

NeutriSci International Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

As at and for the three and nine months ended September 30, 2016

NeutriSci International Inc.
(the “Company”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at and for the three and nine months ended September 30, 2016

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

NeutriSci International Inc.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at

	September 30, 2016	December 31, 2015 (Note 3(c))	January 1, 2015 (Note 3(c))
Assets			
Current Assets			
Cash	\$ 205,276	\$ 1,299,528	\$ 984,658
Receivables	49,784	-	-
Due from related parties (Note 7)	47,838	43,424	21,736
Goods and services tax receivable	51,998	40,424	70,478
Inventory (Note 4)	94,866	142,430	1,354,265
Prepaid expenses	171,866	151,267	98,966
Total current assets	621,628	1,677,073	2,530,103
Equipment (Note 5)	13,395	24,278	29,537
Total Assets	\$ 635,023	\$ 1,701,351	\$ 2,559,640
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 340,521	\$ 284,305	\$ 360,931
Notes payable (Note 8)	490,895	692,000	1,269,996
	831,416	976,305	1,630,927
Shareholders' Equity			
Share capital (Note 9)	22,510,382	21,757,716	18,941,571
Warrants (Note 9)	380,787	394,387	48,060
Contributed surplus (Note 9)	1,913,349	1,825,983	1,440,736
Deficit	(25,240,423)	(23,492,552)	(19,753,953)
Accumulated other comprehensive loss	239,512	239,512	252,299
	(196,393)	725,046	928,713
Total Liabilities and Shareholders' Equity	\$ 635,023	\$ 1,701,351	\$ 2,559,640

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on November 25, 2016:

"Scott Ackerman"

Scott Ackerman – CEO

"Robert Chisholm"

Robert Chisholm – CFO

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

NeutriSci International Inc.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
	(Note 3(c))		(Note 3(c))	
Sales Revenue	\$ 40,392	\$ 2,726	\$ 93,198	\$ 26,730
Cost of Sales	(33,250)	(1,308)	(71,184)	(12,410)
	7,142	1,418	22,014	14,320
Expenses				
Operating expenses (Note 10)	303,208	286,986	1,235,624	1,094,546
General and administrative costs (Note 10)	270,261	70,450	571,807	338,311
Foreign exchange	2,275	-	(58,218)	-
Finance expense	32,308	15,451	41,433	22,366
Gain on forgiveness of debt	-	-	(20,761)	-
	(608,052)	(372,887)	(1,769,885)	(1,455,223)
Loss for the period	(600,910)	(371,469)	(1,747,871)	(1,440,903)
Translation adjustment	-	36,772	-	37,401
Loss and comprehensive loss for the period	\$ (600,910)	\$ (334,697)	\$ (1,747,871)	\$ (1,403,502)
Weighted average number of shares outstanding – basic and diluted	59,186,965	34,845,093	56,818,792	25,394,147
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.06)

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

NeutriSci International Inc.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of Shares		Share Capital Amount	Warrants	Contributed Surplus	Deficit	Other Comprehensive Loss	Total Shareholders' Equity
	Common	Preferred Series A, B, and C						
Balance, January 1, 2015 (Note 3(c))	14,283,766	22,980,371	\$18,941,571	\$ 48,060	\$ 1,440,736	\$(19,753,953)	\$ 252,299	\$ 928,713
Conversion - Preferred Series A	6,758,936	(6,758,936)	-	-	-	-	-	-
Conversion - Preferred Series B	8,110,723	(8,110,723)	-	-	-	-	-	-
Conversion - Preferred Series C	8,110,712	(8,110,712)	-	-	-	-	-	-
Shares issued for services	200,000	-	100,000	-	-	-	-	100,000
Share issuance (net)	2,222,223	-	384,246	-	-	-	-	384,246
Share issuance (net)	1,200,000	-	208,870	-	-	-	-	208,870
Share issuance (net)	1,722,333	-	305,820	-	-	-	-	305,820
Share-based payments	-	-	-	-	282,873	-	-	282,873
Loss for the period	-	-	-	-	(1,440,903)	-	-	(1,440,903)
Translation adjustment	-	-	-	-	-	-	37,401	37,401
Balance, September 30, 2015 (Note 3(c))	42,608,693	-	\$19,940,507	\$ 48,060	\$ 1,723,609	\$(21,194,856)	\$ 289,700	\$ 807,020
Share issuance (net)	13,013,000	-	1,903,778	260,260	-	-	-	2,164,038
Brokers' warrants issued	-	-	(86,569)	86,569	-	-	-	-
Expiry of warrants	-	-	-	(502)	502	-	-	-
Share-based payments	-	-	-	-	101,872	-	-	101,872
Loss for the period	-	-	-	-	(2,297,696)	-	-	(2,297,696)
Translation adjustment	-	-	-	-	-	-	(50,188)	(50,188)
Balance, December 31, 2015 (Note 3(c))	55,621,693	-	\$21,757,716	\$ 394,387	\$ 1,825,983	\$(23,492,552)	\$ 239,512	\$ 725,046
Share-based payments	-	-	-	-	87,366	-	-	87,366
Share issuances (net)	6,546,000	-	719,050	-	-	-	-	719,050
Warrants exercised	111,200	-	33,616	(13,600)	-	-	-	20,016
Loss for the period	-	-	-	-	(1,747,871)	-	-	(1,747,871)
Balance, September 30, 2016	62,278,893	-	\$22,510,382	\$ 380,787	\$ 1,913,349	\$(25,240,423)	\$ 239,512	\$ (196,393)

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

NeutriSci International Inc.**Condensed Consolidated Interim Statements of Cash Flows****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)****For the nine months ended September 30,**

	2016	2015
		(Note 3(c))
Cash provided by / (used in):		
Operating Activities:		
Loss for the period	\$ (1,747,871)	\$ (1,440,903)
Items not affecting cash:		
Amortization	11,665	7,325
Share-based payments	87,366	282,873
Unrealized foreign exchange	(37,800)	-
Gain on debt settlement	(20,761)	-
Shares issued for services	-	100,000
Accrued interest	31,800	7,528
Net change in non-cash working capital items:		
Receivables and goods and services tax receivable	(61,357)	5,283
Due from related parties	(4,414)	(36,776)
Inventory	47,564	(63,057)
Prepaid expenses	(20,600)	91,896
Accounts payable and accrued liabilities	76,977	41,975
	(1,637,431)	(1,003,856)
Investing Activities:		
Purchase of equipment	(782)	-
Intangible	-	(11,292)
	(782)	(11,292)
Financing Activities:		
Shares issued for cash	739,066	791,582
Repayment of loans and notes payable	(195,015)	(687,972)
Additions to loan	-	93,423
	544,051	197,033
Translation adjustment	(90)	48,703
Change in cash for the period	(1,094,252)	(769,412)
Cash, beginning of the period	1,299,528	984,658
Cash, end of the period	\$ 205,276	\$ 215,246
Supplemental information:		
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -

Significant non-cash activities – Note 6.

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

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements****As at September 30, 2016****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)**

1. NATURE AND CONTINUANCE OF OPERATIONS

NeutriSci International Inc. (the "Company" or "NeutriSci") was incorporated under the laws of the Province of Alberta on September 9, 2009. The Company's shares are listed on Tier 2 of the TSX Venture Exchange (the "Exchange") under the symbol "NU". The Company's head office is at 4015 - 1st Street SE, Calgary, Alberta T2G 4X7 and the Company's registered office is 1600 – 609 Granville St., Vancouver BC, Canada, V7Y 1C3.

NeutriSci is focused on the market development for its nutraceutical products.

Change in presentation currency

The Company has retroactively changed its presentation currency to the Canadian dollar (Cdn\$) from the United States dollar ("US\$"). The change is detailed in Note 3(c).

Going concern

The Company has a history of losses and anticipates further losses in the development of its business. As at September 30, 2016, the Company has an accumulated deficit of \$25,240,423. Continuing business as a going concern is dependent upon the success of the neuenergy® products in the retail storefront and online markets, the existing cash flows, and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year which include:

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements****As at September 30, 2016****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)**

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**(a) Critical accounting estimates (continued)**

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.
- Fair value of stock options and warrants - Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.
- Inventories - Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value.
- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.
- Impairment of non-financial assets - The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to asset impairment. The recoverable amount of an asset or a cash-generating unit ("CGU") is determined using the greater of fair value less costs to sell and value in use which requires the use of various judgments, estimates, and assumptions. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements****As at September 30, 2016****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)**

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**(b) Critical accounting judgements**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

- Deferred income taxes – judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.
- Functional currency – As detailed in Note 3(c) to the financial statements.
- Going concern – As disclosed in Note 1 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES**(a) Statement of compliance**

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015.

(b) Basis of presentation

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

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements****As at September 30, 2016****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Functional and Presentation Currency**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. To date, the functional currency of the Company, Britlor Health and Wellness Inc., and 1580306 AB Ltd., has been judged to be the Canadian dollar. The functional currency of NeutriSci International Corp. ("NeutriSci International") was determined to be the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Changes to the Company's sales composition and focus for market penetration has resulted in a change to the currency in which the Company's management conducts its operating, capital and financing decisions. Consequently, the functional currency of NeutriSci International became the Cdn\$ effective January 1, 2016. Concurrently, the Company adopted the Cdn\$ as the presentation currency for the consolidated entity as of January 1, 2016. Upon the change of functional currency as at January 1, 2016, the Company recognized an impact of \$252,299 to accumulated other comprehensive income.

For comparative reporting purposes, historical financial statements were translated into the Cdn\$ reporting currency whereby assets and liabilities were translated at the closing rate in effect at the end of the comparative periods; revenues, expenses and cash flows were translated at the average rate in effect for the comparative periods and equity transactions were translated at historic rates. These financial statements are presented in Canadian dollars. All financial information is expressed in Canadian dollars unless otherwise stated.

(d) Future accounting pronouncements**New standards and interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

As at September 30, 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

4. INVENTORY

Finished goods	Total
Balance, January 1, 2015 (Note 3(c))	\$ 1,354,265
Additions	129,748
Translation adjustment	272,805
Impairment	(1,614,388)
Balance, December 31, 2015 (Note 3(c))	142,430
Additions	8,615
Cost of goods sold	(38,557)
Promotional	(21,104)
Translation adjustment and other	3,482
Balance, September 30, 2016	\$ 94,866

The inventory as at September 30, 2016 and December 31, 2015 consists of the neuenergy® product. Management has decided to focus its sales and marketing strategy on the neuenergy® product. Consequently, the inventory at December 31, 2015, consisting of the BluScience™ product line, was written down by \$1,614,388. This impairment of inventory relates exclusively to the Company's inventory of BluScience™ products.

5. EQUIPMENT

	Furniture and Equipment	Computer Equipment	Total
Cost:			
Balance, January 1, 2015	\$ 87,585	\$ 7,763	\$ 95,348
Additions	-	1,365	1,365
Translation adjustment	16,904	1,619	18,523
Balance, December 31, 2015	104,489	10,747	115,236
Additions	-	782	782
Balance, September 30, 2016	\$ 104,489	\$ 11,529	\$ 116,018
Accumulated Amortization:			
Balance, January 1, 2015	\$ 59,724	\$ 6,087	\$ 65,811
Amortization	10,215	1,257	11,472
Translation adjustment	12,394	1,281	13,675
Balance, December 31, 2015	82,333	8,625	90,958
Amortization	9,970	1,695	11,665
Balance, September 30, 2016	\$ 92,303	\$ 10,320	\$ 102,623
Net Book Value:			
January 1, 2015 (Note 3(c))	\$ 27,861	\$ 1,676	\$ 29,537
December 31, 2015 (Note 3(c))	\$ 22,156	\$ 2,122	\$ 24,278
September 30, 2016	\$ 12,186	\$ 1,209	\$ 13,395

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

As at September 30, 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

6. SIGNIFICANT NON-CASH ACTIVITIES

There were no significant non-cash financing or investing activities for the nine months ended September 30, 2016 and 2015.

7. RELATED PARTY TRANSACTIONS

The Company had transactions with the following related parties:

Related party	Relationship
Anfield Sujir Kennedy Durno LLP ("ASKD LLP")	Director of the Company was formerly a partner at the law firm
Cassels Brock & Blackwell LLP	Director of the Company is a partner at the law firm
Emprise Capital Corp.	Directors and Officers in common with the Company

The Company incurred the following expenses with companies controlled by directors and officers of the Company.

Name of the related party	Nature of the Services	2016	2015
Cassels Brock & Blackwell LLP	Legal	\$ 34,499	\$ -
Emprise Capital Corp.	Management	151,000	45,000
		\$ 185,499	\$ 45,000

The following table comprises amounts due to related parties included within accounts payable and accrued liabilities:

	September 30, 2016	December 31, 2015
Officers of the Company	\$ -	\$ 13,129
Cassels Brock & Blackwell LLP	32,675	
ASKD LLP	28,982	28,982
Total	\$ 61,657	\$ 42,111

The following table comprises amounts due from related parties for expense advances:

	September 30, 2016	December 31, 2015
Officer/Director	\$ 34,310	\$ 25,968
Director	13,528	17,456
	\$ 47,838	\$ 43,424

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

As at September 30, 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS (continued)**Key management personnel compensation:**

Key management personnel include those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of the Company's executive and non-executive directors, officers and senior management.

	For the nine months ending September 30, 2016	For the nine months ending September 30, 2015
Salaries and benefits	\$ 120,881	\$ 208,918
Share-based payments	52,306	147,694
Management fees	7,500	134,030
	\$ 180,687	\$ 485,642

8. NOTES PAYABLE

	Promissory Note	Other Note Payable	Loans Payable	Total
Balance, January 1, 2015 (Note 3(c))	\$ 638,055	\$ 580,050	\$ 51,891	\$ 1,269,996
Proceeds	-	-	343,317	343,317
Finance expense	-	-	10,696	10,696
Translation adjustment	61,514	111,950	-	173,464
Repayment	(699,569)	-	(405,904)	(1,105,473)
Balance, December 31, 2015 (Note 3(c))	-	692,000	-	692,000
Foreign exchange	-	(37,890)	-	(37,890)
Repayment	-	(195,015)	-	(195,015)
Accrued interest	-	31,800	-	31,800
Balance, September 30, 2016	\$ -	\$ 490,895	\$ -	\$ 490,895

Other Note Payable

The other note payable is unsecured, non-interest bearing, and was to be repaid in equal monthly installments with the final payment due September 18, 2015. On May 4, 2016, the Company entered into a new agreement to repay this amount. As per this agreement the Company will make six monthly payments of US\$30,000, followed by an additional six monthly payments of US\$62,952 with the final payment due April 17, 2017. The total amount will include US\$57,712 of interest. As at September 30, 2016, five repayments of US\$30,000 were made towards this obligation and US\$407,712 was outstanding.

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements****As at September 30, 2016****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)**

9. SHARE CAPITAL**(a) Authorized**

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value.

As at September 30, 2016, the Company has 7,071,613 (December 31, 2015 – 8,333,065) common shares held in escrow.

(b) Preferred A, B and C shares

The Preferred A, B and C shares were issued pursuant to a reverse takeover transaction in fiscal 2014. These preferred shares automatically converted into common shares of the Company on the specified release dates during the year ended December 31, 2015.

(c) Common Share Issuances**For the period ended September 30, 2016:**

- (i) On July 25, 2016, the Company completed a non-brokered private placement, raising gross proceeds of \$469,000 by issuing 4,690,000 units at a price of \$0.10 per unit, with each unit consisting of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of \$0.18 per share for a period of 12 months from the date of closing.

In connection with the financing, the Company issued 189,000 common shares as finders' fees valued at \$18,900.

- (ii) On September 30, 2016, the Company completed a non-brokered private placement, raising gross proceeds of \$250,050 by issuing 1,667,000 units at a price of \$0.15 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$0.25 per share for a period of five years from the date of closing.

For the year ended December 31, 2015:

- (i) On February 25, 2015, the Company issued 200,000 common shares pursuant to a marketing and branding partnership with Brand Fever Inc., at a fair value of \$100,000. The fair value has been recognized as a marketing expense.
- (ii) On July 17, 2015, the Company completed a non-brokered private placement of 2,222,223 common shares, at \$0.18 per share, for gross proceeds of \$400,000. In connection with this closing, the Company paid a cash finders' fee of \$15,754, which has been recorded as share issue costs.
- (iii) On August 20, 2015, the Company completed a non-brokered private placement of 1,200,000 common shares, at \$0.18 per share, for gross proceeds of \$216,000. In connection with this closing, the Company paid a cash finders' fee of \$7,129, which has been recorded as share issue costs.

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

As at September 30, 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

(iv) On September 30, 2015, the Company completed a non-brokered private placement of 1,722,333 units, at \$0.18 per unit, for gross proceeds of \$310,020. Each unit consisted of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.25 per share until September 30, 2017. In connection with this closing, the Company paid a cash finders' fee of \$4,200, which has been recorded as share issue costs.

(v) On November 25, 2015, the Company completed a non-brokered private placement of 13,013,000 units, at \$0.18 per unit, for gross proceeds of \$2,342,340. Each unit consisted of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.25 per share until November 25, 2017. The warrants were assigned a residual value of \$260,260. In connection with this closing, the Company paid an aggregate of \$161,506 in a cash finders' fee, and other share issue costs.

Additionally, the Company issued 707,840 brokers' warrants exercisable for units, under the same terms as the private placement, at a price of \$0.18 per unit until November 25, 2017. The fair value of the brokers' warrants was \$86,569.

(d) Stock Options

The Company has a stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Subject to a minimum exercise price of \$0.10 per share, the exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The stock options can be granted for a maximum term of 10 years, and vest as determined by the Board of Directors.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2014	1,400,000	\$ 0.67
Granted	1,166,780	0.20
Cancelled	(33,333)	0.30
Balance, December 31, 2015	2,533,447	\$ 0.46
Granted	3,175,000	0.22
Cancelled	(540,000)	0.75
Balance, September 30, 2016	5,168,447	\$ 0.28

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements**

As at September 30, 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

A summary of the Company's stock options as at September 30, 2016 are as follows:

Grant Date	Number of Options outstanding	Number of Options exercisable	Weighted Average Exercise Price	Expiry date	Weighted Average Remaining contractual life (years)
July 15, 2013	216,667	216,667	\$ 0.30	July 15, 2018	1.79
November 26, 2014	610,000	610,000	\$ 0.75	November 26, 2019	3.16
November 24, 2015	416,000	416,000	\$ 0.18	November 25, 2020	4.16
November 24, 2015	375,390	375,390	\$ 0.18	November 25, 2017	1.15
November 24, 2015	375,390	375,390	\$ 0.25	November 25, 2017	1.15
May 11, 2016	300,000	75,000	\$ 0.18	January 1, 2019	2.25
September 8, 2016	2,875,000	359,375	\$ 0.22	September 8, 2021	4.94
Total	5,168,447	2,427,822	\$ 0.28		3.83

During the period ended September 30, 2016, the Company recorded share-based payments of \$87,366 (2015 - \$282,873) as a result of stock options granted and vested during the period. The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model, using the following weighted average assumptions:

	2016	2015
Risk-free interest rate	1.25%	0.63%
Expected dividend yield	0%	0%
Expected forfeiture	0%	0%
Expected life	5 years	3 years
Expected volatility	100%	120%
Fair value per option granted	\$0.16	\$0.08

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions may have a material effect on the fair value of the Company's stock options and results of operations.

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(Unaudited – Prepared by Management)

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9. SHARE CAPITAL (continued)**(e) Warrants**

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2014	3,633,631	\$ 0.91
Granted	14,735,333	0.25
Expired	(425,000)	0.59
Balance, December 31, 2015	17,943,964	0.38
Expired	(3,208,631)	0.96
Issued	4,123,200	0.21
Balance, September 30, 2016	18,858,233	\$ 0.24

A summary of warrants outstanding as at September 30, 2016 are as follows:

Number of Warrants outstanding	Weighted Average Exercise Price	Expiry date	Weighted Average Remaining contractual life (years)
1,722,333	\$0.25	September 30, 2017	1.00
13,124,200	\$0.25	November 25, 2017 ⁽¹⁾	1.15
2,345,000	\$0.18	July 25, 2017	0.82
1,667,000	\$0.25	September 30, 2021	5.00
18,858,533	\$0.24		1.44

(1) Assigned a residual value of \$0.02 per warrant from a private placement unit of \$0.18.

(g) Brokers' Warrants

A summary of the Company's brokers' warrant activity is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2014	221,669	1.00
Issued	707,840	0.18
Balance, December 31, 2015	929,509	\$ 0.38
Exercised	(111,200)	0.18
Expired	(221,669)	1.00
Balance, September 30, 2016	596,640	\$ 0.18

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9. SHARE CAPITAL (continued)

A summary of brokers' warrants outstanding as at September 30, 2016 are as follows:

Number of Warrants outstanding	Weighted Average Exercise Prices	Expiry date	Weighted Average Remaining contractual life (years)
596,640	\$0.18	November 25, 2017 ⁽¹⁾	1.15

⁽¹⁾ These warrants are exercisable into units. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.25 for a period of two years.

10. EXPENSES BY NATURE

	For the three months ending September 30,		For the nine months ending September 30,	
	2016	2015	2016	2015
Operating expenses:				
Advertising and promotion	\$ 42,285	\$ 55,098	\$ 458,436	\$ 267,327
Amortization	3,888	-	11,665	7,325
Consulting fees	23,942	57,928	131,510	168,648
Expense recovery	-	-	-	6,020
Miscellaneous	-	871	-	14,509
Property taxes	-	-	-	7,557
Rent	6,000	6,132	18,000	29,813
Salaries and benefits	125,898	78,006	382,560	223,685
Share-based payments (Note 9(f))	49,192	68,135	87,366	282,873
Storage and handling costs	12,562	-	46,166	36,350
Telephone and utilities	6,442	4,029	11,582	16,382
Travel and automobile expenses	32,999	16,787	88,339	34,057
	\$ 303,208	\$ 286,986	\$ 1,235,624	\$ 1,094,546

10. EXPENSES BY NATURE (continued)

	For the three months ending September 30,		For the nine months ending September 30,	
	2016	2015	2016	2015
General and administrative costs:				
Management fees	\$ 47,500	\$ 45,708	\$ 158,500	\$ 134,755
Meals and entertainment	7,691	1,234	20,348	35,876
Office and miscellaneous	11,805	6,695	38,024	13,530
Professional fees	190,603	8,107	327,155	114,324
Transfer agent and filing fees	12,662	8,706	27,780	39,826
	\$ 270,261	\$ 70,450	\$ 571,807	\$ 338,311

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements****As at September 30, 2016****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)**

11. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholder's equity. The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at September 30, 2016, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the period ended September 30, 2016.

12. FINANCIAL INSTRUMENTS**(a) Fair Value**

The fair values of receivables, due from related parties, goods and services tax receivable, accounts payable and accrued liabilities, and notes payable approximate their carrying values due to their short term maturity. The Company's other financial instrument, cash, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

(b) Financial Risk Factors

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

I. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at September 30, 2016 the Company has a note payable due in the amount of US\$350,000 (Note 8). The balance is subject to foreign exchange fluctuation.

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12. FINANCIAL INSTRUMENTS (continued)**II. Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates is considered insignificant.

III. Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

IV. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

At September 30, 2016, the Company had a cash balance of \$205,276 to settle current liabilities of \$831,416. The Company is currently subject to significant liquidity risks and remains dependant on the financial support of its debtors and shareholders. Refer to Note 1 for additional details. On November 21, 2016 the Company closed a financing for gross proceeds of \$1,500,000 (see Note 13).

IV. Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company places its cash with institutions of high credit worthiness. The Company's cash is currently held in Canadian banking institutions, authorized under the Bank Act (Canada) to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. Management has assessed there to be a low level of credit risk associated with its cash balances.

At September 30, 2016, receivables of \$49,784 (December 31, 2015 and January 1, 2015 - \$Nil) are from retail distributors of neuenergy® products. The customers are primarily large, well established, companies. There is moderate risk that some of these customers may fail to make payments, however given the early stage of revenue growth no one customer's monthly amount is material and the Company monitors its monthly collections so as to mitigate the amount of a potential financial impact. Management has assessed there to be moderate credit risk associated with these receivables.

At September 30, 2016, the Company's goods and services tax receivable consists of amounts due from the Government of Canada. The Company believes the credit risk associated with this balance is minimal. Additionally, the Company has balances due from related parties. The Company

NeutriSci International Inc.**Notes to the Condensed Consolidated Interim Financial Statements****As at September 30, 2016****(Unaudited – Prepared by Management)****(Expressed in Canadian dollars)**

anticipates that it will realize these balances through expenditures incurred on behalf of the Company by these related parties.

13. SUBSEQUENT EVENT

Subsequent to the period ended September 30, 2016, the Company completed a non-brokered private placement, raising gross proceeds of \$1,500,000 by issuing 15,000,000 units at a price of \$0.10 per unit, with each unit consisting of one common share and one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of \$0.18 per share for a period of 18 months from the date of closing.