Company.

(c) As at April 30, 2018, the Company owed $31,900 (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. During the year ended April 30, 2018, the Company incurred consulting fees of $nil (2017 - $47,619) to a director of the Company.

(d) As at April 30, 2018 the company owed $47,006 (2017 - $nil) to a former director of Sechelt. The amount is unsecured, non-interest bearing and due on demand.

(e) As at April 30, 2018, the Company was owed $57,894 (2017 – $57,894) from a company under common control. The amount is unsecured, non-interest bearing, and due on demand.

(f) As at April 30, 2018, the Company was owed $71,635 (2017 – $nil) from a company under common control. The amount is unsecured, non-interest bearing, and due on demand.

(g) During the year ended April 30, 2018, the Company granted 3,037,000 (2017 - 1,550,000) stock options with a fair value of $790,475 (2017 - $400,920) to officers and directors of the Company.

(h) During the year ended April 30, 2018, the Company issued 2,530,000 common shares (2017 - 923,500) to officers, directors, and former directors of the Company for proceeds of $1,109,500 (2017 - $280,520) pursuant to the exercise of stock options.

8. Loan Payable

On August 15, 2016, the Company entered into a loan agreement with a non-related party for $225,000. The amount due is unsecured, non-interest bearing, and is due on the earlier of: (a) July 19, 2017; and (b) the date the company first raises capital after the execution of this agreement. Under the terms of the loan agreement, the Company was charged $33,750, a 15% financing fee of all proceeds received under the loan, which has been recorded as interest expense. On January 9, 2017, the Company issued 1,176,136 units at $0.22 per unit as settlement of the outstanding loan payable of $258,750. Refer to Note 9(m).

9. Share Capital

Authorized: Unlimited number of common shares without par value

Share transactions for the year ended April 30, 2018:

(a) On October 10, 2017, the Company issued 3,670,000 units at $0.28 per unit for proceeds of $1,027,600. 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. Included in this issuance were 100,000 units for proceeds of $28,000 to a company controlled by the CEO of the Company and 200,000 for proceeds of $56,000 to the spouse of the CEO of the Company. In connection with this private placement, the Company paid a finder’s fee of $75,488, which was settled via issuance of 269,600 common shares, and issued 269,600 finder’s warrants with the same terms as the unit warrants at a fair value of $55,576.

(b) On February 16, 2018, the Company issued 1,454,545 common shares with a fair value of $727,272 to finalize the purchase of Sechelt. Refer to Note 4.

(c) On February 23, 2018, the Company issued 4,000,000 units with a fair value of $2,840,000 to three consultants for consulting services rendered.

(d) On March 21, 2018, the Company issued 5,000,000 common shares with a fair value of $2,700,000 to finalize the purchase of Cannevert. Refer to Note 3.

(e) On March 28, 2018, the Company issued 3,000,000 units at $0.50 per unit for proceeds of $1,500,000, of which $50,000 is receivable as at April 30, 2018. Refer to Note 16(a). 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 $0.70 per share until March 28, 2021. Included in this issuance were 500,000 units for proceeds of $250,000 to a company controlled by the CEO of the Company.

(f) During the year ended April 30, 2018, the Company issued 6,985,000 common shares for proceeds of $3,365,000, of which $144,500 is receivable as at April 30, 2018, pursuant to the exercise of stock options. Refer to Notes 16(c) and (h). The fair value of the stock options exercised of $1,683,609 was reallocated from share-based payment reserve to share capital.

(g) During the year ended April 30, 2018, the Company issued 7,103,065 common shares for proceeds of $2,482,703 pursuant to the exercise of share purchase warrants. The fair value of the share purchase warrants exercised of $130,545 was reallocated from warrant reserve to share capital.

9. Share Capital (continued)

Share transactions for the year ended April 30, 2017:

(h) 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.

(i) 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.

(j) 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.

(k) 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 4.

(l) 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.

(m) 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 (refer to Note 8) 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.

(n) 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.

Escrowed Shares

As at April 30, 2018, the Company had nil (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.

(Expressed in Canadian dollars)

10. Share Purchase Warrants

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
Expired	(300,000)	0.30
Balance, April 30, 2017	22,243,840	0.39
Issued	6,939,600	0.56
Exercised	(7,103,065)	0.35
Expired	(1,263,125)	0.75
Balance, April 30, 2018	20,817,250	0.39

As at April 30, 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*
5,300,000	0.30	July 11, 2018*
8,500,000	0.40	August 7, 2019
3,070,000	0.40	April 10, 2019**
3,000,000	0.40	March 28, 2021
20,817,250		

* 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.

11. 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.

(Expressed in Canadian dollars)

11. Stock Options (continued)

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	11,980,000	0.63
Exercised	(6,985,000)	0.48
Expired	(3,276,500)	0.63
Outstanding, April 30, 2018	5,245,000	0.68

Additional information regarding stock options outstanding as at April 30, 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 $
0.62 to 0.65	3,960,000	1.2	0.64
0.80 to 0.81	1,285,000	0.7	0.80
	5,245,000	1.0	0.68

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	1.5%	0.7%
Expected life (in years)	1.0	2.4
Expected volatility	110%	157%

The total fair value of stock options vested during the year ended April 30, 2018 was $3,197,458 (2017 - $1,197,890) 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 year ended April 30, 2018 was $0.27 (2017 - $0.29) per share. The weighted average share price for stock options exercised during the year ended April 30, 2018 was $0.72 (2017 - $0.47).

12. 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.

(Expressed in Canadian dollars)

12. Capital Management (continued)

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.

13. 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 April 30, 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, April 30, 2018 $
Cash and cash equivalents	2,156,496	–	–	2,156,496

The fair values of other financial instruments, which include amounts receivable, amounts due from related parties, and accounts payable and accrued liabilities, 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.

(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.

(Expressed in Canadian dollars)

14. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2018 $	2017 $
Canadian statutory income tax rate	26.33%	26%
Income tax recovery at statutory rate	(3,650,654)	(766,647)
Tax effect of:		
Permanent differences and other	1,062,761	279,665
Change in enacted tax rate	(61,264)	–
True up	–	(56,732)
Change in unrecognized deferred income tax assets	2,649,157	543,714
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2018 $	2017 $
Deferred income tax assets		
Non-capital losses carried forward	3,555,573	834,776
SR&ED carried forward	5,983	5,761
Intangible assets	(106,650)	(102,700)
Property and equipment	(80,844)	370
Share issuance costs	26,881	13,579
Unrecognized deferred income tax assets	(3,400,943)	(751,786)
Net deferred income tax asset	–	–

As at April 30, 2018, the Company has non-capital losses carried forward of $13,168,789, which are available to offset future years' taxable income. These losses expire as follows:

	$
2035	134,318
2036	862,003
2037	2,214,355
2038	9,958,113
	13,168,789

(Expressed in Canadian dollars)

15. Supplemental Cash Flow Disclosure

	Year ended April 30, 2018 $	Year ended April 30, 2017 $
Non-cash investing and financing activities:		
Fair value of finders' warrants	55,576	64,084
Fair value of options transferred to share capital upon exercise	1,683,609	464,265
Fair value of units issued for Sechelt Organic Marijuana Corp. option	–	425,020
Fair value of warrants transferred to share capital upon exercise	130,545	–
Shares issued for acquisition of Cannevert Therapeutics Ltd.	2,700,000	–
Shares issued for acquisition of Sechelt Organic Marijuana Corp.	727,272	–
Shares issued for settlement of accounts payable upon exercise of warrants	–	43,000
Shares issued for settlement of loans payable	–	316,250

16. Subsequent Events

(a) On May 1, 2018, the Company received $50,000 for the issuance of 100,000 common shares of the Company at $0.50 per share pursuant to the private placement, which was recorded as share subscriptions receivable as at April 30, 2018.

(b) On May 4, 2018, the Company incorporated Veritas Pharma Puerto Rico LLC ("Veritas PR"), a new subsidiary, in Puerto Rico, U.S. Veritas PR establishes a foothold for the scientific investigation, product development and commercialization of cannabis-based therapies in Puerto Rico and throughout Latin America.

(c) On May 30, 2018, the Company received $97,500 for the issuance of 150,000 common shares of the Company pursuant to the exercise of stock options, which was recorded as share subscriptions receivable as at April 30, 2018.

(d) On June 25, 2018, the following stock options were cancelled by its holders:

Grant Date	Number of stock options	Exercise price $
November 28, 2017	200,000	0.81
December 21, 2017	710,000	0.61
January 5, 2018	385,000	0.80
February 20, 2018	1,050,000	0.65
February 28, 2018	927,000	0.62
	3,272,000	

(e) On June 25, 2018, the Company entered into an 8% three month secured $1,000,000 loan agreement with Marapharm Ventures Inc. ("Marapharm"), which is fully secured by the assets of Marapharm.

(f) On July 9, 2018, the Company issued 1,500,000 common shares of the Company to acquire 50% of ownership in 3 Carbon Extractions Inc.

(g) On July 27, 2018, the Company cancelled 100,000 common shares of the Company, which were issued on February 27, 2018 pursuant to the exercise of stock options as a result of non-payment. The $47,000 was recorded as share subscriptions receivable as at April 30, 2018.

16. Subsequent Events (continued)

(h) On July 30, 2018, the Company issued 500,000 common shares of the Company for proceeds of $200,000.

(i) On August 16, 2018, the Company issued 500,000 common shares of the Company for proceeds of $110,000.