Redfund Capital Corp.

(formerly Parana Copper Corporation)

Consolidated Financial Statements

For the Years Ended September 30, 2018 and 2017

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Redfund Capital Corp. (Parana Copper Corporation)

We have audited the accompanying consolidated financial statements of Redfund Capital Corp. (formerly Parana Copper Corporation), which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of net and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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 fraud or error.

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Redfund Capital Corp. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Redfund Capital Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2019

Redfund Capital Corp.
(formerly Parana Capital Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Note	**September 30, 2018**	**September 30, 2017**
		$	$
ASSETS			
Current Assets			
Cash		**928,249**	88,954
Sales tax receivables		**-**	2,632
Prepaid expenses		**164,583**	-
TOTAL ASSETS		**1,092,832**	91,586
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	7	**334,494**	26,064
Accrued liabilities		**15,000**	-
		349,494	26,064
Shareholders' equity			
Share capital	6	**27,303,591**	23,509,240
Reserves	6	**6,443,836**	6,372,363
Subscriptions received in advance	6	**564,208**	-
Deficit		**(33,568,297)**	(29,816,081)
TOTAL SHAREHOLDERS' EQUITY		**743,338**	65,522
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,092,832**	91,586

Subsequent events (Note 10)

Approved on behalf of the Board of Directors:

"Meris Kott"	*"Eugene Hodgson"*
Director	Director

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

Refund Capital Corp.
(formerly Parana Capital Corporation)
Consolidated Statements of Net and Comprehensive Loss
(Expressed in Canadian dollars)

		For the years ended September 30,	
	Note	**2018**	**2017**
		$	**$**
EXPENSES			
Bank Charges		1,493	-
Consulting	7	290,112	133,046
Investor Relations and Marketing		56,595	-
Office		11,258	1,781
Professional	7	147,345	21,678
Public Relations		246,597	-
Stock based compensation	5,6	2,482,000	-
Travel	7	-	10,000
Regulatory and Filing		54,316	11,337
Rent	7	13,500	9,000
Net loss		**(3,303,216)**	**(186,842)**
Other Comprehensive loss			
Impairment on convertible loans receivable	4	(449,000)	-
Foreign Exchange Gain		-	8,021
Comprehensive loss		**(3,752,216)**	**(194,683)**
Basic and diluted loss per share		(0.10)	(0.02)
Weighted average shares outstanding -basic and diluted		**37,798,785**	**12,611,789**

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

Redfund Capital Corp.
(formerly Parana Copper Corporation)
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves				
	Number of shares	**Share capital**	**Stock Based reserve**	**Foreign exchange reserve**	**Subscriptions received in advance**	**Deficit**	**TOTAL**
		$	$	$	$	$	$
Balance as at September 30, 2016	20,178,885	23,509,240	6,372,363	8,021	-	(29,629,239)	260,385
Net Loss	-	-	-	-	-	(186,842)	(186,842)
Foreign Exchange Gain	-	-	-	(8,021)	-	-	(8,021)
Balance as at September 30, 2017	20,178,885	23,509,240	6,372,363	-	-	(29,816,081)	65,522
Private Placement (note 6)	7,779,897	1,312,351	71,473	-	-	-	1,383,324
Units issued for services (note 6)	2,933,333	550,000	-	-	-	-	550,000
Acquisition of Ultra Invest (notes 5 and 6)	10,304,000	1,932,000	-	-	-	-	1,932,000
Subscriptions received in advance (note 6)	-	-	-	-	564,208	-	564,208
Net Loss	-	-	-	-	-	(3,752,216)	(3,752,216)
Balance as at September 30, 2018	**41,196,112**	**27,303,591**	**6,443,836**	**-**	**564,208**	**(33,568,297)**	**743,338**

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

Redfund Capital Corp.
(formerly Parana Copper Corporation)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended September 30, 2018	Year ended September 30, 2017
	$	$
Operating activities		
Net loss	(3,752,216)	(186,842)
Adjustment for non-cash items		
Stock based compensation	1,932,000	-
Impairment of convertible loans receivable	449,000	-
Units issued for services	550,000	-
Foreign exchange gain	-	(8,021)
Changes in non-cash operating working capital items:		
Accounts payable	237,124	16,539
Accrued liabilities	15,000	-
Prepaid expenses	(164,583)	9
Sales tax receivables	2,632	(1,983)
Net cash used in operating activities	(731,043)	(180,307)
Financing activities		
Subscriptions received in advance	564,208	-
Proceeds from issuance of common shares	1,458,730	-
Share issuance costs	(3,600)	-
Issuance of convertible notes receivable	(449,000)	-
Net cash provided by financing activities	1,570,338	-
Change in cash	839,295	(180,307)
Cash, beginning	88,954	269,261
Cash, end	928,249	88,954

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Redund Capital Corp. (formerly Parana Copper Corporation) (the "Company") was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. The Company changed its name from AAN Ventures Inc. to Parana Copper Corporation on May 25, 2017. The Company's shares are publicly traded on the Frankfurt Exchange and Canadian Stock Exchange (the "CSE") under the symbol "LOAN".

On August 2, 2018, the Company completed a change of business and corporate name change to become a merchant bank focused on medical cannabis and hemp in both Canada and the United States. The head office, principal address and records office of the Company are located at 702 – 595 Howe Street, Vancouver, BC V6C 2E5.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2018, the Company is not able to finance day to day activities through operations and incurs losses. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with equity financings, loans from directors and companies controlled by directors and or private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were reviewed and authorized for issue by the Board of Directors on January 28, 2019.

Basis of preparation
The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars unless otherwise noted.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency
Ultra Invest Canada Inc. (“Ultra Invest”)	Canada	Inactive	Canadian
Ona Power Oil & Gas Corp (“Ona”)	United States	Inactive	US Dollar

Significant estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, carrying value of intangible assets and impairment of financial assets.

Significant judgments

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include the assessment of the Company’s ability to continue as a going concern, assessment of acquisition as business combination or asset acquisition, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets
Intangible assets acquired through asset acquisition or business combinations are initially recognized at fair value based on an allocation of the purchase price. Subsequent to initial recognition, the Company reports intangible assets at cost less accumulated amortization and accumulated impairment losses. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets under development and not ready for use are not amortized.

Impairment of Non-Financial Assets
The Company performs impairment tests on its long-lived assets, including intangible assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred. The CGU's recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

Foreign currency translation
The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentational currency. The functional currency of Ultra Invest is the Canadian dollar and the functional currency of Ona is the US dollar.

Transactions and balances:
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign operations:
The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:
- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

Financial instruments
Cash is classified as loans and receivable. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost and include the loan payable and trade payables.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income *taxes*
Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.

Convertible notes receivable

The notes receivable are hybrid financial assets that consist of a note receivable component and a separate equity conversion component. The conversion feature is measured at fair value on initial recognition by discounting the stream of future interest and principal payments at the rate of interest prevailing at the date of the issue for instruments of similar term and risk. Interest income based on the rate of the note will be receivable on maturity are recognized through profit and loss as interest income. The equity conversion option is an embedded derivative that has been separated from the notes receivable and is valued based on residual value. If the

Reclassification

Certain prior year amounts have been reclassified to conform to current year's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standard issued but *not* yet applied
A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2018, and have not been applied in preparing these financial statements.

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company intends to adopt the standards when they become effective. The Company is assessing the impact of the standard on its convertible notes receivable and its investments where it holds less than significant influence. The Company is currently completing its assessment of the impact of this new standard. The Company has not yet determined the impact of these standards on its financial statements, but does not anticipate that the impact will be significant.

New standard IFRS 15 "Revenue from Contracts with Customers"
This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue.

New standard IFRS 16 "Leases"
This new standard replaces IAS 17 "Leases" and the related 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 current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position. As a result, the Company expects IFRS 16 to have a significant impact to the consolidated statements of financial position.

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. CONVERTIBLE LOANS RECEIVABLE

		September 30, 2018	**September 30, 2017**
		$	$
Biolog, Inc.	i.	194,000	-
Biominerales Pharma Corp.	ii.	255,000	-
Impairment of convertible loans receivable		(449,000)	-
Balance		-	-

i. On August 21, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biolog, Inc. ("Bioglog"), a private company incorporated in the State of Utah. The Company has agreed to advance up to USD$800,000 in tranches. Advances are secured by the assets of Biolog and bear interest at 14%, payable monthly; and the promissory note is due on September 1, 2020. On the Effective Date, the Company advanced $194,000 under the note. The note may be converted into common shares of Biolog at a price equal to a 10% discount to the valuation of Biolog immediately from any financing immediately prior to the date of conversion.

   In addition, Biolog issued warrants equivalent to 20% of the amount of the note based upon its valuation as of the Effective Date which is stipulated to be USD $10,000,000. The option to settle the convertible note and warrants in common shares of Biolog represents an embedded derivative in the form of a call option to the Company. Biolog is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at $nil value. As at September 30, 2018, the fair value of the derivative asset remained the same.

   Furthermore, as at the report date, the Company has not received repayment of such note and management has assessed the high likelihood of uncollectability. Thus, the entire balance of convertible note receivable has been impaired.

ii. On August 27, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biominerales Pharma Corp. ("Biopharma"), a private company incorporated under the laws of the Province of Quebec. The Company has agreed to advance up to USD$196,184. Advances are secured by the assets of Biopharma and bears interest at 14% annually, payable monthly; and the promissory note is due on October 1, 2020. On the Effective Date, the Company advanced $255,000 under the note. The note may be converted into common shares of Biopharma at a price equal to a 10% discount to the price assigned to the common shares of Biopharma from any financing immediately prior to the date of conversion. The Company is not able to exert significant influence over the operations of Biopharma.

   In addition, Biopharma issued 18,684 warrants, exercisable at a price of $2.10 per warrant to acquire one Class A common share in the capital of Biopharma for a period of 24 months. The option to settle the convertible note and the stock warrants in Class A common shares of Biopharma represents an embedded derivative in the form of a call option to the Company. Biopharma is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at $nil value. As at September 30, 2018, the fair value of the derivative asset remained the same.

4. CONVERTIBLE LOANS RECEIVABLE (continued)

Furthermore, as at the report date, the Company has not received repayment of such note and management has assessed the high likelihood of collectability. Thus, the entire balance of convertible note receivable has been impaired.

5. ACQUISITION OF ULTRA INVEST

On August 2, 2018, the Company issued 10,304,000 common shares to the shareholders of Ultra Invest, to acquire all of the issued and outstanding shares of Ultra Invest, a private company controlled by the Company's CEO, Meris Kott, at a fair value of $0.1875 per share for total value of $1,932,000 (the "Acquisition"). At the time of the Acquisition, Ultra Invest did not constitute a business as defined under IFRS 3, as it had neither operations nor assets; therefore, the Acquisition is accounted under IFRS 2, where the difference between the consideration given to acquire the Company is recorded as stock based compensation.

6. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value

Common share consolidation / stock-split
Effective August 28, 2017, the Company consolidated its issued and outstanding common shares on a 1.5 to 1 basis.

Effective December 11, 2017, the Company further consolidated its issued and outstanding common shares on a 3 to 1 basis.

On August 2, 2018, the Company executed a stock-split of its issued and outstanding common shares on a 1.6 to 1 basis. All references to common shares, stock options and warrants in these consolidated financial statements have been adjusted to reflect these changes.

Issued share capital
On August 2, 2018, the Company closed a private placement and issued 7,779,894 units at $0.1875 for total proceeds of $1,458,730. Each unit consists of one common share and one warrant entitling the holder to one additional common share for $0.34 for a period of 2 years, subject to the Company having the right to accelerate the expiry date if the shares trade at $0.47 for a period of 14 consecutive days. On August 2, 2018, the Company issued 2,933,333 units to consultants for services rendered at $550,000, recognized as stock based compensation. The warrants issued contain the same exercise terms as the private placement warrants.

A cash commission of $74,906 was paid and 399,495 broker warrants were issued, containing the same exercise terms as the private placement warrants. The fair value of the 399,495 broker warrants was estimated at $71,473, using the Black Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of $0.22, expected volatility - 201% (based on historical volatility), risk-free interest rate – 2.08%, exercise price of $0.34 and an expected average life of 2 years.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

On August 2, 2018, the Company issued 10,304,000 common shares to the shareholders of Ultra Invest (Note 5) recognized as stock based compensation.

Stock options

The Company has adopted a stock option plan whereby the Company may from time to time grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

Share Purchase Warrants

The continuity of the Company's outstanding warrants is as follows:

		September 30, 2018			September 30, 2017	
		Weighted Average Exercise Price	**Number of Warrants**		Weighted Average Exercise Price	Number of Warrants
Outstanding at beginning of year	$	0.14	7,111,110	$	0.14	7,111,110
Issued		0.34	11,112,722		-	-
Outstanding at end of the year	**$**	**0.26**	**18,223,832**	$	**0.14**	**4,444,444**

Warrants outstanding as at September 30, 2018 are as follows:

Exercise price		**Issue date**	**Expiry date**	**Number of Warrants**
$	0.14	January 8, 2016	January 8, 2021	3,555,555
$	0.14	August 16, 2016	August 16, 2021	3,555,555
$	0.34	August 2, 2018	August 2, 2020	11,112,722
			TOTAL	18,223,832

On September 7, 2017, the Company extended the expiry date for the 3,555,555 warrants issued on January 8, 2016 from January 8, 2018 to January 8, 2021. Management decided not to revalue the stock based compensation associated with the extension of the warrant terms.

Stock based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Subscriptions received in advance

During the year ended September 30, 2018, the Company received proceeds of $564,208 for shares to be issued.

7. RELATED PARTY TRANSACTIONS

Transactions with key management and directors

The Company incurred the following transactions for the year ended, companies controlled by current and former directors and officers of the Company:

	September 30, 2018	September 30, 2017
	$	$
Rent and professional fees	3,675	9,000
Consulting fees	213,925	106,250
Travel	-	10,000
	217,600	125,250

Related parties balance

As at September 30, 2018, the Company owes $Nil (2017 - $12,000) for consulting fees to a company controlled by the Chief Executive Officer and director of the Company.

As at September 30, 2018, the Company owes $5,250 (2017 - $NIL) for consulting fees to a company controlled by the Chief Financial Officer of the Company.

Amounts due to related parties are non-interest bearing, unsecured, with no terms of repayment and are included in accounts payable.

8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Financial risk *management*
The Company is exposed in varying degrees to a variety of financial instrument related risks.

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 exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank 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 a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Liquidity risk
Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding**.**

Capital Management
Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the year ended September 30, 2018.

Fair Value
The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

(Expressed in Canadian Dollars)

9. INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2018	September 30, 2017
	$	$
Net loss	(3,752,216)	(186,842)
Statutory tax rate	27%	26%
Expected income tax recovery	(1,013,098)	(48,579)
Adjustments to prior years provision versus tax returns	89,539	138,119
Losses expired due to change of business	3,214,056	-
Change in valuation allowance	(2,290,497)	(89,540)
Total income tax recovery	-	-

The Company has the following deductible temporary differences for which no deferred tax has been recognized:

	September 30, 2018	**September 30, 2017**
	$	**$**
Non-capital losses	1,013,098	1,062,224
Capital losses carry-forward	-	1,929,556
Mineral properties and other	-	311,815
Less: Valuation allowance	(1,013,098)	(3,303,595)
Net deferred income tax assets	-	-

Due to the Company's change of business on August 2, 2018, the majority of the Company's deductible temporary differences included prior to this date are not expected to be accessible to the Company and are not included in the deductible temporary differences as at September 30, 2018.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

10. SUBSEQUENT EVENTS

On October 1, 2018, the Company entered into a US$500,000 promissory note with RxMM Health ("RxMM"). The loan is secured by a general security agreement on assets of RxMM. The loan bears an interest at 14% compounded monthly and is repayable within 24 months. Furthermore, RxMM granted additional consideration to the Company providing an option to purchase common shares of RxMM equal to 20% of the amount of the loan based on a valuation agreed upon between RxMM and the Company.

10. SUBSEQUENT EVENTS (continued)

On October 11, 2018, the Company closed a private placement for $1,717,500 by issuing 5,724,999 units. Each unit consists of one common share and one warrant entitling the holder to one additional common share for $0.55.

On October 15, 2018, the Company entered into a $1,000,000 promissory note with Mary's Wellness Ltd. ("MWL"). The loan is secured by a general security agreement on assets of MWL. The loan bears an interest rate of 12.5% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, MWL granted additional consideration to the Company providing an option to purchase common shares of MWL equal to 20% of the amount of the loan based on a valuation agreed upon between MWL and the Company.

On November 1, 2018, the Company entered into a USD$1,000,000 promissory note with Winterlife Inc. ("Winterlife"). The loan is secured by a general security agreement on assets of Winterlife made effective on November 1, 2018. The loan bears an interest rate of 14% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, Winterlife granted additional consideration to the Company providing an option to purchase common shares of Winterlife equal to 20% of the amount of the loan based on a valuation agreed upon between Winterlife and the Company.

On October 12, 2018, the Company granted 1,050,000 options to officers, directors and consultants of the Company. Each option is exercisable into one common share of the Company for $0.51 per share and expires October 12, 2023.