Scythian Biosciences Inc.

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017, 2016 and 2015

(Expressed in Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Scythian Biosciences Inc.

We have audited the accompanying consolidated financial statements of Scythian Biosciences Inc., which comprise the consolidated statements of financial position as at March 31, 2017, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended March 31, 2017 and 2016 and for the period ended March 31, 2015, 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 as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of 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 and Public Company Accounting Oversight Board (PCAOB) standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Scythian Biosciences Inc. as at March 31, 2017, 2016 and 2015, and its financial performance and its cash flows for the years ended March 31, 2017 and 2016 and for the period ended March 31, 2015 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Scythian Biosciences Inc.'s ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
August 9, 2017

Scythian Biosciences Inc.
Consolidated Statements of Financial Position
As at March 31, 2017, 2016 and 2015
Expressed in Canadian Dollars

	Note	2017	2016	2015
ASSETS				
Current assets				
Cash		$ 1,090,767	$ 222,431	$ 802,150
Prepaid expenses		871,907	3,870	2,080
Sales tax recoverable		9,979	620	-
Promissory note receivable	5	-	-	82,460
Total current assets		1,972,653	226,921	886,690
Plant and equipment	6	759,682	977,500	-
Total assets		$ 2,732,335	$ 1,204,421	$ 886,690
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	7	1,931,317	683,351	213,556
Total liabilities		1,931,317	683,351	213,556
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Capital stock	9	6,216,198	3,507,284	1,298,027
Contributed surplus	9	1,506,806	939,708	-
Other capital reserves	9	-	20,000	262,494
Deficit		(6,921,986)	(3,945,922)	(887,387)
Total shareholders' equity		801,018	521,070	673,134
Total liabilities and shareholders' equity		$ 2,732,335	$ 1,204,421	$ 886,690

Nature and Continuance of Operations and Going Concern – Note 1
Commitments – Notes 8 and 14
Subsequent Events – Note 16

"Peter Benz"	"Jonathan Gilbert"
Peter Benz	Jonathan Gilbert

The accompanying notes are an integral part of the consolidated financial statements

Scythian Biosciences Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31, 2017, 2016 and the period from Inception to March 31, 2015
Expressed in Canadian Dollars

	Note	Years ended March 31, 2017	2016	Date of Inception on July 9, 2014 to March 31, 2015
EXPENSES				
Advertising and public relations		$ 8,568	$ 9,457	$ 29,397
Depreciation	6	217,818	172,500	-
Consulting	7, 9	175,663	454,554	290,753
Directors fees	7, 9	15,000	129,584	-
Office and general		33,298	37,790	10,582
Professional fees		318,608	186,103	147,505
Rent		84,910	76,199	6,046
Research and development		1,038,020	-	-
Salaries and wages	7,9	1,083,941	1,932,883	341,181
Travel		20,433	41,836	15,331
		2,996,259	3,040,906	840,795
OTHER INCOME (EXPENSES)				
Transaction costs	4	-	(75,000)	(52,500)
Foreign exchange gain (loss)		(14,605)	4,917	(653)
Interest income (expense)	5	(49,278)	27,028	6,561
Loss on settlement of promissory note receivable	5	-	(36,229)	-
Rental income		84,078	61,655	-
NET LOSS AND COMPREHENSIVE LOSS		(2,976,064)	(3,058,535)	(887,387)
Loss per share				
Basic and diluted	10	($3.82)	($7.58)	($3.74)
Weighted average number of shares outstanding				
Basic and diluted	10	779,468	403,670	237,428

The accompanying notes are an integral part of the consolidated financial statements

Scythian Biosciencs Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the period from Inception to March 31, 2017
Expressed in Canadian Dollars

	Number	Share Capital	Contributed Surplus	Other Capital Reserves	Deficit	Total Shareholders' Equity
Balance, Date of Incorporation, July 9, 2014	1	$ -	$ -	$ -	$ -	$ -
Issuance of common shares (note 7)	295,187	1,298,027	-	-	-	1,298,027
Subscriptions received	-	-	-	262,494	-	262,494
Net loss	-	-	-	-	(887,387)	(887,387)
Balance, March 31, 2015	295,188	$ 1,298,027	$ -	$ 262,494	$ (887,387)	$ 673,134
Issuance of common shares	158,775	2,294,257	-	(262,494)	-	2,031,763
Redemption of common shares (note 5)	(4,250)	(85,000)	-	-	-	(85,000)
Subscriptions received	-	-	-	20,000	-	20,000
Share-based compensation	-	-	939,708	-	-	939,708
Net loss	-	-	-	-	(3,058,535)	(3,058,535)
Balance, March 31, 2016	449,713	$ 3,507,284	$ 939,708	$ 20,000	$ (3,945,922)	$ 521,070
Issuance of common shares - for cash (note 7)	2,374,838	3,447,845	-	(20,000)	-	3,427,845
less; share issue costs	-	(748,931)	483,600	-	-	(265,331)
Issuance of common shares- for services	50,000	10,000	-	-	-	10,000
Share based compensation	-	-	83,498	-	-	83,498
Net loss	-	-	-	-	(2,976,064)	(2,976,064)
Balance, March 31, 2017	2,874,551	$ 6,216,198	$ 1,506,806	$ -	$ (6,921,986)	$ 801,018

The accompanying notes are an integral part of the consolidated financial statements

Scythian Biosciences Inc.
Consolidated Statements of Cash Flows
For the years ended March 31, 2017, 2016 and the period from Inception to March 31, 2015
Expressed in Canadian Dollars

	Years ended March 31, 2017	2016	Date of Inception on July 9, 2014 to March 31, 2015
OPERATING ACTIVITIES			
Net loss	$ (2,976,064)	$ (3,058,535)	$ (887,387)
Items not affecting cash:			
Share based payments	93,498	1,189,708	-
Loss on extinguishment of promissory note	-	36,229	-
Interest income accrued under promissory note	-	(27,028)	(6,561)
Unrealized foreign exchange	-	(11,741)	(5,705)
Depreciation	217,818	172,500	-
Transaction costs paid in shares	-	75,000	-
	(2,664,748)	(1,623,867)	(899,653)
Changes in non-cash working capital items:			
Increase in prepaids	(868,037)	(1,790)	(2,080)
Increase in accounts payable and accrued liabilities	1,247,966	469,795	213,556
Increase in sales tax recoverable	(9,359)	(620)	-
Cash flows relating to operating activities	(2,294,178)	(1,156,482)	(688,177)
FINANCING ACTIVITIES			
Proceeds from the issuance of common shares, net	3,162,514	826,763	1,560,521
Cash flows relating to financing activities	3,162,514	826,763	1,560,521
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-	(250,000)	-
Issuance of promissory note	-	-	(70,194)
Cash flows relating to investing activities	-	(250,000)	(70,194)
Net increase (decrease) in cash	868,336	(579,719)	802,150
Cash, beginning	222,431	802,150	-
Cash, ending	$ 1,090,767	$ 222,431	$ 802,150

Supplemental Cash Flow Information – Note 15

The accompanying notes are an integral part of the consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Scythian Biosciences Inc. (the "Company") was incorporated on July 9, 2014 as Valens Agritech Canada Inc. The Company is focused on the acquisition of companies in the medical marijuana market, either in the business of production and sales of prescription marijuana to individual consumers, or in its application for medical and academic uses in the development of new pharmaceuticals. On April 16, 2015, the Company changed its name to Spartan Cannabis Corp. On October 29, 2015, the Company changed its name to Scythian Biosciences Inc.

The Company's principal and registered office is 200-366 Bay St., Toronto, ON, M5H 4B2.

Effective August 1, 2017 the Company effected a reverse stock split on the basis of 1:80. As such, all shares of common stock issued and outstanding were decreased on the basis of one new share for each eighty old shares. These consolidated financial statements give retroactive effect to such reverse split and all share and per share amounts have been adjusted accordingly.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At March 31, 2017, the Company's operations did not generate cash flow, the Company had incurred a net loss for the year ended and had an accumulated deficit of $6,921,986. In addition, the Company has significant spending commitments under a collaborative research agreement (Note 8). The Company's financial success is dependent on management's ability to continue to raise adequate financing on reasonable terms to fulfil these obligations as they come due, and to commence profitable operations in the future. These factors indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated financial statements. These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements of the Company, approved by the Board of Directors on August 9, 2017 have been prepared in accordance and in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using the significant accounting policies outlined in Note 3.

b) Basis of Measurement

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These consolidated financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates

The preparation of these consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to: going concern, useful lives of plant and equipment, impairment of non-financial assets, common shares and share purchase option valuations.

Basis of Consolidation

These consolidated financial statements include the accounts of Scythian Biosciences Inc. and its wholly-owned subsidiaries, Go Green Management Corp. and Go Green B.C. Medicinal Marijuana Ltd.; companies formed under the *Business Corporation Act* of British Columbia. All inter-company transactions and balances have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents includes cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change of value. The Company uses the indirect method of reporting cash flows from operating activities.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes – Continued

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Management exercises judgment in estimating the provision for taxes. The Company is subject to tax laws in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for taxes may increase or decrease in future periods to reflect actual experience.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. As at March 31, 2017, 2016, and 2015, no provision has been recorded by the Company.

Earnings (Loss) Per Share

Basic earnings (loss) per share are computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods.

4. SIGNIFICANT ACCOUNTING POLICIES – Continued

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model or the fair value of the shares granted.

Share-based Payments – Continued

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

Where a grant of options is cancelled, or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. When vesting conditions are not satisfied, any previously recognized expense is reverse.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, fair value through profit or loss liabilities or other liabilities. Fair value through profit or loss assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period. Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Fair value through profit or loss
Promissory notes receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Financial Instruments – Continued

The Company's financial instruments measured at fair value on the statements of financial position consist of cash which is measured at level 1 of the fair hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's financial instruments, consisting of cash, promissory notes receivable and accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these instruments. There are no financial instruments in Level 2 or Level 3. Also, there have been no transfers between levels during the year.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Instruments – Continued

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (each, a "cash-generating unit"). An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds it estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date and when events or changes in circumstances indicate that their carrying amount may not be recoverable. If any such indication exists, then the assets' recoverable amount is estimated.

Share Capital

Proceeds from the issuance of units are allocated between share and warrants issued according to their relative fair value using the residual method. Costs directly attributable to the raising of share capital financing are charged against share capital.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as accumulated other comprehensive income. The Company has not had other comprehensive income since inception.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Segment Reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. At March 31, 2017, 2016 and 2015, the Company considers that it has only one reportable segment.

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the date of the transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a foreign currency are translated at the rate of exchange prevailing at the statement of financial position date, while non-monetary assets and liabilities are translated at the exchange rate prevailing on the transaction date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transaction. Exchange gains and losses arising on translation are included in the statement of comprehensive loss or income.

Transaction costs

Transaction costs for financial instruments classified as FVTPL are recognized as an expense in the year they are incurred. For all non-FVTPL financial instruments, they are capitalized and amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of profit and loss and comprehensive loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. For the year ended March 31, 2017 and 2016 and the period ended March 31, 2015, the Company did not have any finance leases.

Operating lease payments are recognized as an expense in the statement of profit and loss and comprehensive loss on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing part of the plant and equipment, and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit and loss as incurred. The present value of the expected cost for decommissioning or disposing of an asset group after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight line or declining balance basis over the estimated useful lives of the asset group, as follows:

Leasehold improvements	Straight line over 5 years
Machinery and equipment	20% declining balance

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the assets, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Research and development costs

Research costs are expensed as incurred.

Development expenditures are expensed when incurred unless the Company can demonstrate that the development expenditures satisfy the criteria for recognition as an intangible asset pursuant to IAS 38 Intangible Assets (“IAS 38”). Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- the technological feasibility of completing the asset so that the asset will be available for sale or use
- the Company’s ability and intention to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditures as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when the development is complete and the asset is available for use. It is amortized over the expected period of future benefit. During the period of development, the asset is tested for impairment at least annually.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Share Units

The Company's deferred share unit ("DSU") plan provides for grants to non-employee directors as a long-term incentive component of their compensation. DSU's vest immediately upon grant and are paid out in either cash or shares when a participant ceases to be a director of the Company. The DSUs are recorded as a liability at fair value at the date of grant. Each subsequent reporting period, the liability is updated to the period end fair value of the DSU's and changes are recorded as a deferred share unit compensation expense. The fair value of the DSU's are calculated based on the period ended share price of the Company. As at March 31, 2017, the Company has not issued any DSU's.

Future Changes in Accounting Policies

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early-adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have an impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is not expected to have an impact on the classification and measurement of the Company's financial assets and liabilities when adopted in 2018.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16") which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The adoption of IFRS 16 is not expected to have an impact on the classification and measurement of the Company's financial instruments, when adopted in 2019.

Expressed in Canadian Dollars

4. ACQUISITION

On April 21, 2015, the Company entered into a Securities Purchase Agreement (the “SPA”) with the shareholders of Go Green B.C. Medicinal Marijuana Ltd. (“Go Green") (the “Vendors”), whereby the Company agreed to purchase 100% of the common shares of the Company in exchange for $250,000 in cash and 45,000 common shares of the Company (the “Consideration Shares”). As a result, Go Green became a wholly owned subsidiary of the Company.

Pursuant to the terms of the SPA, 90% of the Consideration Shares are subject to an escrow agreement between the Company and the Vendors whereby the Consideration Shares will be released based on certain performance conditions of the Vendors.

For accounting purposes, the transaction is reflected as acquisition of assets at fair value. The fair value of consideration paid of $1,150,000, comprised of (i) $250,000 (ii) Consideration Shares of $900,000, the fair value of which was determined with reference to the price at which common shares were being sold in private placement offerings at or around the transaction date, approximates the fair value of the assets acquired at the time of closing.

The assets of Go Green acquired at the date of the Acquisition were as follows:

Machinery and equipment	$	406,075
Leasehold improvements		743,925
Net assets acquired	$	1,150,000

No liabilities were assumed in the acquisition.

The Company paid a finder’s fee of 3,750 common shares of the Company to a third party (the “Finders Shares”). The fair value of these shares of $75,000 was expensed through the consolidated statement of loss and comprehensive loss as a transaction cost. The fair value of the Finders Shares was determined with reference to the price at which common shares were being sold in private placement offerings at or around the transaction date, and approximates the fair value of the assets acquired at the time of closing.

Expressed in Canadian Dollars

5. PROMISSORY NOTE RECEIVABLE

	2017	2016	2015
Opening Balance	$ -	$ 82,460	$ -
Advance (Settlement) during the year/period	-	(85,000)	70,194
Foreign exchange impact on principal	-	11,741	5,705
Accrued interest	-	6,098	2,036
Accrued penalties	-	20,930	4,525
Loss on Extinguishment	-	(36,229)	-
Ending Balance	$ -	$ -	$ 82,460

On December 22, 2014, the Company received a promissory note in the amount of $70,194 (US$60,000) from a consultant of the Company, pursuant to a loan advanced to the consultant. The note was bearing interest at 10% per annum and was due on demand by the Company, but no later than January 31, 2015.

This promissory note was not repaid on January 31, 2015 and as such and in accordance with the terms of the note, the note was bearing a penalty of 3% per month for each month the note remained unpaid after January 31, 2015. During the year ended March 31, 2016, the Company recorded interest and penalty income of $27,028 (2015: $6,561) in connection with interest and penalties accrued under the note.

On January 11, 2016, pursuant to a Settlement and Redemption Agreement, the Company agreed to forgive the accrued interest and penalties of $33,589 and settle the principal of the note in exchange for the presentment for redemption and cancellation to the Company of 4,250 shares owned by the consultant (the “Settlement Shares”). The $85,000 settlement amount was recognized in equity.

Expressed in Canadian Dollars

6. PLANT AND EQUIPMENT

Plant and equipment consists of the following:

	Leasehold improvements	Machinery and equipment	Total
Cost as at March 31, 2015	$-	$-	$-
Additions	743,925	406,075	1,150,000
Cost as at March 31, 2016 and 2017	**$743,925**	**$406,075**	**$1,150,000**
Accumulated depreciation as at March 31, 2015	$-	$-	$-
Depreciation	111,589	60,911	172,500
Accumulated depreciation as at March 31, 2016	$111,589	$60,911	$172,500
Depreciation	148,785	69,033	217,818
Accumulated depreciation as at March 31, 2017	**$260,374**	**$129,944**	**$390,318**
Net book value as at March 31, 2015	**$-**	**$-**	**$-**
Net book value as at March 31, 2016	**$632,336**	**$345,164**	**$977,500**
Net book value as at March 31, 2017	**$483,551**	**$276,131**	**$759,682**

During the year ended March 31, 2017, the Company recorded depreciation expense of $217,818 (2016: $172,500, 2015: $Nil).

Expressed in Canadian Dollars

7. RELATED PARTY TRANSACTIONS AND BALANCES AND KEY MANAGEMENT COMPENSATION

All related party transactions are carried out in the normal course of operations and are recorded at fair value. The Company has identified its directors and officers as its key management personnel.

During the years ended March 31, 2017, 2016, and for the period from Inception to March 31, 2015, the Company carried out the following transactions with directors and officers of the Company:

Related Party	Nature of Transaction
Jonathan Gilbert, CEO and director	Salaries and benefits
Mohammad Fazil, President and director	Salaries and benefits
Harvey Lalach, CFO and director	Salaries and benefits
David Schrader, COO and director	Salaries and benefits
Allen Cohen, director	Directors fees
Jerome Gilbert, director	Directors fees
Michael Petter, director	Directors fees

Related Party Balances

At March 31, 2017, included in accounts payable and accrued liabilities is an amount of $1,395,150 (2016: $584,888; 2015: $180,700) owing to directors and officers of the Company in respect of unpaid salaries and benefits, directors' fees, and reimbursable expenses. These amounts are unsecured, non-interest bearing and are payable on demand.

Related Party Transactions

During the year ended March 31, 2017, an amount of $985,658 (2016: $1,155,658; 2015: $355,300) in consulting fees, salaries and benefits was accrued or paid to directors and officers of the Company in connection with employment and consulting agreements.

During the year ended March 31, 2017, an amount of $15,000 (2016: $21,089; 2015: $Nil) in directors' fees was accrued or paid to directors and officers of the Company in connection with directors' agreements.

On February 16, 2017, the Company issued 50,000 common shares in exchange for $10,000 in services rendered by a director and officer of the Company, the value of which was determined based on the fair value of the shares issued as evidenced by recent private placements.

During the period ended March 31, 2015, the Company issued 93,750 common shares at $0.40 per share for gross proceeds of $37,500 to directors and officers of the Company, pursuant to private placement subscription agreements.

8. OBLIGATION UNDER RESEARCH AGREEMENT

On July 25, 2016, the Company entered into a collaborative research agreement, and amended on February 10, 2017 (the "Agreement") with the University of Miami (the "University"). The University has agreed to assist the Company with the research, development and preclinical and clinical trials research studies.

The obligation of the University to commence and continue the Project is contingent upon the Company making payments to the University in accordance with the budget outlined below:

- 1st payment: USD$250,000 on November 30, 2016 (paid);
- 2nd payment: USD$175,000 due on January 30, 2017 (paid);
- 3rd payment: USD$1,000,000 due on February 28, 2017 (paid);
- 4th payment: USD$2,000,000 due on March 31, 2017
- 5th payment: USD$1,575,000 due on April 30, 2017
- 6th payment: USD$2,000,000 due on January 1, 2018
- 7th payment: USD$3,000,000 due on January 1, 2019
- 8th payment: USD$3,000,000 due on January 1, 2020
- 9th payment: USD$3,000,000 due on January 1, 2021

Institution overhead of 29% will be applied to all payment milestones listed above as applicable. Total amount of funding, inclusive of University's overhead is USD$20,640,000.

At March 31, 2017, included in prepaid expenses and deposits is an amount of $860,876 (USD$645,900) in milestone payments paid to the University which were unspent as at March 31, 2017.

The Company did not make the payments due on March 31, 2017, and April 30, 2017, in accordance with the terms of the Agreement.

Expressed in Canadian Dollars

9. CAPITAL STOCK

a. Common shares

The authorized share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value, redeemable at the option of the Company or holder.

Changes in the issued and outstanding common shares of the Company during the years ended March 31, 2017, March 31, 2016, and the period from Inception on July 9, 2014, to March 31, 2015, were as follows:

	Number of shares	Amount
Balance, date of incorporation	1	$ -
Shares issued		
Pursuant to private placements at $0.40	218,750	87,500
Pursuant to private placements at $4.00	51,305	205,220
Pursuant to private placements at $40.00	25,132	1,005,307
Balance, March 31, 2015	295,188	1,298,027
Shares issued		
Pursuant to private placements at $16.00	15,625	250,000
Pursuant to private placements at $20.00	38,081	761,629
Pursuant to private placements at $40.00	1,441	57,628
Pursuant to private placement re-pricings	42,378	-
Pursuant to Securities Purchase Agreement (Note 4)	45,000	900,000
Finders fee	3,750	75,000
In exchange for services	12,500	250,000
Redeemed and cancelled		
Pursuant to promissory note settlement	(4,250)	(85,000)
Balance, March 31, 2016	449,713	3,507,284
Shares issued		
Pursuant to private placements at $20.00	4,095	81,900
Pursuant to private placements at $0.20	2,000,000	400,000
Pursuant to private placements at $8.00	370,743	2,965,945
Less; share issue costs		(748,931)
In exchange for services	50,000	10,000
Balance, March 31, 2017	**2,874,551**	**$ 6,216,198**

Expressed in Canadian Dollars

9. CAPITAL STOCK – Continued

b. Share Purchase Options

The Board of Directors of the Company (the "Board") has approved a Stock Option Plan (the "Plan"). The purpose of the Plan is to grant share purchase options to directors, senior officers, employees and consultants of the Company. The maximum number of shares reserved for issue under the Plan will be equal to 10% of the aggregate issued and outstanding shares of the Company at the date of approval of the Plan, but the maximum number may be revised from time to time by the Board.

The Plan is administered by the Board. The exercise price of options issued under the Plan shall be equal to the market price (as defined by the Plan) of the Company's shares on the grant date, less applicable discount, if any, permitted by securities legislation and approved by the Board. Stock options may be granted under the Plan for an exercise period determined by the Board, subject to earlier termination in accordance with the terms of the Plan.

A summary of the status of the Company's outstanding share purchase options for the years ended March 31, 2017 and 2016 and the period ended 2015, is presented below:

	Number of options	Weighted Average exercise price
Outstanding, date of incorporation and March 31, 2015	-	
Granted	73,750	$20.00
Outstanding, March 31, 2016	73,750	20.00
Granted	62,500	0.20
Outstanding, March 31, 2017	136,250	$10.92

Expressed in Canadian Dollars

9. CAPITAL STOCK – Continued

b. Share Purchase Options – Continued

At March 31, 2017, the following stock options were outstanding:

Exercise price	Number of options outstanding	Number vested	Expiry Date
$20.00	57,500	57,500	August 31, 2020
$20.00	625	375	October 3, 2020
$20.00	625	375	October 16, 2020
$20.00	12,500	6,250	December 28, 2020
$20.00	2,500	2,500	February 12, 2021
$0.20	62,500	62,500	January 30, 2020
	136,250	129,500	

During the periods ended March 31, 2017, 2016, and for the period from Inception to March 31, 2015, the Company recorded stock based compensation expense in the consolidated statement of operations as follows:

	2017	2016	2015
Consulting fees	$ 78,798	$ 127,908	$ -
Director fees	-	105,900	-
Salaries and wages	4,700	705,900	-
Total share based payments	$ 83,498	$ 939,708	$ -

The fair value of each award is estimated on the grant date using the Black Scholes option pricing model based on the following weighted average assumptions:

	2017	2016	2015
Risk-free interest rate	0.74%	0.45%	-
Expected life (in years)	1.50	2.69	-
Estimated stock price(1)	$0.20	$20.00	-
Expected volatility(2)	79.97%	130.68%	-
Dividend yield	0.00%	0.00%	-

(1) The estimated stock price was determined with reference to the price at which common shares were being sold in private placement offerings at or around the transaction date

(2) The Company has estimated expected share price volatility based on the historical share price volatility of comparable entities

Expressed in Canadian Dollars

9. CAPITAL STOCK – Continued

c. Share Purchase Warrants

A summary of the Company's share purchase warrants outstanding is presented below:

	Number of warrants	**Weighted Average**
Outstanding, date of incorporation and March 31, 2015, and 2016	-	
Issued	142,196	$8.73
Outstanding, March 31, 2017	142,196	$8.73

During the year ended March 31, 2017, the Company issued 116,244 share purchase warrants exercisable at $8.00 per share for a period of two years from the date of issuance as commissions in connection with private placement subscription receipts at $8.00 per share. The fair value of these warrants of $398,200 was recorded as a share issue cost during the year ended March 31, 2017. The fair value of these warrants was estimated using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free rate 0.86%, expected life 2.0 years, estimated stock price $8.00, expected volatility 78.95%, dividend yield 0.00%.

During the year ended March 31, 2017, the Company issued 25,952 share purchase warrants exercisable at $12.00 per share for a period of three years from the date of issuance as commissions in connection with a private placement at $8.00 per share. The fair value of these warrants of $85,400, was recorded as a share issue cost during the year ended March 31, 2017. The fair value of these warrants was estimated using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free rate 0.78%, expected life 3.0 years, estimated stock price $8.00, expected volatility 78.73%, dividend yield 0.00%.

At March 31, 2017, the Company had share purchase warrants outstanding as follows:

Exercise price	**Number of warrants outstanding**	**Expiry Date**
$8.00	114,493	June 12, 2019
$8.00	1,751	June 12, 2019
$12.00	20,746	March 20, 2020
$12.00	5,206	March 31, 2020
	142,196	

Expressed in Canadian Dollars

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

		2017		**2016**		**2015**
Numerator						
Net loss attributable to common shareholders	$	(2,976,064)	$	(3,058,535)	$	(887,387)
Denominator						
Weighted average number of common shares		779,468		403,670		237,428
Dilutive effect of assumed exercise of stock options		-		-		-
Diluted weighted average number of common shares outstanding		779,468		403,670		237,428
Loss per share (basic and diluted)	$	(3.82)	$	(7.58)	$	(3.74)

The basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, only if dilutive.

As of March 31, 2017, loss per share excludes 278,446 (2016: 73,750; 2015: Nil) potentially dilutive common shares related to outstanding share purchase options and warrants, as the effect was anti-dilutive.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and accounts payable and accrued liabilities; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation.

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

Market Risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Interest risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

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. From time to time, the Company holds financial instruments that are denominated in a currency other than the Canadian dollar. At March 31, 2017, the Company held financial assets of $888,969 (2016: 139,965, 2015: $56,740) denominated in US dollars, had commitments denominated in US Dollars (Note 8) and, during the year ended March 31, 2016, the Company held a note receivable denominated in US dollars. During the year ended March 31, 2017, the Company recognized foreign currency exchange loss of $14,605 (2016: gain of $4,917, 2015: losses of $653) relating to currency fluctuations between the Canadian and US dollars.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company currently has no assets subject to changes in valuation arising from changes in equity markets.

Expressed in Canadian Dollars

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – Continued

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is exposure to credit risk on outstanding loans.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

The Company addresses its liquidity through equity financing by the sale of common shares and through debt financing. While the Company believes its exposure to liquidity risk is immaterial due to the fact that the Company has no operating business, there is no assurance that the Company will be successful in securing financing in the future.

Fair Values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

13. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

	2017	2016	2015
Loss before income taxes	$ (2,976,064)	$ (3,058,535)	$ (887,387)
Income tax rate	26.5%	26.5%	26.5%
Expected income tax recovery	$ (788,657)	$ (810,512)	$ (235,158)
Effect on income taxes of:			
Non-deductible items and rate differences	26,079	271,165	3,169
Changes in deferred tax assets not recognized	762,578	539,347	231,989
Income tax recovery	$ -	$ -	$ -

Expressed in Canadian Dollars

13. INCOME TAXES – Continued

The following table summarizes the components of deferred tax assets and liabilities:

	2017	**2016**	**2015**
Deferred tax asset			
Non-capital loss carryforwards	$ -	$ -	$ 2,495
Deferred tax liability			
Promissory note receivable	-	-	(2,495)
Net deferred tax liability	$ -	$ -	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2017	**2016**	**2015**
Plant and equipment	$ 390,318	$ 172,500	$ -
Undeducted financing costs	212,265	-	-
Eligible capital expenditures	39,375	39,375	39,375
Non-capital loss carryforwards	5,411,729	2,698,827	833,202
Unrecognized deductible temporary differences	$ 6,053,687	$ 2,910,702	$ 872,577

The Canadian non-capital loss carryforwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2021. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2035	$ 845,468
2036	1,853,359
2037	2,712,902
	$ 5,411,729

14. COMMITMENTS

The Company is committed to minimum future lease payments during fiscal year ending March 31, 2018 of $61,801.

The Company also has certain commitments with regards to the research agreement with the University of Miami as discussed in note 8.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

During the year ended March 31, 2016, the Company cancelled a promissory note receivable in the amount of US$60,000 in exchange for the redemption and cancellation of 4,250 shares of the Company (note 5). This transaction has been excluded from the statement of cash flows.

16. SUBSEQUENT EVENTS

Subsequent to March 31, 2017;

i) The Company entered into a Business Combination Agreement dated June 6, 2017 with Kitrinor Metals Inc. ("Kitrinor"), a public company whose shares trade on the TSX Venture Exchange ("TSXV") and 10188760 Canada Inc., a wholly owned subsidiary of Kitrinor incorporated for the purposes of the Business Combination Agreement ("Subco"), pursuant to which the Company will amalgamate with Kitrinor by way of a three-cornered amalgamation under the federal laws of Canada (the "Proposed Transaction"). If completed, the proposed transaction will constitute a reverse takeover of Kitrinor by the Company and the business of Kitrinor will become the business of the Company.

   Pursuant to a Finder's Fee Agreement dated January 10, 2017, the Company will issue 49,700 post consolidation shares of the Resulting Issuer upon completion of the Proposed Transaction.

   The Proposed Transaction is subject to regulatory approval, including the approval of the TSXV, and certain closing conditions; including completion of the share consolidations, name change, approval of a deferred share unit plan, and the election of the Resulting Issuer directors.

   In connection with the Proposed Transaction, effective August 1, 2017, the Company effected a reverse stock split on the basis of 1:80, and completed the Business Combination. As such, all shares of common stock issued and outstanding were decreased on the basis of one new share for each eighty old shares. These consolidated financial statements give retroactive effect to such reverse split.

16. SUBSEQUENT EVENTS – Continued

ii) The Company met all of the conditions related to the subscription receipt financing 1,660,625 common shares of the Company at a price of $8.00 per share, raising gross proceeds of $13,285,000 (the "**Offering**").

iii) The Company issued an aggregate of 75,000 share purchase options exercisable at $8.00 per share for a period of 5 years from the date of issuance to directors and officers of the Company in exchange for services to be rendered.

iv) An aggregate of 51,250 share purchase options exercisable at $20.00 per share were forfeited or cancelled, unexercised.

v) The Company issued 143,750 DSU's to officers and directors of the Company.

vi) The Company settled all amounts payable to officers of the Company by issuing 12,500 common shares of the Company and paying $45,000 cash.