THC THERAPEUTICS, INC.

(formerly Harmonic Energy, Inc.)

FINANCIAL STATEMENTS

APRIL 30, 2017

THC THERAPEUTICS, INC. (formerly Harmonic Energy, Inc.)
BALANCE SHEETS (unaudited)
AS OF APRIL 30, 2017 AND JULY 31, 2016

	April 30, 2017	July 31, 2016
ASSETS		
Current Assets		
Cash and equivalents	$ 8	$ 296
Prepaid expenses	0	484
Deferred financing costs, net of amortization	0	0
Total Current Assets	8	780
Other Assets		
Intellectual Property	102,000	175,000
TOTAL ASSETS	$ 102,008	$ 175,780
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Liabilities		
Current Liabilities		
Bank overdraft	$ 3,935	$ 0
Accrued expenses	1,000	81,684
Accrued compensation	4,700	0
Accrued consulting fees-related party	0	20,841
Accrued expenses-related	0	338
Accrued interest	1,682	32,500
Note payable	0	62,500
Advances from JM Trading Ltd.	0	11,145
Advances from shareholder	60,750	
Convertible note payable, net of debt discount	0	107,470
Debt discount	0	3,759
Total Current Liabilities	72,107	320,237
Total Liabilities	72,107	320,237
Stockholders' Equity (Deficit)		
Common Stock, $.001 par value, 500,000,000 shares authorized, 115,431,233 and 5,431,233 and shares issued and outstanding	118,631	8,631
Preferred Stock $.001 par value 10,000,000 shares authorized, 2,000,000 and 0 Class A preferred shares issued and outstanding	2,000	
Additional paid-in capital	2,130,604	2,071,895
Stock warrants	249,409	249,409
Deficit	(2,470,743)	(2,474,392
Total Stockholders' Equity (Deficit)	29,901	(144,457)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 102,008	$ 175,780

See accompanying notes to financial statements.

THC THERAPEUTICS, INC. (formerly Harmonic Energy, Inc.)
STATEMENTS OF OPERATIONS (unaudited)
FOR THE THREE AND NINE MONTHS APRIL 30, 2017 AND 2016

	Three months ended April 30, 2017	Three months ended April 30, 2016	Nine months ended April 30, 2017	Nine months ended April 30 2016
REVENUES	$ 0	$ 0	$ 0	$ 0
EXPENSES				
Professional fees	6,744	6,106	20,474	7,106
Compensation	12,300	0	16,400	0
Product development	0	0	2,654	0
Consulting fees	0	17,714	17,712	50,212
General and administrative	31,298	9,594	40,658	14,009
TOTAL EXPENSES	50,342	33,414	97,898	71,327
LOSS FROM OPERATIONS	(50,342)	(33,414)	(97,898	(71,327)
OTHER INCOME (EXPENSE)				
Change in derivative liability	0	0	3,759	0
Gain on settlement of debt	102,400		102,400	
Interest expense	(1,405)	(1,755)	(3,435)	(5,261)
Interest expense – related party		(1,090)	(1,177)	(3,090)
	100,995	(2,845)	101,547	(8,351)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	50,653	(36,259)	3.649	(79,678)
PROVISION FOR INCOME TAXES	0	0	0	0
NET INCOME (LOSS)	$ 50,653	$ (36,259)	3,649	$ (79,678)
		)		
NET LOSS PER SHARE: BASIC AND DILUTED	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED (adjusted to reflect a 14:1 reverse stock split)	115,431,233	5,431,233	79,812,617	5,431,233

See accompanying notes to financial statements.

THC THERAPEUTICS, INC. (formerly Harmonic Energy, Inc.)
STATEMENTS OF CASH FLOWS (unaudited)
FOR THE NINE MONTHS ENDED APRIL 30, 2017 AND 2015

	Nine months ended April 30, 2017	Nine months ended April 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	$ 3,649	$ (79,678)
Change in derivative liability	(3,759)	
Gain on extinguishment of debt	(102,400)	
Changes in assets and liabilities:		
Increase (decrease) in accrued expenses	18,725	57,319
Increase in accrued interest	4,613	5,261
Increase in accrued interest-related party	0	3,090
Increase in accrued compensation	4,700	0
Net Cash Used in Operating Activities	(74,472)	(14,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	0	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from JM Trading Ltd.	9,499	0
Proceeds from note payable	0	8,786
Advances from shareholder	60,750	0
Net Cash Provided by Financing Activities	70,249	8,786
NET INCREASE (DECREASE) IN CASH	(4,223)	(5,522)
Cash (Bank indebtedness), beginning of period	296	6,469
Cash (bank indebtedness) end of period	$ (3,927)	$ 1,247
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 0	$ 0
Income taxes paid	$ 0	$ 0
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of common shares in settlement of debt	$ 10,000	0
Issuance of common shares for asset purchase agreement	$ 100,000	$ 0
Issuance of Class A preferred shares for asset purchase agreement	$ 2,000	$ 0

See accompanying notes to financial statements.

THC THERAPEUTICS, INC. (formerly Harmonic Energy, Inc.)
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business
THC Therapeutics, Inc., Inc. (the Company),was incorporated in the State of Nevada on May 1, 2007 as Fairytale Ventures, Inc, and later changed its name to Harmonic Energy, Inc. and Aviation Surveillance Systems, Inc. On January 19, 2017 the Company changed its name to THC Therapeutics, Inc. The Company is a forward-thinking publicly traded company in the cannabis industry focusing on health and healing. The Company is developing their patent-pending product the dHydronator®, a sanitizing herb dryer. The main function of the dHydronator is to greatly accelerate the drying time while sanitizing the cannabis. The dHydronator is proven to reduce the drying time from 10-14 days to less than 14 hours. The Company is currently generating revenue from its brand of float spas. The Company will be getting involved in testing facilities, cultivation of Cannabis and personal wellness centers. The Company is seeking partnerships, mergers and acquisitions in the cannabis, health and healing industries.

Basis of Presentation
The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC") Company has adopted a July 31 fiscal year end.

Fair Value of Financial Instruments
The Company's financial instruments consist of cash and cash equivalents, prepaid expenses, deferred financing costs, license agreement, accrued expenses, accrued interest, note payable, convertible note payable, and license fees payable. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basic (Loss) per Common Share
Basic (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. There are 666,667 common stock warrants outstanding as of April 30, 2017.

Revenue Recognition
The Company recognizes revenue when products are fully delivered or services have been provided and collection is reasonably assured.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs
The Company's policy regarding advertising is to expense advertising when incurred. The Company has not incurred any advertising expense as of April 30, 2017 and 2016.

Cash and Cash Equivalents
The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Long-Lived Assets
In accordance with ASC 350, the Company regularly reviews the carrying value of intangible and other long-lived assets for the existence of facts or circumstances, both internally and externally, that may suggest impairment. If impairment testing indicates a lack of recoverability, an impairment loss is recognized by the Company if the carrying amount of a long-lived asset exceeds its fair value.

Income Taxes
Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Stock-Based Compensation
Stock-based compensation is accounted for at fair value in accordance with ASC Topic 718. To date, the Company has not adopted a stock option plan and has not granted any stock options. As of April 30, 2017, the Company has not issued any stock-based payments to its employees.

Recent Accounting Pronouncements
Harmonic Energy does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flow.

NOTE 2 – LICENSE AGREEMENT

On March 14, 2012, the Company entered into a License Purchase Agreement with Kouei International, Inc. The Company acquired the exclusive rights in North America and Europe to use the Tyrolysis™ technology owned by Kouei Industries Co., Ltd. of Japan. Kouei International holds these rights under license from Kouei Industries and, pursuant to the agreement, has assigned them to the Company. The Tyrolysis™ technology is a comprehensive 'closed-loop' solution for the management of scrap tires, which allows for all scrap tires to be either re-manufactured into new tires or reduced, through a carbonization process, into marketable chemical products such as diesel fuel, carbon black and syn-gas.

Under the terms of the agreement, the Company was required to pay a total of $525,000 of which $175,000 was due within 90 days of the closing of the agreement (which has been paid), as well as $175,000 due 90 days after the first payment and $175,000 due 90 days after the second payment has been made.

NOTE 2 – LICENSE AGREEMENT (CONTINUED)

On May 30, 2012, Kouei Industries agreed to extend the second payment due date to June 30, 2013 and the third payment due date to September 30, 2013. All other terms of the agreement remained the same.

In addition, the Company is to pay a royalty of 3% of all revenues in respect of gross sales for a period of 5 years, and a royalty of $2.50 per remanufactured passenger tire and a royalty of $3.00 per remanufactured light truck and truck tire at the end of each month for a period of 5 years. There have been no revenues generated from the license agreement as of July 31, 2015.

On June 18, 2013, the Company entered into a settlement agreement with Kouei Industries forgiving the second and third payments discussed above totaling $350,000. The forgiveness of this debt was offset by the reduction of the value of the intangible asset recorded as part of this agreement.

On April 30, 2017, the former director assumed all assets related to the license agreement and assumed all existing liabilities as at January 4, 2017.

NOTE 3 – ACCRUED EXPENSES

Accrued expenses consisted of the following as of April 30, 2017 and July 31, 2016:

	April 30, 2017	July 31, 2016
Accrued legal fees	$ 0	$ 22,106
Accrued accounting and audit fees	1,000	14,578
Accrued consulting fees	0	45,000
Other	0	0
Total Accrued Expenses	$ 1,000	$ 81,684

In association with the change in control during the year ended July 31, 2012, the selling shareholders paid certain legal and accounting expenses on behalf of the company. A total of $58,437 was paid by the shareholder and has been recorded as contributed capital.

NOTE 4 – CONVERTIBLE NOTES PAYABLE

On January 4, 2017, a former shareholder and officer of the company assumed all liabilities of the company and received an assignment of all assets related to the tire recycling business, with the assignment becoming effective on April 30, 2017. As a result, the assumption of net liabilities was recorded as an increase in additional paid in capital.

Notes payable in the amount of $ 112,440 were excluded from the assumption and indemnity agreement. These notes were surrendered and exchanged for a new promissory note in the amount of $ 112, 400 on January 13, 2017. This note bears interest at 5% per annum and is due January 13, 2018. The note is convertible at $0.001 per share, subject to a 9.99% beneficial ownership blocker.

NOTE 4 – CONVERTIBLE NOTE PAYABLE (continued)

During the period ended April 30, 2017, the holder of the note converted $ 10,000 of the principal of the note into 10,000,000 common shares of the Company at a conversion price of $.0001. Subsequently, the note holder forgave the remaining balance of $ 102,400 of the note. A gain on extinguishment of debt of $ 102,400 was recorded on the forgiveness of the note payable.

The Company applied ASC subtopic 815-40 in the valuation of the beneficial conversion feature related to the convertible note payable. The Company has a derivative liability resulting from the issuance of the convertible note valued initially at $7,760 using the Black-Scholes option pricing model. The derivative liability was revalued at January 31, 2017 per the guidance in ASC 815-40 at $ 7,760. Consequently, the Company has adjusted the fair value of the derivative liability at January 31, 2017. The Company used the following assumptions to value the derivative liability.

	January 13, 2017
	$
Note proceeds	112,440
Stock price at grant date	$ 0.07
Exercise price	$ 0.001
Term	1.00 years
Risk-free interest rate	0.28%
Volatility	161%

As the debt has now been settled, there is no longer a derivative liability recorded on the financial statements.

NOTE5 – DUE TO SHAREHOLDER

Advances received from a shareholder of the company are non-interest bearing and have no specified terms of repayment.

NOTE 6 – CAPITAL STOCK

The Company has 500,000,000 shares of $0.001 par value common stock and 10,000,000 shares of $0.001 par value preferred stock authorized.

On May 14, 2007, the Company received $4,000 from its founders for 58,994,015 shares of its common stock. On June 22, 2007, the Company completed an unregistered private offering under the Securities Act of 1933, as amended, relying upon the exemption from registration afforded by Rule 504 of Regulation D promulgated there under. The Company sold 23,450,110 shares of its $0.001 par value common stock at a price of $0.004 per share for $11,925 in cash.

On July 21, 2008, the Company effect a forward split on the basis of 1.84356289 shares for 1.

On May 1, 2009, the Company effected a forward split on the basis of 1.6 shares for 1.

On March 15, 2010, the Company sold 191,176,470 shares of common stock for total cash proceeds of $65,000.

On November 3, 2011, a shareholder of the company voluntarily returned 1,250,000 shares of common stock to treasury for cancellation.

On February 22, 2012, a shareholder of the company voluntarily returned 210,000,000 shares of common stock to treasury for cancellation.

On March 12, 2012, the Company the Company effected a forward split on the basis of 5 shares for 1.

All share and per share data in the accompanying financial statements and footnotes has been adjusted retrospectively for.

On March 27, 2012, the Company received subscription proceeds of $500,000 related to a subscription agreement for 666,667 shares of common stock and common stock warrants $0.75 per unit. The common stock warrants were valued using the Black-Scholes valuation method. The valuation was made using the following assumptions and the proceeds were allocated based on the fair value of the common stock and common stock warrants:

Stock price at grant date	$ 1.00
Exercise price	$ 1.12
Term	4 years
Risk-free interest rate	0.37%
Volatility	284%

During the year ended July 31, 2014, the Company issued 11,000,000 shares of common stock to two consultants for services rendered and future services. The stock was valued at the fair market value on the date of the agreements which totaled $1,430,000. A loss on the issuance of the stock of $760,000 was recorded for the difference in the value of the services and the fair market value of the stock. As of July 31, 2015, $260,476 has been recorded as deferred stock-based compensation for future services.

During the period ended July 31, 2015 the Company issued 2,000,000 shares of common stock for consultants for services rendered and future services. The stock was valued at the fair market value on the date of the agreements which totaled $80,000. As of July 31, 2015, $nil has been recorded as deferred stock-based compensation for future services.

On June 10, 2016 the Company effected a 14:1 reverse stock split. All share and per share data in the accompanying financial statements and footnotes has been adjusted retrospectively for the effects of the stock split.

On July 20, 2016, the Company issued 3,200,569 shares of common stock of the company to an officer of the company in exchange for $225,000 of accrued consulting fees.

On January 22, 2017 the Company issued 100,000,000 shares of common stock and 2,000,000 shares of Series A preferred shares in settlement of an asset purchase agreement.

On February 6, 2017, the Company issued 10,000,000 shares of common stock of the company in settlement of $ 10,000 of debt.

On January 10, 2017 the Company increased in authorized its common shares from 90,000,000 to 500,000,000.

On January 22, 2017, the Company designated out of the 10,000,000 authorized preferred shares, 3,000,000 Class A Preferred shares, which are convertible into 100 shares of common stock for each Class A preferred share at the shareholder's option.

As of April 30, 2017 and July 31, 2016 the Company had 115,431,233 and 5,431,233 shares of common stock issued and outstanding, respectively. There were 2,000,000 and nil shares of Class A preferred stock issued and outstanding as of April 30, 2017 and Ocober 31, 2016.

NOTE 7 – ASSET PURCHASE AGREEMENT

On January 22, 2017 the Company entered into an asset purchase agreement with a director of the company under which it acquired certain patent and trademark applications and other intellectual property in exchange for 100,000,000 new shares of common stock and 2,000,000 shares of Series A Preferred Stock.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The company neither owns nor leases any real or personal property. An officer has provided office services without charge. There is no obligation for this arrangement to continue. Such costs are immaterial to the financial statements and accordingly are not reflected herein. The officers and directors are involved in other business activities and most likely will become involved in other business activities in the future.

NOTE 9– GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principle, which contemplate continuation of the Company as a going concern. However, the Company has an accumulated deficit of $2,470,743 as of April 30, 2017. The Company currently has a working capital deficit, and has not completed its efforts to establish a stabilized source of revenues sufficient to cover operating costs over an extended period of time.

Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses The Company intends to position itself so that it may be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

NOTE 9 – SUBSEQUENT EVENTS

In accordance with ASC Topic 855-10, the Company has analyzed its operations subsequent to April 30, 2017 to the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these financial statements other than the events described below.

On May 9, 2017 the Company issued a convertible, 7.5 % original discount promissory note in the amount of $ 92,500. The note is due on May 9, 2018 and is convertible into common shares of the company at a price of 50% of the lowest trading price in the 20 days preceding the conversion.