Scythian Biosciences Corp.

(Formerly Kitrinor Metals Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018, 2017 and 2016

(Expressed in Canadian Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of Scythian Biosciences Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Scythian Biosciences Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended March 31, 2018, 2017, and 2016, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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 consolidated financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's 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 the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures include obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair preparation 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies and principles 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 in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

MNP LLP

We have served as the Company's auditor since 2016.
Toronto, Ontario
July 27, 2018

Scythian Biosciences Corp. (Formerly Kitrinor Metals Inc.)
Consolidated Statements of Financial Position
As at March 31, 2018 and 2017
Expressed in Canadian Dollars

	Note	March 31, 2018	March 31, 2017
ASSETS			
Current assets			
Cash		$ 822,397	$ 1,090,767
Short-term investments	4	31,341,836	-
Other receivables	4, 10	383,478	9,979
Prepaid expenses	12	2,556,010	871,907
Total current assets		35,103,721	1,972,653
Plant and equipment	6	-	759,682
Total assets		$ 35,103,721	$ 2,732,335
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 1,822,582	$ 1,931,317
Deferred share unit liabilities	8	4,416,000	-
Total liabilities		6,238,582	1,931,317
SHAREHOLDERS' EQUITY			
Capital stock	8	52,116,837	6,216,198
Contributed surplus	8	9,601,674	1,506,806
Deficit		(32,853,372)	(6,921,986)
Total shareholders' equity		28,865,139	801,018
Total liabilities and shareholders' equity		$ 35,103,721	$ 2,732,335

Nature and continuance of operations – Note 1
Commitments – Notes 12 and 13
Comparative Figures – Note 18
Subsequent events – Note 19

"Jonathan Gilbert"
Jonathan Gilbert

"Roger Rai"
Roger Rai

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

Scythian Biosciences Corp. (Formerly Kitrinor Metals Inc.)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31, 2018, 2017, and 2016
Expressed in Canadian Dollars

	Note		For the year ended March 31, 2018		2017		2016
OPERATING EXPENSES							
Research and development	12	$	3,137,653	$	1,038,020	$	-
Salaries and wages	7, 8b, 8d		7,253,931		1,098,941		1,932,883
Professional fees			1,066,855		318,608		390,687
Consulting	7, 8b		1,209,649		161,010		434,278
Advertising and public relations			742,280		8,568		9,457
Office and general			303,354		34,130		52,334
Travel			181,977		20,433		41,836
Depreciation	6		-		-		-
Foreign exchange (gain) loss			27,770		14,605		(4,917)
			13,923,469		2,694,315		2,856,558
OPERATING LOSS BEFORE THE FOLLOWING ITEMS			(13,923,469)		(2,694,315)		(2,856,558)
Interest income (expense)	4, 14		141,054		(49,278)		27,028
Change in fair value of deferred share units	8d		(1,780,637)		-		-
Listing expenses	5		(9,990,840)		-		-
Loss on settlement of promissory note receivable	9		-		-		(36,229)
Loss on disposal of subsidiary	10		(234,675)		-		-
Net loss and comprehensive loss from continuing operations			(25,788,567)		(2,743,593)		(2,865,759)
Net loss and comprehensive loss from discontinued operations	10		(142,819)		(232,471)		(192,776)
NET LOSS AND COMPREHENSIVE LOSS		$	(25,931,386)	$	(2,976,064)	$	(3,058,535)
Loss per share							
Basic and diluted - continuing operations	11	$	(1.60)	$	(0.88)	$	(1.77)
Basic and diluted - discontinued operations	11	$	(0.01)	$	(0.07)	$	(0.12)
Weighted average number of shares outstanding							
Basic and diluted	11		16,109,438		3,117,872		1,614,680

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

Scythian Biosciences Corp. (Formerly Kitrinor Metals Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the year ended March 31, 2018, 2017, and 2016
Expressed in Canadian Dollars

	Note	Number	Share Capital	Contributed Surplus	Other Capital Reserves	Deficit	Total Shareholders' Equity
Balance, March 31, 2015		1,180,756	$ 1,298,027	$ -	$ 262,494	$ (887,387)	$ 673,134
Issuance of common shares		635,100	2,294,257	-	(262,494)	-	2,031,763
Redemption of common shares	9	(17,000)	(85,000)	-	-	-	(85,000)
Subscriptions received		-	-	-	20,000	-	20,000
Share-based compensation	8	-	-	939,708	-	-	939,708
Net loss		-	-	-	-	(3,058,535)	(3,058,535)
Balance, March 31, 2016		1,798,856	$ 3,507,284	$ 939,708	$ 20,000	$ (3,945,922)	$ 521,070
Issuance of common shares - for cash	8	9,499,352	3,447,845	-	(20,000)	-	3,427,845
less; share issue costs	8	-	(748,931)	483,600	-	-	(265,331)
Issuance of common shares- for services	8	200,000	10,000	-	-	-	10,000
Share based compensation	8	-	-	83,498	-	-	83,498
Net loss		-	-	-	-	(2,976,064)	(2,976,064)
Balance, March 31, 2017		11,498,208	$ 6,216,198	$ 1,506,806	$ -	$ (6,921,986)	$ 801,018
Subscriptions receipts, net of costs		-	-	-	12,196,191	-	12,196,191
Shares issued on conversion of subscription receipts	8	6,642,500	13,285,000	-	(13,285,000)	-	-
Share issuance costs		-	(1,128,383)	-	1,088,809	-	(39,574)
Settlement of accrued wages with related parties	7	-	-	669,388	-	-	669,388
Share issuance - RTO	5	2,642,264	5,284,528	3,886,447	-	-	9,170,975
Finder's fee	5	198,800	397,600	-	-	-	397,600
Shares issued for settlement of accounts payable	7	50,000	100,000	819,245	-	-	919,245
Issuance of common shares - for cash	8a	6,183,544	28,753,480	-	-	-	28,753,480
less; share issue costs		-	(4,660,769)	1,808,117	-	-	(2,852,652)
Shares issued pursuant to the exercise of warrants	8	973,608	1,957,182	(1,171,083)	-	-	786,099
Shares issued pursuant to the exercise of options		52,664	143,001	(38,673)	-	-	104,328
Share based compensation	8	-	-	2,121,427	-	-	2,121,427
Disposition of Go Green	10	(108,000)	(189,000)	-	-	-	(189,000)
Deferred share units	8d	400,000	1,958,000	-	-	-	1,958,000
Net loss		-	-	-	-	(25,931,386)	(25,931,386)
Balance, March 31, 2018		28,533,588	$ 52,116,837	$ 9,601,674	$ -	$ (32,853,372)	$ 28,865,139

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

Scythian Biosciences Corp. (Formerly Kitrinor Metals Inc.)
Consolidated Statements of Cash Flows
For the year ended March 31, 2018, 2017, and 2016
Expressed in Canadian Dollars

	Note	2018	2017	2016
OPERATING ACTIVITIES				
Net loss from continuing operations		$ (25,788,567)	$ (2,743,593)	$ (2,865,759)
Net loss from discontinued operations		(142,819)	(232,471)	(192,776)
Items not affecting cash:				
Depreciation	6	136,007	217,818	172,500
Share based compensation	8	2,121,427	93,498	1,189,708
Issuance of deferred share units	8	4,593,363	-	-
Change in fair value of deferred share units	8	1,780,637	-	-
Non-cash listing expenses	5	9,723,199	-	-
Loss on sale of subsidiary	10	234,675	-	-
Loss on extinguishment of promissory note	9	-	-	36,229
Interest income accrued under promissory note	9	-	-	(27,028)
Unrealized foreign exchange	9	-	-	(11,741)
Transaction costs paid in shares	10	-	-	75,000
Changes in non-cash working capital items:				
Increase in prepaid expenses		(1,684,103)	(868,037)	(1,790)
Increase in other receivable		(261,684)	(9,359)	(620)
Increase in accounts payable and accrued liabilities		1,401,390	1,247,966	469,795
Cash flows relating to operating activities		(7,886,475)	(2,294,178)	(1,156,482)
FINANCING ACTIVITIES				
Issuance of promissory notes	16	-	345,000	-
Repayment of promissory notes	16	-	(345,000)	-
Proceeds from the issuance of common shares, net	8a	25,900,828	3,162,514	826,763
Proceeds from exercise of warrants	8c	786,099	-	-
Proceeds from exercise of options	8b	104,328	-	-
Proceeds from issuance of subscription receipts for common shares, net	8a	12,156,617	-	-
Cash flows relating to financing activities		38,947,872	3,162,514	826,763
INVESTING ACTIVITIES				
Cash acquired upon the acquisition of Kitrinor	5	379	-	-
Short-term investments	4	(31,341,836)	-	-
Advances to Kitrinor	5	(88,310)	-	-
Proceeds from sale of subsidiary	10	100,000	-	-
Purchase of property, plant and equipment		-	-	(250,000)
Cash flows relating to investing activities		(31,329,767)	-	(250,000)
Net increase in cash		(268,370)	868,336	(579,719)
Cash and cash equivalents, beginning		1,090,767	222,431	802,150
Cash and cash equivalents, ending		$ 822,397	$ 1,090,767	$ 222,431

Supplemental Cash Flow Information – Note 14

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Scythian Biosciences Corp. (formerly Kitrinor Metals Inc.) (the "Company") was incorporated under the laws of the Province of Ontario on January 28, 2005. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the trading symbol SCYB. On Feb 22, 2018, the Company commenced trading through the Nasdaq International Designation under the symbol OTC-Nasdaq Intl: SCCYF. The Company is a reporting issuer in the provinces of Ontario, Alberta, British Columbia and under the Securities Exchange Commission. The Company's principal and registered office is 5600-100 King Street West, Toronto, ON, M5X 1C9.

On August 1, 2017, the Company completed a business combination with Scythian Biosciences Inc. ("Scythian Inc.") (the "Transaction") (Note 5), a company incorporated under the Federal laws of Canada on July 9, 2014. Scythian Inc. is focused on the acquisition of companies in the medical marijuana market, either in its application for medical and academic uses in the development of new pharmaceuticals, or in the business of production and sales of prescription marijuana to individual consumers. The Transaction constituted a reverse takeover ("RTO") of the Company by Scythian Inc. and the business of the resulting merged entities became the business of Scythian Inc.

Effective August 1, 2017, and in connection with the Transaction, the Company effected a reverse stock split on the basis of 1:20 and Scythian Inc. effected a reverse stock split on the basis of 1:80. As such, all shares of common shares issued and outstanding were decreased on such basis. Subsequent to period end, on April 13, 2018, the Company effected a stock split on the basis of 4:1, as such, all common shares issued and outstanding were increased on such basis. These consolidated financial statements give retroactive effect to such 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.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements of the Company, approved by the Board of Directors on July 27, 2018, have been prepared in accordance 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.

2. BASIS OF PRESENTATION – Continued

c) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Scythian Biosciences Inc. All intercompany balances and transactions have been eliminated upon consolidation. Subsidiaries are consolidated from the date control commences until control ceases.

On November 29, 2017 the Company disposed of its wholly-owned subsidiary Go Green B.C. Medicinal Marijuana Ltd. ("Go Green") to an independent third party (note 9).

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:

Income Taxes - Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Because the Company is in a loss position, it has not recognized the value of any deferred tax assets in its consolidated statements of financial position.

Share-based Compensation - The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Going concern risk assessment - The assessment of the Company's ability to continue as a going concern, meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Short-term Investments

The Company's short-term investments consist of guaranteed investment certificates with a maturity greater than 90 days but less than one year.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2018 and 2017, 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Share-based Payments – Continued

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 reversed.

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 change in fair value of deferred share units. The fair value of the DSU's are calculated based on the period ended share price of the Company.

Share Capital

Common shares are classified as equity. Costs directly attributable to the raising of share capital financing are charged against share capital. The Company does not bifurcate the value of warrants issued as part of a unit raise.

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, 2018, 2017, and 2016, 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.

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
Other receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Deferred share unit liabilities	Fair value through profit or loss

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 and cash equivalents, other receivables and accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these instruments. Deferred share unit liabilities are measured using the fair value of the underlying shares of the Company's stock based on market price in a liquid market, which constitutes a Level 1 input. 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

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 years ended March 31, 2018 and 2017, 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.

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 statement of profit and loss and comprehensive loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 by the Company on April 1, 2018, has had no impact on the classification and measurement of the Company's financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Future Changes in Accounting Policies – Continued

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.

4. SHORT TERM INVESTMENTS

Short-term investment consists of cashable guaranteed investment certificates maturing June 2018 to February 2019 bearing interest rates from 0.2% to 1.8%. The Company has recorded interest receivable of $112,595 (2017 - $Nil) as other receivables on the statement of financial position.

5. REVERSE TAKEOVER TRANSACTION

On August 1, 2017, the Company closed a RTO transaction with Scythian Inc. pursuant to which the Company acquired all of the issued and outstanding securities of Scythian Inc. by way of a three-cornered amalgamation (the "Amalgamation"). As part of the Amalgamation, the Company changed its name to Scythian Biosciences Corp. ("Scythian Corp.") and Scythian Inc. became a wholly-owned subsidiary of the Company. At the date of the Amalgamation, Scythian Inc. had advanced $88,310 to Scythian Corp. pursuant to the letter of intent and to pay for public company expenses prior to the consummation of the transaction. All amounts advanced were eliminated upon completion of the Amalgamation.

Under the terms of the Amalgamation, Scythian Corp. effected a reverse stock split on the basis of 1:20 and Scythian Inc. effected a reverse stock split on the basis of 1:80. Scythian Inc. shareholders received post-consolidation shares of Scythian Corp. for each post-consolidation Scythian Inc. share held on the basis of 1:1. Further, all post-consolidation share purchase options and warrants outstanding in Scythian Inc. were exchanged for share purchase options and warrants in Scythian Corp. on the basis of 1:1.

The Amalgamation was accounted for as a RTO transaction that was not a business combination and effectively a capital transaction of Scythian Inc. Scythian Inc. has been treated as the accounting acquirer (legal subsidiary) and Scythian Corp. has been treated as the accounting acquiree (legal parent) in these consolidated financial statements. As Scythian Inc. was deemed to be the acquirer for accounting purposes, the consolidated financial statements are presented as a continuation of Scythian Inc.

Expressed in Canadian Dollars

5. REVERSE TAKEOVER TRANSACTION – Continued

Details of the purchase price consideration and allocation are shown below:

Consideration paid					
Common shares	2,642,264	$	2.00	$	5,284,528
Warrants	2,308,792	$	1.57		3,886,447
Options	42,700	$	0.00		-
Total Consideration	**4,993,756**			**$**	**9,170,975**

Net Assets Acquired		
Cash	$	379
Other receivables		11,816
Accounts payables and accrued liabilities		(78,508)
Due to Scythian		(88,310)
Net assets (liabilities) acquired		**(154,624)**
Listing Expense	**$**	**9,325,599**

The warrant value was calculated using the Black-Scholes option pricing model using the following weighted average assumptions: share price: $2.00; expected life: 2.13 years, expected annualized volatility: 75.51%, annual rate of quarterly dividends: 0.00%, risk-free interest rate: 1.25%.

The fair value of Scythian Corp.'s net assets and liabilities is estimated to be consistent with their carrying value due to their short-term nature.

The Company paid a finder's fee of 198,800 common shares in connection with the Amalgamation. These shares were recorded at a fair value of $2.00 per share, or $397,600 and is included as additional listing expense on the statement of operations during the year ended March 31, 2018. The Company incurred additional listing expenses of $267,641.

Expressed in Canadian Dollars

6. PLANT AND EQUIPMENT

Plant and equipment consists of the following:

	Leasehold improvements	Machinery and equipment	Total
Cost, March 31, 2015	$ -	$ -	$ -
Additions	743,925	406,075	1,150,000
Cost, March 31, 2016	743,925	406,075	1,150,000
Additions	-	-	-
Cost, March 31, 2017	743,925	406,075	1,150,000
Disposal	(743,925)	(406,075)	(1,150,000)
Cost, March 31, 2018	$ -	$ -	$ -
Accumulated depreciation, April 1, 2015	$ -	$ -	$ -
Depreciation	111,589	60,911	172,500
Accumulated depreciation, March 31, 2016	111,589	60,911	172,500
Depreciation	148,785	69,033	217,818
Accumulated depreciation, March 31, 2017	260,374	129,944	390,318
Depreciation	99,190	36,817	136,007
Disposal	(359,564)	(166,761)	(526,325)
Accumulated depreciation, March 31, 2018	$ -	$ -	$ -
Net book value, March 31, 2016	**$ 632,336**	**$ 345,164**	**$ 977,500**
Net book value, March 31, 2017	**$ 483,551**	**$ 276,131**	**$ 759,682**
Net book value, March 31, 2018	**$ -**	**$ -**	**$ -**

During the year-ended March 31, 2018, the Company recorded depreciation expense of $136,007 (2017 - $217,818; 2016 - $172,500). On November 29, 2017, the Company disposed of all of the Plant and Equipment as part of the Go Green disposition (note 10).

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, unless otherwise noted herein. The Company has identified its officers as its key management personnel.

Related Party Balances

At March 31, 2018, included in accounts payable and accrued liabilities is an amount of $Nil (March 31, 2017 - $1,395,150) owing to directors and officers of the Company in respect of unpaid salaries and benefits, directors' fees, and reimbursable expenses. Any amounts owed to related parties are unsecured, non-interest bearing, and are payable on demand.

Expressed in Canadian Dollars

7. RELATED PARTY TRANSACTIONS AND BALANCES AND KEY MANAGEMENT COMPENSATION – Continued

Related Party Transactions

The Company incurred charges with directors and officers of the Company or with companies with directors or officers in common with the Company during the year ended March 31, 2018, 2017, and 2016, all of which is included in salaries and wages on the consolidated statements of loss and comprehensive loss as follows:

	Year ended March 31,		
	2018	**2017**	**2016**
Salaries and wages	$ 652,711	$ 999,761	$ 1,176,747
Consulting fees	7,500	-	-
Share-based payments	6,069,519	-	1,070,800
	$ 6,729,730	**$ 999,761**	**$ 2,247,547**

During the year ended March 31, 2018, the Company issued an aggregate of 50,000 common shares of the Company, and paid $45,000 in cash, to settle an aggregate of $964,245 in accrued and unpaid salaries and wages and benefits due to two former directors and officers of the Company. The shares issued were recorded at their fair value of $100,000, or $2.00 per share, which value was determined with reference to the price at which shares were being sold to arm's length parties on or around the transaction date. The remaining $819,245 difference between the carrying value of the amounts settled and the fair value of consideration transferred of $145,000 was recorded as a contribution to equity.

During the year ended March 31, 2018, two directors and officers of the Company forgave an aggregate of $669,388 in accrued salaries, wages and allowances owed to the directors and officers. The amount forgiven was recorded as a contribution to equity.

8. CAPITAL STOCK

a. Common shares

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Changes in the issued and outstanding common shares of the Company during the years ended March 31, 2018, 2017, and 2016 were as follows:

Expressed in Canadian Dollars

8. CAPITAL STOCK

a. Common shares – Continued

	Number of shares		Amount
Balance, March 31, 2015	1,180,756	$	1,298,027
Shares issued			
Pursuant to private placements at $4.00	62,500		250,000
Pursuant to private placements at $5.00	152,324		761,629
Pursuant to private placements at $10.00	5,764		57,628
Pursuant to private placement re-pricing	169,512		-
Pursuant to Securities Purchase Agreement (note 10)	180,000		900,000
Finders fee (note 10)	15,000		75,000
In exchange for services	50,000		250,000
Redeemed and cancelled			
Peresuant to promissory note settlement (note 9)	(17,000)		(85,000)
Balance, March 31, 2016	1,798,856	$	3,507,284
Shares issued			
Pursuant to private placements at $5.00	16,380		81,900
Pursuant to private placements at $0.05	8,000,000		400,000
Pursuant to private placements at $2.00	1,482,972		2,965,945
Share issuance costs	-		(748,931)
In exchange for services	200,000		10,000
Balance, March 31, 2017	11,498,208	$	6,216,198
Shares issued			
As settlement of accounts payable	50,000		100,000
Pursuant to private placements at $2.00	6,642,500		13,285,000
Share issuance costs	-		(1,128,383)
Share issuance - RTO (note 5)	2,642,264		5,284,528
Finder's fee (note 5)	198,800		397,600
Pursuant to exercise of warrants	973,608		1,957,182
Pursuant to exercise of options	52,664		143,001
Disposition of Go Green	(108,000)		(189,000)
Pursuant to brokered financing at $4.65	6,183,544		28,753,480
Share issuance costs	-		(4,660,769)
Exercise of deferred share units	400,000		1,958,000
Balance, March 31, 2018	**28,533,588**	**$**	**52,116,837**

During the year ended March 31, 2018, the Company issued 6,642,500 subscription receipts at $2.00 per subscription receipts for gross proceeds of $13,285,000 pursuant to a private placement. In connection with the private placement, the Company incurred share issue costs of $1,128,383, which included agent's commission and legal fees and expenses directly attributable to the transaction. Subsequently, the subscription receipts were converted into shares of common stock on a one for one basis.

Expressed in Canadian Dollars

8. CAPITAL STOCK – Continued

a. Common shares – Continued

On February 13, 2018, the Company completed a financing, including the full exercise of the underwriter's over-allotment option raising gross proceeds of $28,753,480 through the issuance of 6,183,544 units at $4.65 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for a period of 24 months from the closing date at an exercise price of $5.50 per Unit. The Company incurred share issuance costs of $4,660,769, which included agent's commission, legal fees and expenses directly attributable to the transaction, including $1,808,117 related to the issuance of broker warrants.

During the year ended March 31, 2018, as a result of the sale of Go Green the Company cancelled 108,000 common shares. The closing price of the share on date of transaction (November 29, 2017) was $1.75, resulting in $189,000 being deducted from share capital (note 9).

During the year ended March 31, 2017, the Company issued 9,499,352 common shares of the Company raising gross proceeds of $3,447,845. The Company incurred issuance costs of $748,931.

b. Share Purchase Options

The Board of Directors of the Company (the "Board") has approved a Stock Option Plan (the "Option Plan"). The purpose of the Option 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 Option Plan will be equal to 10% of the aggregate issued and outstanding shares of the Company at the date of approval of the Option Plan, but the maximum number may be revised from time to time by the Board.

The Option Plan is administered by the Board. The minimum exercise price of options issued under the Option Plan shall be equal to the market price (as defined by the Option 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 Option Plan for an exercise period determined by the Board, subject to earlier termination in accordance with the terms of the Option Plan.

A continuity of the Company's outstanding share purchase options for the year ended March 31, 2018, 2017, and 2016 is presented below:

	Number of options	Weighted Average exercise price
Outstanding, April 1, 2015	-	$ -
Granted	295,000	5.00
Outstanding, March 31, 2016	295,000	$ 5.00
Granted	250,000	0.05
Outstanding, March 31, 2017	545,000	2.73
Granted	1,665,000	3.90
Issued pursuant to RTO	42,700	12.50
Forfeited	(298,333)	5.00
Expired	(65,200)	9.91
Exercised	(52,664)	2.00
Outstanding, March 31, 2018	1,836,503	$ 3.47

Expressed in Canadian Dollars

8. CAPITAL STOCK – Continued

b. Share Purchase Options – Continued

At March 31, 2018, the following share purchase options were outstanding:

Grant date	Exercise price	Number of options outstanding	Number vested	Expiry Date
January 30, 2017	$0.05	250,000	250,000	January 30, 2020
February 12, 2016	$5.00	7,500	7,500	February 12, 2021
August 1, 2017	$2.00	250,003	83,337	August 1, 2022
September 18, 2017	$2.00	100,000	-	September 18, 2022
September 1, 2017	$2.00	74,000	27,040	September 1, 2022
September 6, 2017	$2.00	40,000	14,000	September 6, 2022
November 27, 2017	$2.00	10,000	4,000	November 27, 2022
December 1, 2017	$2.00	20,000	8,000	December 1, 2022
December 7, 2017	$2.00	10,000	4,000	December 7, 2022
December 11, 2017	$2.16	35,000	35,000	December 11, 2022
January 15, 2018	$4.66	400,000	400,000	January 15, 2023
March 8, 2018	$5.28	640,000	253,333	March 8, 2023
		1,836,503	1,086,210	

During the year ended March 31, 2018, the Company recorded $2,121,427 (2017 - $83,498; 2016 - $939,708) in share based compensation expense in connection with the vesting of share purchase options. These charges were recorded on the statement of loss and comprehensive loss as follows:

	Year ended March 31, 2018	2017	2016
Salaries and wages	$ 1,594,071	$ 4,700	$ 820,800
Consulting fees	527,356	78,798	118,908
	$ 2,121,427	**$ 83,498**	**$ 939,708**

The fair value of the Company's stock options issued were estimated using the Black-Scholes option pricing model using the following assumptions:

	March 31, 2018	March 31, 2017	March 31, 2016
Expected volatility (based on historical share prices)	76.47% - 117.71%	77.95%	128.07% - 137.27%
Risk-free interest rate	1.26% - 2.08%	1.26%	0.44% - 0.55%
Expected life (years)	2.50 - 3.50	2.50	2.50 - 3.50
Expected dividend yield	Nil	Nil	Nil
Underlying share price	$1.25 - $5.25	$2.00	$1.00

Expressed in Canadian Dollars

8. 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 exercise price
Outstanding, April 1, 2015 and March 31, 2016	-	-
Issued	568,784	$2.18
Outstanding, March 31, 2017	568,784	2.18
Issued	9,085,184	3.86
Expired	(1,000)	12.50
Exercised	(973,608)	0.81
Outstanding, March 31, 2018	8,679,360	$4.34

During the year ended March 31, 2017, the Company issued 464,976 share purchase warrants exercisable at $2.00 per share, expiring on June 12, 2019, as commissions in connection with subscription receipt financing. 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 103,808 share purchase warrants exercisable at $3.00 per share for a period of three years from the date of issuance as commissions in connection with a private placement financing. 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%.

During the year ended March 31, 2018, the Company issued 432,848 broker warrants exercisable at $4.65 per share, expiring on February 13, 2020, as commissions in connection with the bought deal financing. Each broker warrant converts into one common share and one common share purchase warrant exercisable at $5.50. The fair value of these warrants of $1,808,117 was recorded as a share issue cost during the year ended March 31, 2018. The fair value of these warrants was estimated using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free rate 1.78%, expected life 2.0 years, estimated stock price $7.4750, expected volatility 75.933%, dividend yield 0.00%.

During the year ended March 31, 2018, the Company issued 6,183,544 share purchase warrants exercisable at $5.50 per share, expiring on February 13, 2020, as part of the bought deal financing.

Expressed in Canadian Dollars

8. CAPITAL STOCK – Continued

c. Share Purchase Warrants – Continued

During the year ended March 31, 2018, 116,244 warrants with exercise price of $2.00, 65,572 warrants with exercise price of $3.00, 631,792 warrants with exercise price of $0.50, and 160,000 warrants with exercise price of $0.25 were exercised for cash proceeds of $786,099. The value of $1,171,081 related to the warrants' original issuance was reclassified from contributed surplus to share capital.

During the year ended March 31, 2018, 1,000 warrants with exercise price of $12.50 expired unexercised.

At March 31, 2018, the Company had share purchase warrants outstanding as follows:

Issuance Date	Number of Warrants		Weighted average exercise price	Expiry Date
March 13, 2017	343,480	$	2.00	June 12, 2019
March 20, 2017	37,888		3.00	March 20, 2020
March 31, 2017	5,600		2.06	March 31, 2020
August 1, 2017	1,676,000		0.50	October 11, 2019
February 13, 2017	6,183,544		5.50	February 13, 2020
February 13, 2017	432,848		4.65	February 13, 2020
	8,679,360	$	4.34	

d. Deferred share units

The Board has approved a Deferred Share Unit Plan (the "DSU Plan"). Pursuant to the DSU Plan, the Board may, from time to time, in its discretion and in accordance with TSXV requirements, grant to directors, officers, and full-time employees of the Company and its affiliates (collectively the "DSU Participants"), DSUs representing the right of the DSU Participant to receive one previously unissued common share of the Company or cash equivalent (a "DSU Payment") for each whole DSU held by such DSU Participant.

The maximum aggregate number of common shares that may be issued under the DSU Plan shall not exceed 200,000 provided further that the aggregate number of common shares issuable under the DSU Plan, combined with any other securities-based compensation plan, including the Company's Option Plan, shall not exceed 10% of the then issued and outstanding common shares of the Company at the grant date.

The DSU Plan is administered by the Board. Upon a DSU Participants death, or retirement from or loss of office or employment with the Company (the "Termination Date"), the Company shall satisfy the DSU Payment for each DSU Participant by either (i) issuing to such DSU Participant one common share of the Company for each outstanding DSU held by such DSU Participant on such relevant Termination Date, or (ii) payment of an amount in cash equivalent equal to the number of outstanding DSUs held by such DSU Participant multiplied by the last closing price of the Company's shares of common stock immediately prior to the Termination Date, subject to applicable statutory source deductions.

A summary of the status of the Company's outstanding DSUs for the year ended March 31, 2018, 2017, and 2016 is presented below:

Expressed in Canadian Dollars

8. CAPITAL STOCK – Continued

d. Deferred share units - Continued

	Number	Value
Outstanding, March 31, 2016 and 2017	-	$ -
Granted - salaries and wages	1,360,000	4,593,363
Exercised	(400,000)	(1,958,000)
Fair value adjustment	-	1,780,637
Outstanding, March 31, 2018	960,000	$ 4,416,000

9. LOSS ON PROMISSORY NOTE RECEIVABLE

	Year ended March 31, 2018	2017	2016
Opening Balance	$ -	$ -	$ 82,460
Advance (Settlement) during the year/period	-	-	(85,000)
Foreign exchange impact on principal	-	-	11,741
Accrued interest	-	-	6,098
Accrued penalties	-	-	20,930
Loss on Extinguishment	-	-	(36,229)
Ending Balance	$ -	$ -	$ -

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 17,000 shares owned by the consultant (the "Settlement Shares"). The $85,000 settlement amount was recognized in equity.

Expressed in Canadian Dollars

10. ACQUISION AND SALE OF GO GREEN AND DISCONTINUED OPERATIONS

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 180,000 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 15,000 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.

Sale

On November 29, 2017, the Company disposed of its wholly-owned subsidiary Go Green to an independent third party. The disposition resulted in a loss of $234,675, the details of which are as follows:

Expressed in Canadian Dollars

10. ACQUISION AND SALE OF GO GREEN AND DISCONTINUED OPERATIONS

Consideration received or receivable:		
Cash paid at closing	$	100,000
Other receivable		100,000
Return of shares (108,000 shares at $1.75/share)		189,000
Total consideration		389,000
Carrying amount of net assets sold		(623,675)
Loss on sale	**$**	**234,675**

The carrying amounts of assets and liabilities as at November 29, 2017 were:

Plant and equipment	$	623,675
Total assets		**623,675**
Total liabilities		-
Net assets	$	623,675

The $100,000 other receivable is non-interest bearing and secured by a general security agreement over the assets sold. The other receivable was collected and is due as follows:

- $50,000 collected on Feb 27, 2018; and
- $50,000 due on May 28, 2018, subsequently collected;

The following table shows the statement of loss and comprehensive loss for the discontinued operations for the years ended March 31, 2018, 2017, and 2016.

		Year ended March 31,				
		2018		**2017**		**2016**
Consulting	$	6,812	$	14,653	$	20,276
Depreciation		136,007		217,818		172,500
	$	**142,819**	**$**	**232,471**	**$**	**192,776**

As depreciation and loss on disposal of subsidiary are non-cash transactions, there was no material effect on the statement of cash flows.

Expressed in Canadian Dollars

11. LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended March 31, 2018, 2017, and 2016 was based on the following data:

	Year ended March 31,		
	2018	**2017**	**2016**
Numerator			
Net loss attributable to common shareholders from:			
Continuing operations	$ (25,788,567)	$ (2,743,593)	$ (2,865,759)
Discontinued operations	(142,819)	(232,471)	(192,776)
	$ (25,931,386)	$ (2,976,064)	$ (3,058,535)
Denominator			
Weighted average number of common shares outstanding	16,109,438	3,117,872	1,614,680
Dilutive effect of assumed exercise of stock options, warrants and DSUs	-	-	-
Diluted weighted average number of common shares outstanding	16,109,438	3,117,872	1,614,680
Loss per share			
Basic and diluted - continuing operations	$ (1.60)	$ (0.88)	$ (1.77)
Basic and diluted - discontinued operations	$ (0.01)	$ (0.07)	$ (0.12)

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, share purchase warrants, and deferred share units in the weighted average number of common shares outstanding during the period, only if dilutive.

As of March 31, 2018, loss per share excludes 11,908,711 (March 31, 2017 – 1,113,784; 2016 – 295,000) potentially dilutive common shares related to outstanding share purchase options, warrants, and deferred share units as the effect was anti-dilutive.

12. OBLIGATION UNDER RESEARCH AGREEMENT

On July 25, 2016, the Company entered into a collaborative research agreement, and amended on February 10, 2017, and October 6, 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. The Company has made the following payments to date.

- 1st payment: US$250,000 paid on November 28, 2016;
- 2nd payment: US$175,000 paid on February 1, 2017;
- 3rd payment: US$1,000,000 paid on March 27, 2017;
- 4th payment: US$1,000,000 paid on August 7, 2017;
- 5th payment: US$1,100,000 paid on February 12, 2018; and
- 6th payment: US$900,000 paid on March 14, 2018;

12. OBLIGATION UNDER RESEARCH AGREEMENT – Continued

Under the Agreement, the Company is to pay US$1,000,000 on a quarterly basis with payments being due on October 1, 2017 and every subsequent quarter until July 1, 2021, on which the last payment is due. Every fourth quarter shall include an additional payment of US$553,750. Institution overhead of 29% is included within all payments. Total amount of funding, inclusive of University's overhead is US$20,640,000.

Pursuant to the Agreement the Company has agreed to pay a 5% royalty of net profits from the commercialization, including licensing, or any inventions or discoveries made during the term of the agreement, as well as from the commercialization of the specific drug regimen being tested under the agreement and as set out in the Company's patent.

At March 31, 2018, included in prepaid expenses and deposits is an amount of $1,560,014 (US$1,210,636) in milestone payments paid to the University which were unspent as at March 31, 2018. (March 31, 2017 - $860,876 (USD$645,900); 2016 - $NIL).

During the year ended March 31, 2018, the Company recorded research and development expenses of $3,137,653 (2017 - $1,038,020; 2016 - $NIL) in connection with expenditures incurred under the terms of the Agreement.

13. COMMITMENTS

Pursuant to the sale of Go Green, the Company is no longer committed to any minimum future lease payments.

The Company has certain commitments with regards to the research agreement with the University of Miami as discussed in note 11.

Letters of Intent (Note 19)

On March 11, 2018, the Company signed a non-binding letter of intent to acquire 100% of MMJ International Inc. ("MMJI") in exchange for 6,176,320 common shares of the Company. MMJI owns 100% of ABP S.A. ("ABP"), an Argentina based pharmaceutical import and distribution company. On May 11, 2018, the Company signed a business combination agreement. The closing of the acquisition remains subject to TSXV approval and other closing conditions.

On March 21, 2018, the Company signed a binding letter of intent to acquire a 100% interest in Marigold Acquisitions Inc. ("MAI") in exchange for 6,000,000 common shares of the Company. MAI owns through a holding company, a 49% interest in Marigold Projects Jamaica Ltd. ("Marigold"), a Jamaican company with conditional licenses to cultivate, process, sell and provide therapeutic or spa services utilizing cannabis products. The closing of the acquisition remains subject to the signing of a final business combination agreement as well as TSXV approval and other closing conditions.

13. COMMITMENTS - Continued

On April 8, 2018, the Company signed a binding letter of intent to acquire 100% of MMJ Colombia Partners Inc. ("MMJ Colombia"). MMJ Colombia owns the right to acquire 90% of Colcanna SAS ("Colcanna"), a company that has applied for licenses to cultivate, produce, research and export medical cannabis CBD and THC in Colombia. The Company has agreed to acquire MMJ Colombia for:

- advancing US$1,200,000 of the purchase price in cash upon receipt by Colcanna of the final cannabis licenses;
- issue on the closing date CDN$32,000,000 of common shares in the capital of Scythian (the "Common Shares") at an issue price equal to the volume weighted average price of the Common Shares over the 20 trading days prior to the closing date of the Acquisition, provided that no less than 6,280,000 Common Shares will be issued as share consideration;
- issue on the closing date US$5,000,000 of non-interest bearing, unsecured promissory notes for the following principal amounts due on the following dates:
    - US$2,000,000, due on June 30, 2018;
    - US$2,000,000, due on September 30, 2018;
    - US$500,000, due on December 30, 2018; and
    - US$500,000, due on March 19, 2019.

The promissory notes may be repaid by way of cash or Common Shares at the option of Scythian.

The closing of the acquisition remains subject to the signing of a final business combination agreement as well as TSXV approval and other closing conditions.

14. 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, 2018:

i) the Company issued 50,000 common shares as settlement of accrued and unpaid salaries, wages, and benefits of $919,245 owing to two directors and officers of the Company.

ii) the Company recorded $669,388 as a contribution to equity in connection with the forgiveness of accrued salaries, wages, and benefits owed to directors and officers of the Company.

iii) the Company recorded $189,000 as a reduction to equity in connection with the cancellation of 108,000 common shares. Shares were cancelled as part of the sale of a subsidiary (note 9).

iv) the Company recorded $50,000 other receivables in connection with the disposition of Go Green (note 9).

These transactions were excluded from the statement of cash flows.

The Company earned interest of $141,054 (2017 - $Nil, 2016 - $27,028).

15. FINANCIAL RISK FACTORS

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate continued profitable operations. Management is of the opinion that sufficient working capital is available from its financings to meet the Company's liabilities and commitments as they come due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

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, 2018, the Company held financial assets of $621,508 (March 31, 2017 - $886,969) denominated in US dollars and had research and development commitments denominated in US Dollars. During the year ended March 31, 2018, the Company recognized foreign currency exchange loss of $27,770 (2017 – loss of $14,605) relating to currency fluctuations between the Canadian and US dollars.

16. PROMISSORY NOTES PAYABLE

On November 22, 2016, the Company issued a promissory note in the principal amount of $345,000 in favour of various lenders, pursuant to cash received. The promissory notes accrued interest at a rate of 12% per annum and were repayable, together with accrued and unpaid interest upon the earlier of: (a) February 21, 2017 or (b) upon the Company completing, in any 30-day period, one or more financings for an aggregate amount of $1,000,000 by way of debt, equity or other secured or unsecured loans.

The Company amended the promissory note to extend the maturity date to the earlier of (i) May 31, 2017 or (ii) the Company completing, in any 30-day period, one or more financings for an aggregate amount of $1,000,000 by way of debt, equity or other secured or unsecured loans.

During the year ended March 31, 2018, the Company recorded interest expense of $Nil a (2017 - $48,990) with respect to this promissory note. The promissory notes payable were fully repaid in March 2017.

Expressed in Canadian Dollars

17. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) to the effective tax rate is as follows:

	2018	2017
Net Income (Loss) before recovery of income taxes	$ (25,931,386)	$ 2,976,064
Expected income tax (recovery) expense	(6,871,817)	(788,657)
Share based compensation and non-deductible expenses	4,857,846	26,079
Utilisation of losses for Debt forgiveness	372,856	-
Others	71,077	-
Change in tax benefits not recognized	1,570,038	762,578
Income tax (recovery) expense	$ -	$ -

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

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:

	2018	2017
Property, plant and equipment	-	390,318
Share issuance costs - 20(1)(e)	5,487,480	212,265
Non-capital losses carried forward	12,887,755	5,411,729
Capital losses carried forward	255,500	-
Resource pools - Mineral Properties	1,245,666	-
Eligible capital expenditures	-	39,375

The Canadian non-capital loss carryforwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2022. 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	338,352
2036	1,046,029
2037	2,621,728
2038	8,881,646

18. COMPARATIVE FIGURES

Certain immaterial comparative figures have been reclassified in order to conform to the consolidated financial statement presentation adopted for the current year. There has been no impact on the main lines of the statement of financial position, statement of loss and comprehensive loss, statement of shareholders' equity or statement of cash flow.

19. SUBSEQUENT EVENTS

On July 17, 2018, the Company sign a definitive share purchase agreement with Aphria, under which it would sell a wholly own subsidiary LATAM Holdings Inc. ("Latam") to Aphria Inc. ("Aphria") in exchange for $193,000,000 of common shares at a price of $12.31 per share for a total of 15,678,310 common shares. Latam was incorporated subsequent to year end. Prior to the closing, Scythian will complete its acquisitions of MMJI, MAI and MMJ Colombia, all of which will be come subsidiaries of Latam. Aphria will also assume USD$1 million in aggregate liabilities owing to Scythian from MMJI, MAI and MMJ Colombia.

On July 20, 2018, the Company signed a binding letter of intent with Brazil Investments Inc. ("Brazil Investments"). Brazil Investments owns the right to acquire a 100% interest in Green Farma Brasil. Under the terms of the letter of intent, the Company shall issue $2,400,000 of common shares at a 20 day volume weighted average price immediately prior to closing date in exchange for:

- 15% of the issued and outstanding shares of Brazil Investments;
- drag along rights, at Scythian's sole discretion, such that Scythian may sell up to 50.1% of the shares of Brazil at a pre-agreed valuation, under which all shareholders of Brazil Investments shall sell a pro-rata portion of their shares to fulfil the 50.1% requirement; and
- a right of first refusal to acquire the remaining 49.9% of Brazil Investments.

The closing of the acquisition remains subject to the signing of a final business combination agreement as well as TSXV approval and other closing conditions.