AMP CHINOOK TYEE INDUSTRY

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2019

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements. The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
March 31, 2019 and December 31, 2018
(Expressed in Canadian Dollars)

	Notes	March 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash		$ 89,424	$ 53,358
Accounts receivable and prepaid expenses	4	22,517	25,912
Marketable securities	5	9,750	9,750
		121,691	89,020
Equipment		4,725	-
Long-term investment	5	211,575	220,038
Investment loan receivable	6	1,715,987	2,018,626
Total assets		$ 2,053,978	$ 2,327,684
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	7	$ 215,562	$ 152,189
Loan payable	8	406,485	259,958
		622,047	412,147
Equity			
Share capital	9	174,613	174,613
Share based payment reserve	9	2,744,438	2,744,438
Foreign currency translation reserves		88,316	179,314
Deficit		(1,575,436)	(1,182,828)
Total equity		1,431,931	1,915,537
Total liabilities and equity		$ 2,053,978	$ 2,327,684

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
THREE MONTHS ENDED MARCH 31,
(Expressed in Canadian Dollars)

	Notes	2019	2018
Interest revenue		$ 133	$ 76
Expenses			
Corporate governance expenses	11	38,946	7,750
General and administration expenses	10	328,297	43,867
Interest		6,799	-
Transfer agent, filing fees and shareholder communication		15,324	18,692
		389,366	70,309
Foreign exchange		(7,201)	-
Unrealized gain on marketable securities		(378)	-
Foreign income taxes		10,954	-
Loss for the period		(392,608)	(70,233)
Other comprehensive income (loss)			
Foreign currency translation differences on foreign operations		(90,998)	133,357
Comprehensive income (loss) for the period		$ (483,606)	$ 63,124
Weighted average number of common shares outstanding		10,217,796	10,217,796
Loss per common share, basic and diluted		$ (0.04)	$ (0.01)

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31,
(Expressed in Canadian Dollars)

	Number of common shares issued	Share capital	Share-based payment reserve	Foreign currency translation reserve	Deficit	Total equity
Balance, December 31, 2017	10,217,796	$ 174,613	$ 2,744,438	$ 108,146	$ (387,942)	$ 2,639,255
Loss for the period	-	-	-	-	(70,233)	(70,233)
Foreign currency translation	-	-	-	133,357	-	133,357
Balance, March 31, 2018	10,217,796	174,613	2,744,438	241,503	(458,175)	2,702,379
Loss for the period	-	-	-	-	(724,653)	(724,653)
Foreign currency translation	-	-	-	(62,189)	-	(62,189)
Balance, December 31, 2018	10,217,796	174,613	2,744,438	179,314	(1,182,828)	1,915,537
Loss for the period	-	-	-	-	(392,608)	(392,608)
Foreign currency translation	-	-	-	(90,998)	-	(90,998)
Balance, March 31, 2019	10,217,796	$ 174,613	$ 2,744,438	$ 88,316	$ (1,575,436)	$ 1,431,931

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31,
(Expressed in Canadian Dollars)

	2019	2018
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the year	$ (392,608)	$ (70,233)
Items not affecting cash:		
Non-cash loan interest	6,693	-
Unrealized gain on marketable securities	(378)	-
	(386,293)	(70,233)
Changes in non-cash working capital items		
Accounts receivable and prepaid expenses	3,395	38,187
Trade and other payables	63,373	(16,586)
	(319,525)	(48,632)
INVESTING ACTIVITIES		
Loan receivable repayments	226,500	-
Acquisition of equipment	(4,725)	
	221,775	-
FINANCING ACTIVITIES		
Loan payable	147,036	-
Effect of foreign exchange on cash	(13,220)	4,157
Change in cash during the year	36,066	(44,475)
Cash, beginning of the year	53,358	172,589
Cash, end of the year	$ 89,424	$ 128,114

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

1. NATURE OF OPERATIONS

Chinook Tyee Industry Limited ("the Company" or "Chinook") is a financial service company incorporated in the Province of British Columbia in Canada with its registered office located at Suite 1000, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2.

The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") in Canada under the trading symbol, "XCX" and on the Frankfurt Stock Exchange under the trading symbol, "C4T". The Company is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario and Quebec.

The reporting currency of Chinook's consolidated financial statements is the Canadian dollar ("$").

2. BASIS OF PRESENTATION

These consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting". These consolidated interim financial statements do not include all of the information required for annual financial statements.

These consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended December 31, 2018. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual consolidated financial statements for the year ended December 31, 2018.

The consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for investments in associates and jointly controlled entities that are accounted for using the equity method and certain financial instruments and investments which are measured at fair value.

The Company consolidates subsidiaries over which it has control, where control is the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities.

These consolidated financial statements include the accounts of its wholly-owned subsidiaries AMP Alternative Medical Products Limited ("AMP Canada") of Canada, AMP Alternative Medical Products GmbH ("AMP Germany") of Germany, Chinook Tyee (Switzerland) GmbH of Switzerland ("AMP Switzerland"), Asiamerica AG of Switzerland ("Asiamerica AG") and its 99% owned subsidiary Mercury Partners & Company plc ("MPC") of Malta. Chinook Swiss has applied to change its name to Alternative Medical Products Switzerland GmbH.

MPC and its European joint investment partner equally fund and own 50% of the share capital of Asiamerica Limited ("MPC-JV") of Malta, which is accounted for using the equity method.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Basis of preparation

The functional currency of the Company and its wholly-owned subsidiary AMP Canada is the Canadian dollar ("$"). The functional currency of MPC, MPC-JV and the Company's other wholly-owned subsidiaries is the Euro ("€").

4. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

		2019		2018
Accounts receivable	$	10,827	$	12,555
Prepaid expenses		11,690		13,357
	$	22,517	$	25,912

5. INVESTMENTS

		2018		2017
(1) Peekaboo Beans Inc. ("PBI")	$	9,750	$	9,750
(2) Taiga Atlas plc ("Taiga")		211,575		220,038
	$	221,325	$	229,788

(1) MPC owns 75,000 shares and 37,500 warrants of PBI. The warrants were exercisable at $0.80 to acquire an additional share of PBI until May 12, 2019. The entire value has been attributed to the shares. At December 31, 2018, the shares had a fair value of $9,750 (2018 - $9,750) and the Company has recognized an unrealized gain (loss) of $387 (2018 – ($35,250).

(2) MPC owns 184,342 shares of Taiga, which is a Malta public liability company. The shares were acquired in partial settlement of the investment loan received (note 6) and are carried at their estimated fair value.

6. INVESTMENT LOAN RECEIVABLE

(Expressed in Canadian Dollars)

	CDN$		€	
	2019	2018	2019	2018
Loan receivable MPC-JV	$ 2,018,626	$ 2,230,735	1,293,991	1,443,955
Interest capitalized to loan	-	55	-	36
Repayments	(226,500)	(50,363)	(150,000)	-
Impairment	-	(229,500)	-	(150,000)
FX conversion	(76,139)	67,699	-	-
	$ 1,715,987	$ 2,018,626	1,143,991	1,293,991

The Company, through MPC, holds a loan receivable from MCP-JV which is unsecured and bears interest at 0.0025%, which is capitalized to the loan annually.

6. INVESTMENT LOAN RECEIVABLE (cont'd…)

The primary assets of MPC-JV include shareholdings in German stocks and Taiga.

MPC-JV is accounted for using the equity method. Initially, the carrying value was attributed to the loans receivable and no value was attributed to the equity accounted investment and its carrying value is $nil (2018 - $nil). The Company has reviewed the underlying assets of MCP-JV and its investments. During 2018, based on factors such as timing and uncertainty of collection, management concluded that the recoverable amount is expected to be adequate to cover the loans held by the Company, net of an impairment of $229,500 (€150,000). However, additional returns beyond this are uncertain.

All inter-company transactions and balances have been eliminated upon consolidation.

7. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	$ 210,837	$ 109,664
Accrued liabilities	4,725	42,525
	$ 215,562	$ 152,189

8. LOAN PAYABLE

During the year ended December 31, 2018, the Company entered into a Series B bridge loan financing for €500,000 for the development of AMP Germany, a German biopharmaceutical company that is proposing to engage in importing medical cannabis into Germany. As of March 31, 2019, 406,485 / €265,000 (2018 - $259,958 / €165,000) was drawn-down. The non-secured credit facility bears interest at 8% per annum, matures December 31, 2019 and may be converted into shares of the Company or AMP Germany at the sole discretion of the lender at the price to be agreed upon by the parties.

9. CAPITAL AND OTHER COMPONENTS OF EQUITY

(Expressed in Canadian Dollars)

As of March 31, 2019, the Company had 10,217,796 (2018 - 10,217,796) Class A Voting Common Shares issued and outstanding. The Company does not have any outstanding stock options, warrants or other dilutive security.

During the year ended December 31, 2018, the Company completed share split of its common shares on a 1 old for 3 new basis. The Company has retroactively restated all share and per share information disclosed in these financial statements.

Share-based payment reserve

Share-based payment reserve is increased by the compensation expense recorded for share options granted to previous key management of the Company and is reduced for options exercised by the related compensation expense previously recognized.

10. GENERAL AND ADMINISTRATION EXPENSES

	Three Months ended March 31, 2019	Three Months ended March 31, 2018
Consulting and management fees	$ 130,043	$ -
Marketing	58,195	-
Office and supplies	65,820	10,178
Professional fees	22,020	7,393
Rent and insurance	14,782	13,373
Salaries and benefits	37,437	12,923
	$ 328,297	$ 43,867

11. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2019:

The Company paid board meeting and management fees of $97,120 (2018 - $5,125) to independent directors of the Company and paid or accrued professional fees of $7,630 (2018 - $6,300) to its Chief Financial Officer's consulting company for accounting services.

Included in accounts payable at March 31, 2019 is $13,930 owing to one officer of the Company for accounting fees.

12. CAPITAL MANAGEMENT

The Company's capital is comprised of shareholders' equity less reserves and liabilities. Cash, short-term investments, loans receivable and equity-accounted investments are managed for liquidity and operational requirements in conjunction with budgeted or expected capital needs. The Company's objective when managing capital is to maintain its ability to retain sufficient liquidity to make investments as opportunities arise and to continue to meet ongoing expenditure and operational needs.

The Company manages the capital structure and makes adjustments to its capital management strategies when economic conditions or risk characteristics of its capital change. To maintain or adjust the capital structure, the Company may consider the issuance of shares, acquire or dispose of assets or adjust the amount of cash or short-term investments held.

Currently, the Company's strategy is to monitor economic conditions and capital markets and to allocate operating capital for investment opportunities arising from market conditions.

The Company is not subject to externally imposed capital requirements. The Company's overall capital management strategy remains unchanged from the prior year.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, marketable securities, long-term investment, loans receivable, accounts payable and loan payable.

13. FINANCIAL INSTRUMENTS (cont'd…)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 **-** Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 **-** Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 **-** Inputs that are not based on observable market data.

The Company's cash and investment in PBI are classified as Level 1 and the investment in Taiga is classified as Level 3. Taiga is a private company with no quoted prices and there are inherent uncertainties in the measuring the value of this investment. The fair value of the Taiga shares on acquisition was estimated based on the amount of the loan that was settled. This estimate is highly subjective and subject to change based on the extent to which Taiga is able to realize on its assets and ultimately, on how much the Company will be able to realize on disposal of these shares.

The Company is exposed in varying degrees to financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of investment policies, counterparty credit limits and liquidity concerns. The more significant risk exposure and the way in which such exposure is managed is described below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary credit risk is on its investment loan receivable (note 6). The loan is subject to MPC-JV realizing on its investments, including its shares of Taiga. Taiga is a private company and one of its primary assets is an under-performing loan which remains subject to court proceedings. While management believes that it will recover this loan, credit risk is assessed as high.

The Company's other exposure to credit risk is on its cash and short-term deposits held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Currency risk

The Company holds cash in Canadian, Euro and US currencies and makes investments in foreign companies, equities and financial instruments. Accordingly, there is risk of losses from volatility in foreign currency fluctuations.

The Company's investments are subject to foreign currency risk, which may adversely affect the Company's financial position, results of operations and cash flows. The following table summarizes the geographical distribution of the Company's financial instruments in Canadian dollars at March 31, 2019:

13. FINANCIAL INSTRUMENTS (cont'd…)

	Euro	US Dollar	CDN Dollar	Total
Cash and accounts receivable	41%	1%	58%	100%
Loans receivable	100%	0%	0%	100%
Marketable securities	0%	0%	100%	100%
Long-term investment	100%	0%	0%	100%
Trade and other payables	1%	0%	99%	100%
Loan payable	100%	0%	0%	100%

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its investment in money market funds included in cash is limited as the money market funds may be redeemed at any time without penalty. The Company's loans receivable have fixed interest rates and are not affected by changes in interest rates and the Company's loan payable bears no interest and is not affected by changes in interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet financial obligations as they fall due. The Company manages liquidity risk through management of its capital structure as outlined in note 12.

14. SUBSEQUENT EVENT

Subsequent to March 31, 2019, the Company granted incentive stock options to purchase up to 1,020,000 common shares of the Company to its directors, officers, employees, and consultants in Germany, Switzerland and Canada pursuant to its stock option plan, including 655,000 options issued to directors and officers. Each option vests immediately, has an exercise price of $0.15 per share and is valid for a period of one year from the date of issuance.

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