Un-audited Condensed Consolidated Interim Financial Statements of

InMed Pharmaceuticals Inc.
(formerly Meridex Software Corporation)

March 31, 2015

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InMed Pharmaceuticals Inc. ***(formerly Meridex Software Corporation)***
(Expressed in Canadian Dollars)
March 31, 2015

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Financial Statements

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of InMed Pharmaceuticals Inc. (*formerly Meridex Software Corporation)* for the nine months ended March 31, 2015 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed interim financial reporting.

The Company's independent auditor has not audited or performed a review of these financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountant for a review of unaudited condensed consolidated interim financial statements by an entity's auditor.

InMed Pharmaceuticals Inc. *(formerly Meridex Software Corporation)*

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (un-audited)

As at March 31, 2015 and June 30, 2014

Expressed in Canadian Dollars

	Note		March 31 2015		June 30 2014
ASSETS					
Current					
Cash and cash equivalents	4	$	51,237	$	7,587
Taxes recoverable and other receivables	5		31,635		24,041
Prepaids and advances			28,785		166,508
Total current assets			111,657		198,136
Non-Current					
Equipment	6		6,937		2,128
Intangible assets	7		1,424,502		1,496,000
Total non-current assets					
Total Assets		$	1,543,096	$	1,696,264
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Trade and other payables	8		254,202		74,797
Loans payable	9		150,000		-
Total liabilities			404,202		74,797
SHAREHOLDERS' EQUITY					
Share Capital	10		30,505,637		29,401,200
Contributed surplus			5,126,137		3,870,730
Deficit			(34,492,880)		(31,650,463)
			1,138,894		1,621,467
		$	1,543,096	$	1,696,264

Going Concern (Note 2)
Subsequent events (Note 17)

Approved on behalf of the Board of Directors by:

/s/ Stephen Tong
Stephen Tong, Director

/s/ Craig Schneider
Craig Schneider, Director

The accompanying notes form an integral part of these consolidated financial statements

InMed Pharmaceuticals Inc. *(formerly Meridex Software Corporation)*

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)

For the three and nine months ended March 31, 2015 and 2014

Expressed in Canadian Dollars

		Three Months Ended March 31		Nine Months Ended March 31	
	Note	2015	2014	2015	2014
Expenses					
Administrative and general	10,12	$ 624,100	$ 87,044	$ 1,037,346	$ 121,884
Depreciation	6	21,100	-	72,705	-
Foreign exchange		2,513	-	259	-
Research and development		485,707	15,000	611,075	30,000
Share-based payments	11	490,385	-	1,121,032	-
Total expenses		1,623,805	102,044	2,842,417	151,884
Loss before other items		(1,623,805)	(102,044)	(2,842,417)	(151,884)
Other items					
Recovery on taxes paid		-	-	-	1,004
Total comprehensive loss for the period		$ (1,623,805)	$ (102,044)	$ (2,842,417)	$ (150,880)
Basic and diluted loss per share for the period		$ (0.04)	$ (0.00)	$ (0.07)	$ (0.00)

The accompanying notes form an integral part of these consolidated financial statements

InMed Pharmaceuticals Inc. *(formerly Meridex Software Corporation)*

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (un-audited)

For the nine months ended March 31, 2015 and 2014

Expressed in Canadian Dollars

	Note	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance June 30, 2013		$27,215,517	$3,159,294	$ (30,421,223)	$ (46,412)
Loss for the period		-	-	(150,880)	(150,880)
Balance March 31, 2014		$27,215,517	$3,159,294	$ (30,572,103)	$ (197,292)

	Note	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance June 30, 2014		$29,401,200	$3,870,730	$ (31,650,463)	$1,621,467
Loss for the period		-	-	(2,842,417)	(2,842,417)
Share-based payments for services	10	264,210	-	-	264,210
Share-based payments	10	-	1,121,032	-	1,121,032
Shares issed for cash	10	1,050,000	-	-	1,050,000
Fair value of agents warrants	10	-	134,375	-	134,375
Share issue costs		(209,773)	-	-	(209,773)
Balance March 31, 2015		**$30,505,637**	**$5,126,137**	**$(34,492,880)**	**$1,138,894**

The accompanying notes form an integral part of these consolidated financial statements

InMed Pharmaceuticals Inc. *(formerly Meridex Software Corporation)*

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (un-audited)

For the nine months ended March 31, 2015 and 2014

Expressed in Canadian Dollars

	Note		March 31 2015		March 31 2014
OPERATING ACTIVITIES					
Cash flows from operating activities					
Loss for the period		$	(2,842,417)	$	(150,880)
Adjustments to reconcile loss to net cash used in operating activities					
Depreciation			72,705		-
Share-based payments	11		1,121,032		-
Shares issued for services	10		264,210		-
Changes in non-cash working capital balances:					
Prepaids and advances			(4,744)		300
Taxes recoverable and other receivables			134,873		(4,634)
Trade and other payables	8		179,405		152,337
Total cash outflows from operating activities			(1,074,936)		(2,877)
Cash Flows From Investing Activities					
Purchase of equipment	6		(6,016)		-
Total cash outflows from investing activities			(6,016)		-
Cash Flows From Financing Activities					
Proceeds from loans advanced	9		150,000		-
Shares issued for cash	10		1,050,000		-
Share issued costs			(75,398)		-
					-
Cash provided by financing activities			1,124,602		-
Decrease in cash during the period			(1,080,952)		(2,877)
Cash and cash equivalents beginning of period			7,587		4,358
Cash and cash equivalents end of period		$	51,237	$	1,481

See note 17 for Non-Cash Transactions

The accompanying notes form an integral part of these consolidated financial statements

1. CORPORATION INFORMATION

The Company was incorporated in the Province of British Columbia on May 19, 1981 under the *Business Corporations Act* of British Columbia. The Company on December 4, 2013 was transferred from the TSX Venture Exchange Tier 2 to the NEX board.

The Company on May 14, 2014 changed its name to Cannabis Technologies Inc. from Meridex Software Corporation.

On May 21, 2014 the Company voluntarily de-listed from the TSX Venture Exchange's NEX board and was listed on the Canadian Securities Exchange ("CSE" or "Exchange") under the trading symbol "CAN",

On October 16, 2014 the Company further changed its name from Cannabis Technologies Inc. to InMed Pharmaceuticals Inc. ("InMed"). On October 21, 2014 InMed's shares began trading under the trading symbol "IN" and IMLFF under the OTCQB.

InMed is a clinical stage biopharmaceutical company that specializes in developing cannabis based therapies through the research and development into the extensive pharmacology of cannabinoids coupled with innovative drug delivery systems.

InMed' corporate office and principal place of business is located at 350 – 409 Granville Street, Vancouver, B.C. V6C 1T2.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the nine month period ended March 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2014 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2014 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from July 1, 2014 and income tax expense which is expected for the full financial year.

The condensed interim financial statements were authorized for issue by the Board of Directors on May 25, 2015.

The preparation of condensed interim financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Canadian Dollars ("CDN"), which is also the Company's functional currency.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Going Concern

While these consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this assumption. The Company has a history of operating losses and negative cash flows from operations. The Company had a working capital deficiency as at March 31, 2015 of $292,545 (June 30, 2014: $123,339 balance). The Company's ability to continue its operations on a going concern basis is dependent upon receiving continued support from its suppliers, its ability to raise additional financing through issuing debt or equity, and ultimately achieving profitable operations. There is no assurance that the Company will be successful in these efforts. These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company was unable to continue as a going concern and such adjustments could be material.

Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis which may differ materially from the going concern basis.

Standards, Amendments and Interpretations Not Yet Effective

IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact that the adoption of IAS 24 may have on its consolidated financial statements.

IFRIC 21 Levies

The IASB issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments.

IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("Obligating Event"). IFRIC 21 clarifies that the Obligating Event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently assessing the impact that the adoption of IFRIC 21 may have on its consolidated financial statements.

(ii) Effective for annual periods beginning on or after January 1, 2015

IFRS 7 Financial Instruments Disclosures

Amended standard IFRS 7 Financial Instruments: The amendments outline the disclosures required when initially applying IFRS 9 Financial Instruments.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards, Amendments and Interpretations Not Yet Effective (cont'd)

IFRS 9 Financial Instruments

The standard is the first step in the process to replace IAS 39 Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39 Financial instruments: recognition and measurement, derecognition of financial assets and financial liabilities. This standard is not applicable until January 1, 2018 but is available for early adoption. The Company is currently assessing the impact that the adoption of IFRS 9 may have on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at banks and earn interest at floating and fixed rates based on daily deposit rates.

(Expressed in Canadian Dollars)

5. RECEIVABLES

		March 31 2014		June 30 2014
Tax recoverable	$	**31,635**	$	24,041
	$	**31,635**	$	24,041

Tax recoverable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

Management considers that the fair values of these receivables, which are expected to be recovered quarterly, are not materially different from their carrying amounts because these amounts have short maturity periods on inception.

6. EQUIPMENT

		Equipment		Total
Cost				
Balance at June 30, 2013	$	—	$	—
Assets acquired		2,171		2,171
Balance at June 30, 2014	$	2,171	$	2,171
Assets acquired		6,014		6,014
Balance March 31, 2015	$	**8,185**	$	**8,185**
Depreciation and impairment losses				
Balance at June 30, 2013	$	—	$	—
Depreciation for the period		43		43
Balance at June 30, 2014	$	43	$	43
Depreciation for the period		1,206		1,206
Balance March 31, 2015	$	**1,248**	$	**1,248**
Carrying amounts				
Carrying value at June 30, 2013	$	2,128	$	2,128
Carrying value at March 31, 2015	$	**6,936**	$	**6,937**

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

	Intellectual Property
Costs	
Balance at June 30, 2013	$—
Acquisition costs	—
Balance at June 30, 2014	$—
Acquisition costs	1,496,000
Balance at March 31, 2015	**$1,496,000**
Accumulated depletion and impairment losses	
Balance at June 30, 2013	$—
Amortization	—
Balance at June 30, 2014	$—
Amortization	71,498
Balance at March 31, 2015	71,498
Carrying amounts	
Carrying value at June 30, 2014	$1,496,000
Carrying value at March 31, 2015	**$1,424,502**

The license for intellectual property is recorded at cost and is amortized on a straight line basis over an estimated useful life of 18 years net of any accumulated impairment losses.

Acquisition

On May 10, 2014 the Company entered into a Share Purchase Agreement ("SPA") to acquire Biogen Sciences Inc. ("BSI"), a privately held British Columbia biopharmaceutical company focused on drug discovery and development of the therapeutic science of cannabinoids.

On May 21, 2014 pursuant to the terms of the SPA the Company acquired 100% of the outstanding common shares of BSI. The aggregate purchase price included the issuance of 4,000,000 common shares of the Company to the vendors with a recorded value of $1,360,000 (issue price of $0.34) and the issuance of 400,000 common shares of the Company as finders' fees with a recorded value of $136,000 (issue price of $0.34)

The Company determined the acquisition of BSI did not meet the definition of a business pursuant to IFRS and accordingly the purchase has been accounted for as an asset acquisition, with the primary assets acquired being the intellectual property which includes the Botanical Drug Design Platform and the In-Process Patent to be filed. Pursuant to the completion of the acquisition, BSI became a wholly owned subsidiary of InMed.

(Expressed in Canadian Dollars)

8. TRADE AND OTHER PAYABLES

		December 31 2014		June 30 2014
Trade payables	$	242,554	$	61,581
Due to related parties		11,649		13,216
Total	$	254,202	$	74,797

9. LOANS PAYABLE

As of March 31, 2015 the Company has loans owing of $75,000 (June 30, 2014 - $Nil) to unrelated parties and $75,000 (June 30, 2014 - $Nil) to related parties. *(See Related Party Transactions).*

The loans are payable on demand and are non-interest bearing.

10. SHARE CAPITAL AND RESERVES

a) Authorized

The Company's authorized share capital is an unlimited number of common shares with no par value.

b) Common Shares

	Number	Issue Price	Total
Balance at June 30, 2013	33,689,289	—	$27,215,517
Issued for private placement	2,760,000	$0.25	690,000
Issued for intangible assets	4,000,000	$0.34	1,360,000
Issued for finders' fees for acquisition of intangible assets	400,000	$0.34	136,000
Share issue costs	—	—	(317)
Balance at June 30, 2014	40,849,289	—	$29,401,200
Issued for services	29,239	$0.315	9,210
Issued for services	1,000,000	$0.125	125,000
Issued for services	500,000	$0.260	130,000
Issued for private placement	10,500,000	$0.100	1,050,000
Share issue costs			(209,773)
Balance at March 31, 2015	**40,878,528**	—	**$30,505,637**

During the period ended March 31, 2015 the Company completed the following:

i) Pursuant to an agreement dated August 1, 2014, between the Company and Emerging Growth LLC "EGL"), wherein the parties agreed EGL would provide business development services at a monthly fee of US$10,000 per month (the "Service Fee") payable in arrears at the end of each month (the "Pricing Date") by the issuance of common shares. The number of commons shares issuable is calculated at a conversion rate on the Pricing Date to determine the US$ price per share (using the Bank of Canada spot price on the Pricing Date) divided by the Service Fee. Accordingly, 29,239 common share were issued valued at $9,210 as determined by the market price when issued being $0.315.

10. SHARE CAPITAL AND RESERVES (cont'd)

b) Common Shares (cont'd)

ii) On January 22, 2015 the Company issued 1,000,000 common shares as bonus shares to a consultant for health care and biotech sector advisory services.

iii) On February 18, 2015 the Company issued 500,000 common shares pursuant to a consulting agreement dated for reference February 9, 2015 for health care and biotech sector advisory services.

iv) On February 24, the Company completed a non-brokered private placement of 10,500,000 units ("Units"), at a price of $0.10 per Unit for aggregate gross proceeds of $1,050,000. Each Unit will consist of one common share and one non-transferable share purchase warrant. Each whole warrant will be exercisable by the holder to acquire one additional common share at a price of $0.13 for a period of twenty four (24) months, The Warrants are subject to an accelerated expiry which comes into effect once the shares trade above a closing price of $0.20 for any ten consecutive trading-day period, subsequent to four months from Closing. In the event of an accelerated expiry, the expiry date will be the earlier of the regular two year expiry date and 30 days from the date the Company advises the placees of the accelerated expiry

The net proceeds from this private placement will be used for general working capital purposes. Finders' fees in cash of $72,800 and 728,000 warrants on the same terms as described hereinabove were issued.

During the year ended June 30, 2014 the Company completed the following:

v) On May 5, 2014 the Company completed a non-brokered private placement for 2,760,000 units ("Units"), at a price of $0.25 per Unit for aggregate gross proceeds of up to C$690,000. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will be exercisable by the holder to acquire one additional common share at a price of $0.50 for a period of twelve (12) months following the closing of the financing. The Warrants are subject to an accelerated expiry which comes into effect once the shares trade above a weighted average price of $0.75 for any twenty consecutive trading-day period, subsequent to four months from Closing. In the event of an accelerated expiry, the expiry date will be the earlier of the regular 12 month expiry date and 30 days from the date the Company advises the placees of the accelerated expiry;

vi) Issued 4,000,000 common shares valued at $1,360.000 as determined by the market price when issued being $0.34 pursuant to the SPA with BSI as described in Note 8 hereinabove; and

vii) Issued 400,000 common shares as finders' fees valued at $136,000 as determined by the market price when issued being $0.34 pursuant to the SPA with BSI as described in Note 8 hereinabove.

c) Escrowed Shares

As at December 31, 2014 there were no shares held in escrow (June 30, 2014: 2,160,000).

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

d) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from June 30, 2013 to March 31, 2015:

	Number	Weighted Average Share Price
Balance as at June 30, 2013	-	
Granted	2,760,000	$0.50
Balance as at June 30, 2014	2,760,000	$0.50
Granted	10,500,000	$0.13
Balance as at March 31, 2015	**13,260,000**	**0.21**

At March 31, 2015, 13,260,000 share purchase warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
2,760,000[1]	$0.50	May 6, 2015[1]
10,500,000	$0.13	February 24, 2020
13,260,000		

[1] See events after reporting date.

e) Agents Warrants

The following is a summary of changes in agents' warrants from June 30, 2013 to March 31, 2015:

	Number	Weighted Average Share Price
Balance as at June 30, 2013 & June 30, 2014	—	—
Issued	728,000	$0.13
Balance as at March 31, 2015	**728,000**	**$0.13**

At March 31, 2015, 728,000 agent warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
728,000	$0.13	February 24, 2017

During the period ended, $134,375 associated with the grant of 728,000 Agent Warrants was recorded as share issuance costs based on the fair value. Assumptions used included: dividend yield of 0%, expected volatility of 86.40% - 148.64%, risk-free interest rate of .47%, and an expected life of 2 years.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd)

f) Contributed Surplus

Contributed surplus consists of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

g) Nature and Purpose of Equity Reserves

The reserves recorded in equity on the Company's Statement of Financial Position include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

11. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall be not be less than the Discounted Market Price as defined in the policies of the Exchange on the Grant Date. All options vest when granted unless otherwise specified by the Board of Directors.

The following is a summary of changes in options excluding agents options detailed above from July 1, 2014 to March 31, 2015:

				During the period ended March 31, 2015					
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Forfeited	Closing Balance	Vested and Exercisable	Unvested
4-Apr-14	5-Apr-19	$0.255	500,000	—	—	—	500,000	500,000	—
25-Apr-14	26-Apr-19	$0.25	200,000	—	—	—	200,000	200,000	—
5-Jun-14	6-Jun-19	$0.18[1]	1,000,000	—	—	(650,000)	350,000	350,000	—
31-Jul-14	31-Jul-19	$0.18[1]	—	825,000	—	(475,000)	350,000	350,000	—
1-Aug-14	1-Aug-19	$0.39	—	250,000	—	(250,000)	—	—	—
9-Sep-14	9-Sep-19	$0.28	—	400,000	—	(400,000)	—	—	—
25-Nov-14	25-Nov-19	$0.18	—	1,300,000	—	(300,000)	1,000,000	1,000,000	—
10-Feb-15	10-Feb-20	$0.16[2]	—	525,000	—	—	525,000	525,000	—
2-Mar-15	2-Mar-20	$0.345[2]	—	925,000	—	—	925,000	925,000	—
4-Mar-15	4-Mar-20	$0.36	—	200,000	—	—	200,000	200,000	—
17-Mar-15	17-Mar-20	$0.34	—	300,000	—	—	300,000	300,000	—
			1,700,000	4,725,000	—	(2,075,000)	4,350,000	4,350,000	—
Weighted Average Exercise Price			$0.47	$0.25	-	$0.29	$0.24	$0.24	—
Weighted Average Life remaining			4.87	4.67			4.61	4.61	—

[1] During the period ended March 31, 2015 700,000 options ranging in price from $0.335 to $0.62 were re-priced at $0.18 per share.
[2] *See Events after the Reporting Date*

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (cont'd)

The following is a summary of changes in options excluding agents options detailed above from July 1, 2013 to June 30, 2014:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Forfeited	Closing Balance	Vested and Exercisable	Unvested
4-Apr-14	5-Apr-19	$0.255	—	500,000	—	—	500,000	500,000	—
25-Apr-14	26-Apr-19	$0.25	—	200,000	—	—	200,000	200,000	—
5-Jun-14	6-Jun-19	$0.62	—	1,000,000	—	—	1,000,000	1,000,000	—
			—	1,700,000	—	—	1,700,000	1,700,000	—
Weighted Average Exercise Price			—	$0.47	—	—	$0.47	$0.47	—
Weighted Average Life remaining				4.87	—	—	4.87	4.87	—

b) Fair Value of Options Issued During the Period

i) The weighted average fair value at grant date of options granted during the period ended March 31, 2015 was $.25 per option (December 31, 2013 - $Nil).

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
31-Jul-14	31-Jul-19	$0.335[1]	$0.335	1.52%	5	142.29%	0
1-Aug-14	1-Aug-19	$0.390	$0.390	1.52%	5	142.56%	0
9-Sep-14	9-Sep-19	$0.270	$0.280	1.66%	5	142.12%	0
25-Nov-14	25-Nov-19	$0.165	$0.180	1.46%	5	142.79%	0
10-Feb-15	10-Feb-20	$0.155	$0.160	0.74%	5	142.70%	0
2-Mar-15	2-Mar-20	$0.34	$0.35	0.75%	5	142.73%	0
4-Mar-15	4-Mar-20	$0.35	$0.36	0.75%	5	142.73%	0
17-Mar-15	17-Mar-20	$0.30	$0.34	0.75%	5	142.76%	0

[1]During the period ended March 31, 2015 the options were re-priced at $0.18 per share.

The expected price volatility is based on historic volatility of the Company or companies of similar business and nature, based on the expected life of the options, adjusted for any expected changes to future volatility due to publicly available information.

ii) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the period ended March 31, 2015 were $1,131,032 (March 31, 2014 - $Nil). A further expense of $10,066 was recorded to reflect the re-pricing of options, calculated on the re-priced options using the Black-Scholes option pricing model as the additional aggregate fair value of the stock options at the new price and re-price date less the fair value of the original options at the modification date. Assumptions used included: dividend yield of 0%, expected volatility of 146.44% - 148.64%, risk-free interest rate of 1.46%, and an expected life of 4.53 – 4.68 years.

iii) Weighted average remaining contractual life of stock options

The weighted average remaining contractual life of stock options at March 31, 2015 was 4.61 years.

(Expressed in Canadian Dollars)

12. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	Three Months Ended March 31 2015	Three Months Ended March 31 2014	Nine Months Ended March 31 2015	Nine Months Ended March 31 2014
Adminstrative and General Expenses include:					
Accounting and legal		$ 29,593	$ 21,070	$ 34,147	$ 23,127
Consulting	13	116,773	31,665	199,223	37,050
Corporate development		130,000	-	171,210	-
Conferences		18,379	-	21,113	-
Investor relations, website development and marketing		239,011	-	385,237	-
Office and administration fees		24,312	658	60,162	1,269
Regulatory fees		15,012	1,250	22,210	4,561
Rent		18,000	28,762	54,000	43,048
Shareholder communcation		3,555	2,356	11,728	3,381
Transfer agent fees		3,397	1,283	14,649	9,448
Travel		26,068	-	63,667	-
		$ 624,100	$ 87,044	$ 1,037,346	$ 121,884

13. RELATED PARTY TRANSACTIONS

a) Payments

	March 31 2015	March 31 2014
Key management personnel compensation comprised :		
Share based payments	$293,949	$—
Consulting fees:	$68,223	$37,050

1 Consulting fees of $48,500 (March 31, 2014 - $30,000) were paid or accrued to Etoby Management Inc ("Etoby") and/or Craig Schneider ("Schneider") a company controlled by Schneider Chief Executive Officer and President of the Company;

2 Consulting fees of $19,723 (March 31, 2014 - $7,050) were paid or accrued to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman, Chief Financial Officer and Secretary of the Company; and

3 Share-based payments are the fair value of options granted to key management personnel as described in Note 11.

b) Related party liabilities:

Amounts due to:		March 31 2015	June 30 2014
Etoby	Fees	-	$5,250
Craig Shneider	Expenses	$1,167	$1,519
Corex Gold Corp.	Expenses	$7,384	-
Minco	Fees	$3,098	$6,956
		$11,649	$13,725

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

c) Related party loans

During the nine months ended March 31, 2015, aggregate advances of $75,000 were advanced as follows:

Amounts due to:	December 31 2014	June 30 2014
Craig Schneider	$75,000	—

The loans are payable on demand and are non-interest bearing.

14. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

	March 31 2015	March 31 2014
Loss attributable to ordinary shareholders	($2,842,417)	($150,880)
Weighted average number of common shares	42,535,074	33,689,285
Basic and diluted loss per share	($0.07)	($0.00)

15. INCOME TAXES

The Company has non-capital loss carry-forwards of approximately $15,819,998 available to offset future taxable income in Canada. The net operating loss carry-forwards expire as follows:

2015	$1,048,585
2026	833,007
2027	9,770,980
2028	1,013,560
2029	491,842
2030	565,810
2031	469,278
2032	237,005
2033	103,150
2034	1,286,781
	$15,819,998

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended June 30, 2014 for further details.

16. SEGMENTED INFORMATION

The Company operates in one segment, the research and development of pharmaceutical cannabis based therapies.

17. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the period ended March 31, 2015 and March 31, 2014 the following transactions were excluded from the statements of cash flows:

i) A compensation charge of $134,375 (March 31, 2014 - $Nil) associated with the grant of 728,000 (March 31, 2014 – Nil) Agent Warrants was recorded as share issue costs at - see Note 10.

18. EVENTS AFTER THE REPORTING DATE

Stock Options

On April 15, 2015, 500,000 stock options at an exercise price of $0.16 and expiry of February 10, 2020 were forfeited without exercise.

On April 15, 2015 650,000 stock options at an exercise price of $0.345 and expiry of March 2, 2020 were forfeited without exercise.

On April 15, 2015 2,400,000 stock options were granted at an exercise price of $0.295 for a period of five years.

On May 25, 2015 400,000 stock options were granted at an exercise price of $0.235 for a period of five years.

Share Purchase Warrants

On May 6, 2015 2,760,000 share purchase warrants at an exercise price of $0.50 expired without exercise.

Private Placement

On May 7, 2015 the Company completed a non-brokered private placement for 4,931,000 units ("Units") at a price of $0.25 per Unit (the "Financing"). Each Unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant will be exercisable by the holder to acquire one additional common share at a price of $0.40 for a period of twelve (12) months following the closing of the financing.

Finders' fees of 7% on a portion of the gross proceeds received by the Company from the sale of Units sold pursuant to the Financing shall include cash of $38,308 and 153,230 warrants ("Agent Warrants"). Each Agent Warrant shall be exercisable in whole or in part at an exercise price of $0.40 for a period of 12 months from the closing of the Financing.

The net proceeds from this private placement will be used for general working capital purposes. All securities issued pursuant to the Financing will be subject to a four month and one day hold period from the date of closing of the Financing.