Consolidated Financial Statements
(Expressed in Canadian Dollars)

RISE LIFE SCIENCE CORP.
(Formerly Luminor Medical Technologies Inc.)

Years ended November 30, 2018 and 2017

MANAGEMENT REPORT

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of RISE Life Sciences Corp. (formerly Luminor Medical Technologies Inc.) (the "Company"). Management is responsible for the information and representations contained in these consolidated financial statements.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies, which management believes are appropriate for the Company, are described in note 3 to these consolidated financial statements. The Company maintains a system of internal control and appropriate processes to provide reasonable assurance that assets are safeguarded and to ensure that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving these consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee comprised of non-management Directors is appointed by the Board. The Audit Committee reviews the consolidated financial statements, audit process and financial reporting with management and with the external auditors and reports to the Board of Directors prior to the approval of the audited consolidated financial statements for publication.

MNP LLP, the Company's external auditors, who are appointed by the shareholders, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on these consolidated financial statements; their report follows.

"Scott Secord"

Mr. Scott Secord
Executive Chairman

"Robert Lelovic"

Mr. Robert Lelovic
Chief Financial Officer

April 1, 2019

Independent Auditor's' Report

To the Shareholders of RISE Life Science Corp. (formerly Luminor Medical Technologies Inc.):

We have audited the accompanying consolidated financial statements of RISE Life Science Corp., which comprise the consolidated statements of financial position as at November 30, 2018 and 2017, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' deficiency 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 audits 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 auditors' 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 RISE Life Science Corp. as at November 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 modifying our opinion, we draw attention to Note 2(d) to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on RISE Life Science Corp.'s ability to continue as a going concern.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountant

April 1, 2019 — Licensed Public Accountants

MNP

RISE LIFE SCIENCES CORP.
(Formerly Luminor Medical Technologies Inc.)
Consolidated Statements of Financial Position
Years ended November 30, 2018 and 2017

As at	**Note**		**2018**		**2017**
Assets					
Current assets:					
Cash		$	3,878,161	$	1,065,974
Accounts receivable			437,723		157,931
Prepaid expenses			96,465		12,920
Inventory			214,111		-
Total current assets			4,626,460		1,236,825
Non-current assets:					
Prepaid expenses	11		119,200		-
Property and equipment	4		116,331		19,440
Intangible assets	6,7		196,266		1,899,441
Goodwill	5, 8, 9		592,660		-
			1,024,457		1,918,881
Total assets		**$**	**5,650,917**	**$**	**3,155,706**
Liabilities and Shareholders' Deficiency					
Current liabilities:					
Accounts payable and accrued liabilities	8,9, 17	$	2,311,102	$	907,789
Loan	16		9,237		-
Convertible notes	11		50,000		149,246
Accrued interest on debt	11		45,266		19,417
Secured promissory notes	11		300,000		-
Total current liabilities			2,715,605		1,076,452
Non-Current liabilities:					
Accounts payable and accrued liabilities	8,9	$	167,007	$	-
Loan	16		19,674		-
Secured promissory notes	11		1,311,334		1,611,334
Convertible debentures	11		3,425,107		-
Accrued interest	11		1,500,154		1,165,559
Total non-current liabilities			6,423,276		2,776,893
Shareholders' equity (deficiency):					
Share capital	12		24,855,477		19,033,623
Contributed surplus			5,984,732		5,132,042
Warrants	12		3,564,643		1,157,671
Other comprehensive loss			(15,668)		-
Deficit			(37,877,148)		(26,020,975)
Total deficiency			(3,487,964)		(697,639)
Total liabilities and deficiency		**$**	**5,650,917**	**$**	**3,155,706**

Going concern	2(d)
Commitments and contingencies	16
Subsequent events	18

On behalf of the Board:

"Ashwath Mehra "
Director

"Michael Campbell "
Director

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

RISE LIFE SCIENCE CORP.

(Formerly Luminor Medical Technologies Inc.)

Consolidated Statements of Net Loss and Comprehensive Loss

For the years ended November 30, 2018 and 2017

	Note		2018		2017
Revenues					
Product sales and other income		$	186,025	$	-
Cost of sales			(49,366)		
Gross Margin			136,659		-
Expenses					
Selling, general and administration			4,589,442		1,757,659
Finance expense	11,15		447,566		352,589
Foreign exchange loss (gain)			7,890		(10,108)
Contract and debt settlement, net			(11,107)		(190,955)
Stock based compensation	12(c)(d)		841,891		235,363
Impairment of equipment	4		13,480		242,043
Impairment of intangible assets	5,6		5,942,417		-
Impairment of goodwill	9		161,253		-
			11,992,832		2,386,591
Net loss		$	(11,856,173)	$	(2,386,591)
Other comprehensive loss					
Currency transition differences			(15,668)		-
Comprehensive loss		$	(11,871,841)	$	(2,386,591)
Basic and diluted weighted average shares outstanding	12(e)		50,028,989		13,187,298
Basic and diluted loss per share		$	(0.24)	$	(0.18)

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

RISE LIFE SCIENCE CORP.

(Formerly Luminor Medical Technologies Inc.)

Consolidated Statements of Changes in Shareholders' Deficiency

	Note	Number of shares	Share capital	Shares to be issued	Contributed surplus	Warrant reserve	Other comprehensive loss	Accumulated deficit	Total deficiency
Balance, November 30, 2016		4,123,153	$15,027,395	$ 15,000	$4,578,362	$535,156	$ -	$(23,634,384)	$(3,478,471)
Loss and comprehensive loss for the period			-	-	-	-	-	(2,386,591)	(2,386,591))
Private placements		19,999,407	2,599,213	(15,000)	-	794,495	-	-	3,378,708
Share issue costs			(360,836)	-	-	155,855	-	-	(204,981)
Acquisition of license		9,500,000	1,710,000	-	-	-	-	-	1,710,000
Conversion of debenture		125,000	26,038	-	(1,038)	-	-	-	25,000
Exercise of warrants		88,889	31,813	-	-	(8,480)	-	-	23,333
Warrants expired		-	-	-	319,355	(319,355)	-	-	-
Stock based compensation		-	-	-	235,363	-	-	-	235,363
Balance, November, 2017		33,836,449	$19,033,623	$ -	$5,132,042	$1,157,671	$ -	$(26,020,975)	$ (697,639)
Balance, November 30, 2017		33,836,449	$19,033,623	$ -	$5,132,042	$1,157,671	$ -	$(26,020,975)	$(697,639)
Net Loss			-	-	-	-		(11,856,173)	(11,856,173)
Other comprehensive income				-	-	-	(15,668)	-	(15,668)
Acquisition of Rise Research		9,500,000	2,897,500	-	-	1,005,900	-	-	3,903,400
Acquisition of Life Bloom Organics		1,500,000	179,625	-	-	-	-	-	179,625
Acquisition of Brand Max Inc.		500,000	59,875	-	-	-	-	-	59,875
Exercise of warrants		366,674	138,633	-	-	(38,885)	-	-	74,762
Conversion of debenture		500,000	100,000	-	-	-	-	-	100,000
Private Placements		12,957,231	2,893,569	-	10,799	1,439,957	-	-	4,369,311
Share issuance costs			(472,348)	-		-	-	-	(472,348)
Stock based compensation			-	-	841,891	-	-	-	841,891
Settlement of debt		83,333	25,000	-	-	-	-	-	25,000
Balance, November 30, 2018		59,243,687	$24,855,477	$ -	$5,984,732	$3,564,643	$(15,668)	$(37,877,148)	$(3,487,964)

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

RISE LIFE SCIENCE CORP.

(Formerly Luminor Medical Technologies Inc.)
Consolidated Statements of Cash Flows
Years ended November 30, 2018 and 2017

	2018	2017
Operating activities:		
Net loss for the year	$ (11,856,173)	$ (2,386,591)
Items not involving cash:		
Amortization and depreciation	303,340	43,022
Finance expense	447,359	319,070
Stock based compensation	841,891	235,363
Contract and debt settlement	(11,107)	(190,955)
Foreign exchange gain		(10,108)
Impairment of intangible assets	5,942,417	-
Impairment of equipment	13,480	-
Impairment of goodwill	161,253	-
Change in non-cash working capital balances:		
Accounts receivable	(249,919)	(117,496)
Prepaid expenses	(202,745)	(8,649)
Inventory	(178,516)	-
Accounts payable and accrued liabilities, net of debt settlement	816,637	(161,751)
Loan payable	(3,564)	-
Cash used in operating activities	(3,975,647)	(2,036,052)
Investing activities:		
Cash acquired in acquisition	167,445	-
Intangible assets acquired	(687,992)	(213,485)
Property and equipment acquired	(23,912)	(14,683)
Cash used in investing activities	(544,459)	(228,168)
Financing activities:		
Proceeds from private placement less share issue costs	3,514,163	3,173,737
Proceeds from exercise of warrants	74,763	23,333
Proceeds from debt financing	3,734,244	-
Cash provided by financing activities	7,323,170	3,197,060
Change in cash due to foreign exchange	9,123	-
Increase in cash	2,818,835	932,840
Cash, beginning of the year	1,065,974	133,134
Cash, end of the year	$ 3,878,161	$ 1,065,974

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

1. Reporting entity:

RISE Life Sciences Corp. (Formerly Luminor Medical Technologies Inc.) (the "Company") is a company domiciled and incorporated in Canada. The address of the Company's registered office is 145 King Street West, Suite 210, Toronto, Ontario M5H 1J8. The Company's common shares are publicly traded on the Canadian Securities Exchange. The Company is developing and evolving medical and adult hemp-based formulations to create general use health and well-being products for the emerging consumer category made possible by the legalization of hemp in the United States pursuant to the Agricultural Improvement act of 2018. The Company also owns its Scout DS® device that is a clinical tool to assist in the identification of both prediabetes and type 2 diabetes.

2. Basis of preparation of the consolidated financial statements:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee (“IFRIC”).

The consolidated financial statements were authorized for issue by the Board of Directors on April 1, 2019.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, Jamaica-Blu Ltd, Rise Research Inc., Scout Assessment Corp., Rise USA, LLC, Brandmax Inc. DBA Cultivate Kind and Life Bloom Organics, LLC (the “Group”) as at November 30, 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

2. Basis of preparation of the consolidated financial statements (continued):

(b) Basis of consolidation (continued)

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

(d) Going concern

These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern as the Company has experienced operating losses and cash outflows from operations since incorporation and has accumulated a deficit of $37,877,148 as at November 30, 2018 (November 30, 2017 - $26,020,975) and working capital of $1,910,855 (November 30, 2017 – working capital of $160,373).

Management has forecast that expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during the coming year unless further financing is obtained. The Company's future operations are dependent upon its ability to secure additional funds and generate product sales. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved or such sources of funds will be available or obtained on favorable terms or obtained at all. Historically, the Company has obtained funding via the issuance of shares and warrants and long-term and/or convertible debt. If the Company cannot secure additional financing on terms that would be acceptable to it or otherwise generate product sales, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments, delays of additional product launch and exploring the monetization of certain intangible assets, as well as seeking to license and/or divest assets or a merger, sale or liquidation of the Company. Any divestiture of assets would be subject to the satisfaction of obligations under the security interests described in note 11.

2. Basis of preparation of the consolidated financial statements (continued):

(d) Going concern (continued)

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on many factors, including, but not limited to the successful completion of the actions taken or planned, some of which are described above, which are intended to mitigate the adverse conditions and material uncertainties that cast significant doubt about the validity of the going concern assumption used in preparing these consolidated financial statements. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs or that the above described and other strategies will be sufficient to permit the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. Such adjustments, if any could be material. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

(e) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's Canadian operation’s functional currency and the overall presentation currency. The Company’s US operations have a functional currency of United States dollars. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(f) Use of significant estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas where management has made critical judgments in the process of applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the fair value of consideration paid in a business combination or asset acquisition, what constitutes consideration versus renumeration, allocation of consideration to identifiable assets and liabilities, the commencement of the period of use of acquired intellectual property, value in use of intellectual property and goodwill, the fair value of options, warrants or debt in connection with private placements involving both equity and/or debt, realizable value of inventories and accounts receivable and reportable segments.

The determination of fair values to the net identifiable assets acquired in business acquisitions often require management to make assumptions or estimates about future events. Changes in any of the assumptions or estimates used in determining fair value of acquired assets and liabilities could impact the amount assigned to assets, liabilities and goodwill in the purchase price allocation.

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The assessment of fair values includes estimates and assumptions, discount rates, future operating performance and capital requirements. These estimates and assumptions are based on industry and historical practices as well as future expectations. Changes to these estimates or assumptions could impact the impairment analysis of goodwill.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements:

2. Basis of preparation of the consolidated financial statements (continued):

(f) Use of significant estimates and judgments (continued)

- Note 3h(i): The measurement and period of use of patents and trademarks
- Note 3i(ii): The assumptions and valuation technique used to estimate the value of share-based payment transactions.
- Note 6: The assumptions used to amortize and impair the license recognized on acquisition of Jamaica BLU Ltd. and
- Note 7: The assumptions used to amortize and impair the license recognized on acquisition of Rise Life Science.
- Note 8: The assumptions used to assign fair value the consideration given and assets and liabilities assumed upon acquisition of Life Bloom Organics.
- Note 9: The assumptions used to assign fair value the consideration given and assets and liabilities assumed upon acquisition of Brandmax Inc. and to assess goodwill for impairment.
- Note 11: The assumptions used to fair value the debt component, the conversion feature and associated warrants on initial recognition.
- Note 12: The assumptions used to value options and warrants issued.

3. Significant Accounting Policies

(a) Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using exchange rates prevailing at the date of the transactions. All foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at reporting date exchange rates are recognized in the consolidated statements of net loss and comprehensive loss.

Assets and liabilities of Rise USA, LLC, Brandmax Inc. and Life Bloom Organics, LLC, having functional currencies of the US dollar, are translated to the Canadian dollar at the rate of exchange at the reporting date. Revenues and expenses are translated at average rates for the periods, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive loss.

(b) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company classifies non-derivative financial assets into the following categories: loans and receivables. The Company has not classified any assets or liabilities as held-to-maturity or available-for-sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost. Loans and receivables are comprised of cash and accounts receivable.

(ii) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities which are classified as other financial liabilities: accounts payable and accrued liabilities, loans, secured promissory notes and accrued interest on secured promissory notes.

All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Costs incurred to obtain financing are deferred and amortized over the term of the associated debt using the effective interest method. The related amortization is a non-cash charge to finance expense. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Share capital

Common voting shares are classified as equity. Incremental costs directly attributable to the issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

(iv) Warrants

Warrants are classified as equity. Incremental costs directly attributable to the exercise of warrants and related issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

3. Significant accounting policies (continued):

(c) Revenue recognition

Revenue from the sale of goods is measured by reference to the fair value of consideration received or receivable for goods supplied. Revenue from product sales is recognized when all the following conditions have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Periodically, the Company may enter into sales agreements with customers that have multiple element arrangements. When these multiple elements have stand-alone value to the customer, the components are accounted for separately, based on the relative selling prices, using the appropriate revenue recognition criteria as described above.

(d) Fair value recorded as a result of business acquisitions

The determination of fair values to the net identifiable assets acquired in business acquisitions often require management to make assumptions or estimates about future events. Changes in any of the assumptions or estimates used in determining fair value of acquired assets and liabilities could impact the amount assigned to assets, liabilities and goodwill in the purchase price allocation.

(e) Recoverability of goodwill

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The assessment of fair values includes estimates and assumptions, such as discount rates, future operating performance and capital requirements. These estimates and assumptions are based on industry and historical practices as well as future expectations. Changes to these estimates or assumptions could impact the impairment analysis of goodwill.

(f) Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory are written-down to net realizable value.

(g) Equipment

(i) Recognition and measurement

Items of equipment are measured at cost less accumulated amortization and accumulated impairment losses. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The costs of the day to day servicing of property and equipment are recognized in the statement of net loss and comprehensive loss in the period in which they are incurred.

3. Significant accounting policies (continued):

(g) Equipment (continued)

(ii) Amortization

Amortization is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Computers and equipment	Straight-line	33%
Machinery	Declining balance	26-35%

(h) Intangible assets

(i) Patents and trademarks

Costs incurred for patents, patents pending and trademarks are capitalized and amortized from the date of issuance on a straight-line basis over their respective legal lives or economic life, if shorter. Trademarks have an indefinite life. Costs incurred in successfully obtaining a patent or trademark are measured at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks is expensed as incurred.

(ii) Licenses

The Company's licenses were recorded at cost and amortized over their estimated useful lives.

(iii) Other intangible assets

The Company's other intangible assets are recorded at cost and amortized over their estimated useful life.

(iv) Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

3. Significant accounting policies (continued):

(i) Impairment

(i) Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss for financial assets carried at amortized cost. The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(ii) Non-financial assets

The carrying amounts of long-lived non-financial assets, including inventory, intangible assets and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite lives and intangible assets not yet put into use are evaluated for impairment at least annually.

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, strength of customer demand and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. A change in any of the significant assumptions or estimates used to evaluate the underlying assets could result in a material change to the results of operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment had been recognized. Write-downs as a result of impairment are recognized in selling, general and administration expense for commercialized technologies and in research and development expense for technologies that have yet to be commercialized in the consolidated statements of net loss and comprehensive loss.

The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model and estimated fair value less cost to sell. The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit ("CGU") being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost to sell is based on assessment of comparable company multiples and precedent transactions.

3. Significant accounting policies (continued):

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

(k) Government grants

An unconditional government grant related to research and development activities is recognized in profit or loss as a deduction from the related expenditure when the grant becomes receivable. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

(l) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(m) Income tax

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 (loss) income.

3. Significant accounting policies (continued):

(m) Income tax (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, 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 they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Scientific research and experimental development tax credits, which are earned as a result of incurring qualifying research and development expenditures, are recorded as a reduction of the related expense or cost of the asset acquired when there is reasonable assurance that they will be realized.

(n) Earnings (loss) per share

The Company presents basic earnings (loss) per share ("EPS") data for its common voting shares. Basic EPS is calculated by dividing the profit or loss attributable to common voting shareholders of the Company by the weighted average number of common voting shares outstanding during the period, adjusted for own shares held. Common voting share equivalents have been excluded from the calculation of diluted loss per share as their effect is anti-dilutive.

(o) Segment reporting

The Company’s strategic decision making group, consisting of the executive chairman and chief financial officer examine performance of the Company on a geographical perspective, The Company has identified one reportable segment.

(p) Comparative figures

For comparative purposes, certain of the prior year figures have been reclassified.

(q) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective up to the date of issuance of the Company’s consolidated statements are listed below. The Company is assessing the impact of these pronouncements on its results and financial position. The Company intends to adopt those standards when they become effective.

3. Significant accounting policies (continued):

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

Under IFRS 9, expected lifetime credit losses or 12 month expected credit losses (ECL), depending on the stage that the financial instruments fall into, are recognized at each reporting period even if no actual losses have taken place. In addition to past events and current conditions, reasonable and supportable future conditions that are available without undue cost or effort are also considered. Trade receivables, contract assets and lease receivables are allowed to apply a simplified approach in determining the ECL.

The Company does not expect the adoption of IFRS 9 to have a material impact on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively [for example, service revenue and contract modifications] and improve guidance for multiple element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company does not expect the application and adoption of IFRS 15 to have a material impact to its consolidated financial statements.

IFRS 16, Leases

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, Leases, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The new standard is effective for annual periods beginning on or after January 1, 2019, which is when the Company intends to adopt IFRS 16 in its consolidated financial statements. The Company does not expect the application and adoption of IFRS 16 to have an impact to its consolidated financial statements.

4. Property and Equipment

	Computer and equipment	Assets held for lease	Machinery	Total
Cost				
Balance, November 30, 2016	**$** 39,408	$ 284,741	$ -	$ 324,149
Additions	14,683	-	-	14,683
Balance, November 30, 2017	**$ 54,091**	**$ 284,741**	**$ -**	**$ 338,832**
Additions	34,823		92,741	127,564
Disposals	-	(284,741)	-	(284,741)
Effects of movement in exchange rates	93	-	631	724
Impairments	(15,683)	-	-	(15,683)
Balance, November 30, 2018	**$ 73,324**	**$ -**	**$ 93,372**	**$ 166,696**
Depreciation and impaired losses				
Balance, November 30, 2016	**$** 29,549	**$** 28,821	**$** -	$ 58,370
Depreciation	5,102	13,877	-	18,979
Impairments	-	242,043	-	242,043
Balance, November 30, 2017	**$ 34,651**	**$ 284,741**	**$ -**	**$ 319,392**
Depreciation	11,978		5,938	17,916
Disposals	-	(284,741)	-	(284,741)
Impairments	(2,202)		-	(2,202)
Balance, November 30, 2018	**$ 44,427**	**$ -**	**$ 5,938**	**$ 50,365**
Carrying amounts				
Balance, November 30, 2017	$ 19,440	$ -	$ -	$ 19,440
Balance, November 30 2018	**$ 28,897**	**$ -**	**$ 87,434**	**$ 116,331**

5. Goodwill and intangible assets

		Goodwill
Cost		
Balance, November 30, 2017 and 2016	$	-
Addition – Life Bloom Organics, LLC (note 8)		**588,769**
Addition – Brandmax Inc. (note 9)		**160,195**
Impairment (note 9)		**(161,253)**
Effects of movement in exchange rates		**4,949**
Balance, November 30, 2018	**$**	**592,660**

		Intangible assets
Cost		
Balance, November 30, 2016	$	-
Addition – Jamaica-BLU Ltd., LLC (note 6)		**1,923,485**
Less amortization		**(24,044)**
Balance, November 30, 2017		**1,899,441**
Addition – Rise Research, LLC (note 7)		**4,310,995**
Addition – Other patents		**200,210**
Addition – Brandmax Inc. (note 9)		**6,749**
Addition – Legal fees (note 7)		**6,668**
Less amortization		**(285,425)**
Impairment (note 7,8)		**(5,942,417)**
Effects of movement in exchange rates		**45**
Balance, November 30, 2018	**$**	**196,266**

6. Acquisition of Jamaica-BLU Ltd.:

On September 28, 2017, the Company completed the acquisition of Jamaica-Blu Ltd. ("J-BLU") via a three-cornered amalgamation with the Company's wholly owned subsidiary 2603995 Ontario Ltd. J-BLU holds the exclusive Canadian licence of all current and future cannabis commercial products developed by Rise Research Inc. ("RISE"). RISE's cannabis commercial products are based on a patent pending formula, currently filed with the U.S. Patent and Trademark Office, to create precise cannabis-based formulations that may produce specifically targeted effects for various ailments including diabetes.

J-BLU was obligated to pay royalties to RISE equal to 10% on any future commercial sales generated from products under the License and any approved sublicenses. There were no royalties paid or accrued during the year ended November 30, 2018 (2017 – $Nil). This obligation is continued through the acquisition by the Company.

The acquisition of J-BLU was accounted for as an asset acquisition. The purchase price was determined based on IFRS 2 Share Based Payments and allocated as follows:

Purchase price allocation		
Purchase consideration		
9,500,000 common shares at fair value of $0.18 per share	**$**	**1,710,000**
Net assets acquired		
Canadian License for intellectual property access	**$**	1,910,000
Balance payable to RISE for License		(200,000)
	$	**1,710,000**

The Company also incurred $13,485 of costs relating to the acquisition which have been capitalized.

The license is highly dependent on the life of the patent which is 20 years from the date of filing. Accordingly, management adopted a useful life of the License of 20 years. Amortization expense of $95,500 was recorded on a straight-line basis during the year ended November 30, 2018 (November 30, 2017-$43,022). In November 2018, management assessed the fair value of the license. Judgementally, management considered the nature of the licence, its application, if any in its current and future products, the Company's current markets and plans and determined that the license acquired was impaired and that the current value in use, after consideration of all factors was nil. An impairment charge of $1,803,941 was recorded in the consolidated statement of loss and comprehensive loss under the heading impairment of intangible assets.

7. Acquisition of Rise Research Inc.

On February 2, 2018, the Company completed the acquisition of Rise Research Inc. ("RISE") via a three-cornered amalgamation with the Company's wholly owned subsidiary 1149287 BC Ltd. RISE's cannabis commercial products are based on a patent pending formula, currently filed with the U.S. Patent and Trademark Office, to create precise cannabis-based formulations that may produce specifically targeted effects for various ailments including diabetes however, currently, RISE's portfolio consists of cannabis-based formulations focused on sexual health and wellness.

The acquisition of RISE was accounted for as an asset acquisition. The purchase price was determined based on IFRS 2 Share Based Payments and allocated as follows:

Purchase price allocation		
Purchase consideration		
9,500,000 common shares at fair value of	$	2,897,500
3,957,954 warrants at a value of $0.254 per warrant		1,005,900
Cash		250,000
	$	**4,153,400**
Net assets acquired		
Cash	$	43,469
Furniture & equipment		10,909
Accounts receivable		250,000
Accounts payable		(461,973)
License		4,310,995
	$	**4,153,400**

The Company also incurred $6,668 of costs relating to the acquisition which have been capitalized.

The value of the warrants issued in connection with the acquisition were determined using a Black-Scholes pricing model with the following inputs. Two years expected life, risk free rate of 2.04%, a volatility of 153.66%, strike price of $0.125 and an annual dividend rate of zero.

The license is highly dependent on the life of the patent which is 20 years from the date of filing. Accordingly, management adopted a useful life of the License of 20 years. For the year ended November 30, 2018, amortization of $179,187 (2017 - $Nil) was recorded on a straight-line basis. Management performed an impairment assessment at the end its fiscal year and determined that the license acquired was impaired, Judgementally, management considered the nature of the licence, its application, if any in its current and future products, the Company's current markets and plans and determined that the current value in use of the license after consideration of all factors was nil. An impairment charge of $4,131,808 was recorded in the consolidated statement of loss and comprehensive loss under the heading impairment of intangible assets.

8. Acquisition of Life Bloom Organics

On July 11, 2018, the Company completed the acquisition of 100 percent of the membership interests of Life Bloom Organics through it's wholly owned subsidiary RISE USA.

The acquisition of Life Bloom Organics was accounted for as a business combination. The purchase price allocation, based on IFRS 3, Business Combinations, is preliminarily allocated as follows:

Purchase price allocation		
Purchase consideration		
1,500,000 common shares at fair value of	$	179,625
Cash at a fair value of		423,594
	$	**603,219**
Net assets acquired		
Cash	$	20,905
Inventory		32,440
Accounts payable and accrued liabilities		(38,896)
Goodwill		588,769
	$	**603,219**

The shares issued in connection with the acquisition have lock-up provisions whereby: i) for the first 12 months from closing, 100% of the payment shares will be subject to lock-up: ii) after 12 months 75% of the payment shares will be subject to lock-up: iii) after 24 months, 50% of the payment shares will be subject to lock-up: iv) after 36 months, no shares will be subject to lock-up. Due to the trading restrictions on the payment shares, the fair value of the shares were determined using the share price on the date of issue less the fair value of put options using the Black-Scholes option pricing model. The inputs used for each of year 1, year 2 and year 3 were as follows:

Lock up time	Stock price	Exercise price	Volatility	Risk free rate	Expected life in years	Annual rate of quarterly dividends
Year 1+ 1day	$0.31	$0.31	116.40%	2.02%	1	-
Year 2 +1 day	$0.31	$0.31	109.84%	2.05%	2	-
Year 3	$0.31	$0.31	148.24%	2.00%	3	-

The payment of cash as part of the purchase price is staggered with $125,000 USD paid upon signing, $125,000 USD payable one year from the date of signing and $125,000 USD two years from the date of signing. The future cash payments were discounted to present value using a discount rate of 18%. The difference between the face value and fair value of the cash will be accreted into interest expense over the term of the payments.

As at November 30, 2018, management determined that the goodwill acquired as part of the Life Bloom acquisition is not impaired. As part of management's assessment, plans, key areas of focus and current resource allocations and estimated revenues were considered. A discounted cash flow model was used, applying various sensitivities and a discount rate judgementally determined to be 18%.

9. Acquisition of Brandmax Inc.

On July 11, 2018, the Company completed the acquisition of 100 percent of the issued and outstanding shares of Brandmax Inc. DBA as Cultivate Kind through it's wholly owned subsidiary RISE USA.

The acquisition of Brandmax Inc. was accounted for as a business combination. The purchase price allocation, based on IFRS 3, Business Combinations, is preliminarily allocated as follows:

Purchase price allocation		
Purchase consideration		
500,000 common shares at fair value of	$	59,875
Cash at a fair value of		143,588
	$	**203,463**
Net assets acquired		
Cash	$	103,073
Accounts receivable		30,092
Furniture fixtures and equipment		92,741
Intangible asset		6,749
Accounts payable and accrued liabilities		(157,067)
Loans payable		(32,320)
Goodwill		160,195
	$	**203,463**

The shares issued in connection with the acquisition have lock-up provisions whereby: i) for the first 12 months from closing, 100% of the payment shares will be subject to lock-up: ii) after 12 months 75% of the payment shares will be subject to lock-up: iii) after 24 months, 50% of the payment shares will be subject to lock-up: iv) after 36 months, no shares will be subject to lock-up. Due to the trading restrictions on the payment shares, the fair value of the shares were determined using the share price on the date of issue less the fair value of put options using the Black-Scholes option pricing model. The inputs used for each of year 1, year 2 and year 3 were as follows:

Lock up time	Stock price	Exercise price	Volatility	Risk free rate	Expected life in years	Annual rate of quarterly dividends
Year 1+ 1day	$0.31	$0.31	116.40%	2.02%	1	-
Year 2 +1 day	$0.31	$0.31	109.84%	2.05%	2	-
Year 3	$0.31	$0.31	148.24%	2.00%	3	-

The payment of cash as part of the purchase price is staggered with $50,000 USD paid upon signing, $37,500 USD payable one year from the date of signing and $37,500 two years from the date of signing. The future cash payments were discounted to present value using a discount rate of 18%. The difference between the face value and fair value of the cash will be accreted into interest expense over the term of the payments.

On November 30, 2018, the Company determined that the goodwill previously recognized upon the acquisition of Brandmax Inc. was impaired. Management in its assessment, judgementally considered current areas of focus, resource allocations and expected revenues. Cash flow modelling, applying variables and sensitivities resulted in an impairment charge of $161,253 which was recognized in the statement of loss and comprehensive loss under the heading good will impairment.

10. Contract settlement:

On August 14, 2014, the Company executed an agreement for the sale and distribution of Scout DS® medical devices into China (the "China Agreement"). Under the China Agreement, the Company was to receive an up-front payment of $150,000 USD within 30 business days of the agreement's execution. This amount was received in September 2014 by the Company. Should the Company not receive Chinese Food and Drug Administration approval, 50% of the up-front payment is refundable under the China Agreement. The $150,000 USD represented an up-front payment where further services were to be provided or fees received, it was recognized in income over the period of performance of the related activities within revenue.

In December 2016, the Company executed a release and repayment agreement on the China Agreement whereby the Company would repay US$10,000 on December 31, 2016, US$140,000 on March 31, 2017 and US$75,000 on May 31, 2017 in exchange for a release on the China Agreement. Included in accounts payable and accrued liabilities as at November 30, 2018 is CAD $351,770 (November 30, 2017 - $293,716) related to this release. During fiscal 2017, the Company made payments of US$20,000. The payments are subject to interest at a rate of 18% per annum on the outstanding balance and penalty interest of 0.05% daily on any missed payments. For the year ending November 30, 2018, the Company accrued CAD $49,689 of interest in relation to this settlement.

11. Notes payable

(a) The following summarizes the Company's promissory notes payable as at November 30, 2018 and November 30, 2017:

		2018		2017
$1,611,334 secured promissory note (iii)	$	1,611,334	$	1,611,334
Accrued interest		1,360,154		1,025,559
Deferred financing charges		140,000		140,000
	$	3,111,488	$	2,776,893
Current portion:				
Principal	$	300,000	$	-
Long term portion:				
Principal	$	1,311,334	$	1,611,334
Accrued interest and deferred financing charges		1,500,154	$	1,165,559

11. Notes payable (continued):

(i) On November 19, 2015, a $1,000,000 non-convertible secured loan agreement, which was originally issued on October 12, 2011 and subsequently modified to mature on December 31, 2015, was extended to March 31, 2016 with accrued interest (12% per annum) due on April 30, 2016. The loan matured during the year ended November 30, 2016 and was combined into a new secured promissory note on June 16, 2016 (Note 10(a)(iii)). Accrued interest of $397,283 and deferred financing charges of $70,000 were also combined into the new promissory note.

(ii) On November 19, 2015, a $611,334 non-convertible secured loan agreement, which was originally issued in three tranches between January 10, 2014 and March 20, 2014 and subsequently modified to mature on December 31, 2015, was extended to March 31, 2016 with accrued interest (12% per annum) due on April 30, 2016. The loan matured during the year ended November 30, 2016 and was combined into a new secured promissory note on June 16, 2016 (Note 10(a)(iii)). Accrued interest of $214,909 and deferred financing charges of $70,000 were also combined into the new promissory note.

(iii) On June 16, 2016, the Company entered into an amending agreement whereby it combined the notes described in 10(a)(i) and (ii) together with accrued interest and deferred financing charges into a new secured promissory note. The note continues to bear interest at 12% per annum, compounded quarterly, and is to be repaid as follows:

- $300,000 due on December 31, 2018;
- $400,000 due on December 31, 2019;
- $600,000 due on December 31, 2020; and
- $311,334 plus all accrued interest and any other amounts due on December 31, 2021.
- The principal and interest payments will be accelerated based on payments of ten percent (10%) of all gross sales on Scout Corp Assets.

The note is secured by a general security interest in favor of the lender over all tangible and intangible assets of the Company's subsidiary Scout Assessment Corp., excluding the assets relating to the Scout DS®, which were acquired on July 31, 2013.

The loan has been accounted for as a modification of the previous two loans, in accordance with IAS 39 paragraph 40, as the net present value of the future cash flows were not significantly altered.

Interest expense of $329,845 (November 30, 2017 – $294,025) was recognized during the period in relation to these notes.

(b) The following summarizes the Company's convertible notes payable as at November 2018 and 2017:

		2018		2017
$50,000 convertible promissory note (i)	$	50,000	$	50,000
$100,000 convertible promissory note (ii)				99,246
$4,035,000 convertible notes (iii)		3,425,107		-
Deferred financing charges (iii)		294,168		-
Equity component being accreted (iii)		315,725		-
Accrued interest		45,266		19,417
	$	4,130,265	$	168,662
Current portion:				
Principal	$	50,000	$	149,246
Accrued interest	$	45,266	$	19,417
Long term portion:				
Principal	$	3,425,107	$	-

11. Notes payable (continued):

(i) On July 31, 2016, a private lender subscribed to a secured convertible note in the amount of $50,000, bearing interest at 8% per annum and maturing on July 31, 2017. The note was convertible at $0.20 per share. The net present value of future cash flows of the debt component was determined to be $45,295 using a discount rate of 20% per annum, which was the interest rate of two promissory notes previously issued. Accordingly, the conversion feature was assigned a value of $4,705. As of November 30, 2018, the note is outstanding.

(ii) On July 31, 2016, a company with an officer who is also an officer of the Company subscribed to a secured convertible note in the amount of $100,000, bearing interest at 8% per annum and maturing on December 31, 2017. The note is convertible at $0.20 per share. The net present value of future cash flows of the debt component was determined to be $87,129 using a discount rate of 20% per. Accordingly, the conversion feature was assigned a value of $12,871. This note was converted on December 28, 2017 into 500,000 common shares.

(iii) On November 14, 2018, the Company completed a tranche of units, raising $4,035,000. The units were issued comprising of convertible notes and warrants. The notes bear interest at 12% per year, paid quarterly in cash to the holders of the notes. The maximum term of the notes is 24 months and the minimum is twelve months, after which time the Company can repay the principle amount of the notes and any accrued but unpaid interest without any penalty or bonus.

At any time prior to repayment of the notes by the Company, the outstanding principal amount of each note and any accrued and unpaid interest is convertible at the sole discretion of the noteholder into common shares of the Company at the conversion price of $0.15 per share. In addition, the notes are convertible by the Company in its discretion into common shares at the conversion price of $0.15 per share in the event that the Company's common shares trade at $0.35 or more for 21 or more consecutive trading days on the Canadian Securities Exchange.

The purchasers of the notes were also issued an aggregate of 26,897,310 common share purchase warrants of the Company where each warrant issued is exercisable for 24 months from the date of issue for $0.15 per warrant, into (i) one common share, and (ii) one half of one common share purchase warrant (each whole such warrant a "Bonus Warrant"). Each Bonus Warrant shall be exercisable into one Common Share at an exercise price of C$0.20 per share and shall expire 12 months from the date of its issuance.

The units issued were classified as a compound financial instrument in accordance with IAS 32. Using the residual method, fair value was first allocated to the convertible notes with the residual to equity. The fair value of the debt component was determined using a comparable debt issued on a standalone basis with no conversion feature. Applying a discount of 19.56%, it was determined that the notes had a fair value of $ 3,712,200 before transaction costs. The warrants have been allocated a fair value of $312,000 before transaction costs with the remaining $10,800 being allocated to the conversion feature. The difference between fair value and book value of the notes is being accreted into the statement of loss and comprehensive loss over the term of the debt.

Interest expense of $25,850 (November 30, 2017 – $12,617) and accretion expense of $13,664 (November 31, 2017 - $12,428) were recognized during the period in relation to these notes.

12. Capital stock

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares and an unlimited number of class A common voting shares.

12. Capital stock (continued):

(b) Shares issued and outstanding

(a) On December 20, 2017 48,611 warrants of the Company were exercised at $0.30 per share for gross proceeds of $14, 583.

(b) On December 28, 2017, the $100,000 convertible debenture (Note 11(b)(ii)) was converted at $0.20 per share; 500,000 common shares were issued.

(c) On January 16, 2018, 113,280 warrants of the Company were exercised at $0.30 per share for gross proceeds of $33,984.

(d) On February 2, 2018, the Company acquired 100% of the outstanding shares of RISE. Under the terms of the acquisition, the Company issued 9,500,000 common shares to the shareholders of RISE.

(e) On April 4, 2018, 51,450 warrants of the Company were exercised at $0.25 per share for gross proceeds of $12,863.

(f) On April 5, 2018, 20,000 warrants of the Company were exercised at $0.25 per share for gross proceeds of $5,000.

(g) On April 17, 2018, 33,333 warrants of the Company were exercised at $0.25 per share for gross proceeds of $8,333.

(h) On April 19, 2018, the Company closed tranches of its non-brokered private placement through the issuance of an aggregate of 7,366,166 units at a price of $0.30 per unit for gross proceeds of $2,209,849.80. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder thereof to purchase one common share for a period of twenty-four (24) months from the date of closing at a price of $0.45 per common share. 519,560 finders' warrants were issued in connection with the private placement. The finders warrants valued at $85,100 using the Black-Scholes pricing model entitle the holder thereof to purchase one common share for a period of twenty-four (24) months from the date of closing at a price of $0.30 per common share.

(i) On April 19, 2018, the Company has also issued an aggregate of 83,333 common shares in settlement of an aggregate of $30,307 of indebtedness with a vendor at a price of $0.30 per common share

(j) On June 29, 2018 100,000 warrants of the Company were exercised at $0.25 per share for gross proceeds of $25,000.

(k) On July 3, 2018, the Company closed tranches of its non-brokered private placement through the issuance of an aggregate of 4,824,399 units at a price of $0.30 per unit for gross proceeds of $1,447,319.70. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share for a period of twenty-four (24) months from the date of closing at a price of $0.45 per common share. 322,912 finders' warrants were issued in connection with the private placement. The finders warrants valued at $69,700 using the Black-Scholes pricing model entitle the holder thereof to purchase one Common Share for a period of twenty-four (24) months from the date of closing at a price of $0.30 per common share.

(l) On July 11, 2018, the Company acquired 100% of the outstanding shares of Life Bloor Organics and Brandmax Inc. Under the terms of the acquisition, the Company issued 1,500,000 common shares to the shareholders of LifeBloom Organics and 500,000 common shares to the shareholders of Brandmax Inc.

(m) On August 1, 2018, the Company closed tranches of its non-brokered private placement through the issuance of an aggregate of 766,666 units at a price of $0.30 per unit for gross proceeds of $230,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one Common Share for a period of twenty-four (24) months from the date of closing at a price of $0.45 per Common Share. 74,544 finder warrants were issued in connection with the private placement. The finders warrants valued at $11,300 using the Black-Scholes pricing model entitle the holder thereof to purchase one common share for a period of twenty-four (24) months from the date of closing at a price of $0.30 per common share.

12. Capital stock (continued):

(c) Options

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time.

Changes in the number of options outstanding during the years ended November 30, 2018 and 2017 are as follows:

	2018		2017	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Balance, beginning of year	678,000	$ 0.66	133,820	$ 7.90
Granted	3,920,000	0.32	650,000	0.41
Forfeited, cancelled or expired	(561,700)	0.65	(105,820)	8.30
Balance, end of year	4,036,300	$ 0.36	678,000	$ 0.66
Option exercisable, end of year	3,565,017	$ 0.36	678,000	$ 0.66
Weighted average fair value per unit of option granted during the year		$ 0.32		$ 0.36

Options outstanding at November 30, 2018 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
$0.27	150,000	4.73 years	$0.27	50,000
$0.30	2,800,000	3.06 years	$0.30	2,800,000
$0,40	620,000	1.85 years	$0.40	298,717
$0.45	450,000	0.57 years	$0.45	450,000
$2.50	7,000	0.87 years	$2.50	7,000
$5.50	6,480	0.63 years	$5.50	6,480
$25.00	2,820	1.82 years	$25.00	2,820
$0.27- $25.00	4,036,300	2.47 years	$0.36	3,565,017

12. Capital stock (continued):

(c) Options (continued):

For the year ended November 30, 2018, compensation expense of $803,996 (November 30, 2017- $235,363) was recorded in selling, general, and administrative expense to recognize options granted and which had vested.

The compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model. Management judgmentally determined the variables input into the model. The following are the weighted average assumptions:

	November 30, 2018	November 30, 2017
Expected option life	5 years	1-3 years
Risk free interest rate	2.39%	0.78%
Dividend yield	nil	nil
Expected volatility	148%	160%

(d) Warrants

Changes in the number of warrants outstanding during the years ended November 30, 2018 and November 30, 2017 are as follows:

			2018			2017
	Warrants	**Amount**	**Weighted Average Exercise Price**	Warrants	Amount	Weighted Average Exercise Price
Balance, beginning of year	11,976,262	$1,157,671	$0.28	1,478,140	$535,156	$1.22
issued on acquisition d(i)	3,957,954	1,005,900	0.12	-	-	-
Issued as compensation d(ii)	1,000,000	-	0.45	-	-	-
Granted, pursuant to private placement	34,292,941	1,439,957	0.21	11,002,651	950,350	0.26
Exercised	(366,674)	(38,885)	(0.26)	(88,889)	(8,480)	(0.25)
Expired	-			(415,640)	(319,355)	3.13
Balance end of year	50,860,483	$3,564,643	$0.22	11,976,262	$1,157,671	$0.28
Weighted average remaining contractual life (years)			**1.75**			**1.59**

12. Capital stock (continued):

(d) Warrants (continued):

(i) On February 2, 2018, as part of the acquisition of Rise Research, 3,957,954 warrants of the Company were exchanged for 12,000,000 warrants of Rise Research. The warrants expire on April 31, 2022, have a strike price of $0.1213 and have a fair value on the date of acquisition of $1,005,900 which was determined using the Black Scholes pricing model.

(ii) On July 11, 2018 warrants to purchase 1,000,000 common shares in RISE were issued, each warrant having a five-year term and an exercise price of CDN$0.45 per common share. The warrants vest as to one-third 12 months after closing, and additional one-third vest 24 months after closing, and the balance of one-third vest 36 months after closing. The compensation cost of the warrants is being recognized on a straight-line basis over the vesting period. The Company recognized $37,895 for the year ended November 30, 2018 in compensation expense in selling, general, and administrative expense to recognize warrants granted and which had vested.

The fair value of warrants was determined at the date of measurement using an option pricing model with the following weighted average assumptions, judgementally determined by management:

	2018	2017
Expected life	2.04 years	2.0 years
Risk free interest rate	1.95%	0.78%
Dividend yield	nil	nil
Expected volatility	128%	160%

(e) Per share amounts

The weighted average number of common shares outstanding for the year ended November 30, 2018 and 2017 was 50,028,989 and 13,187,298 respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

13 Segment information

The Company’s strategic decision-making group, consisting of the executive chairman, chief financial officer examine performance of the Company from a geographical perspective and has identified one reportable segment.

	United States	All Other	Consolidated
Revenue from external customers (i)	$ 186,025	$ -	$ 186,025
Non-current assets	692,901	212,356	905,257
Comprehensive loss	1,096,641	10,775,199	11,871,840

i) All revenues were generated within the United states

14. 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
Loss for the year before income taxes	$ (11,856,173)	$ (2,386,591)
Expected income tax recovery	$ (3,141,890)	$ 632,450
Tax rate changes and other adjustments	78,030	-
Permanent differences	1,923,380	(3,880)
Undeducted share issue costs	(125,170)	95,620
Utilization of losses not previously recognized	90,100	50,600
Change in tax benefits not recognized	1,175,550	(774,790)
Income tax expense	$ -	$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize these benefits:

As at November 30, 2018, the following deductible temporary differences have not been recognized:

	2018	2017
Non-capital loss carry-forwards	$ 21,741,000	$ 17,591,300
Non-capital loss carry-forwards - US	1,064,000	-
Scientific research and experimental development expenditures	2,272,000	2,272,000
Intangible assets	1,600,000	1,892,400
Scientific research and experimental development tax credits	470,000	470,000
Share issue costs	352,000	423,800
Property and equipment	497,000	481,000

Non-capital losses carried forward expire between 2026 and 2038. The U.S. net operating loss carry forwards expire in 2038. Scientific research and experimental development tax credits can be applied against income taxes otherwise payable and expire by 2031. Share issue and financing costs will be fully amortized in 2022. The remaining temporary differences may be carried forward indefinitely.

The Company's non-capital income tax losses expire as follows:

2026	$ 477,000
2027	729,000
2028	820,000
2029	721,000
2030	832,000
2031	1,134,000
2032	2,194,000
2033	2,756,000
2034	2,361,000
2035	2,264,000
2036	1,120,000
2037	2,555,000
2038	3,778,000
Total	$ 21,741,000

15. Finance expense

During the years ended November 30, 2018 and 2017 the Company incurred finance expense (income) as follows:

	2018	2017
Interest and accretion on notes payable (note 11)	$ 423,300	$ 319,070
Bank charges and other interest	32,886	33,519
	$ 456,186	$ 352,589

During the years ended November 30, 2018 and 2017, the Company paid finance expense as follows:

	2018	2017
Interest paid on notes payable (note 11)	$ -	$ -
Bank charges and other interest paid	8,620	4,116
	$ 8,620	$ 4,116

16. Commitments and contingencies

(a) Commitments

As at November 30, 2018 and in the normal course of business, the Company has obligations to make future payments, representing contracts and other commitments that are known and committed.

(b) Guarantees

The Company periodically enters into research and license agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations.

16. Commitments and contingencies (continued):

(c) Royalties

The Company is obligated to pay royalties to PreMD based on any future commercial sales of PreVu® Skin Cholesterol test equal to 10%of gross revenue associated with PreVu®. The Company retains the right to buy-out the royalty at anytime for a one-time payment of $1,000,000. There were no royalties paid or accrued during the year ended November 30, 2018 (November 30, 2017 – nil).

The Company is obligated to pay royalties to Canada-Israel Industrial Research and Development Foundation ("CIIRDF") based on any future product revenues, if any, from the exploitation of the preeclampsia technology contemplated in the project funding agreement equal to 2.5 percent up to a maximum of the amounts funded under the agreement. To November 30, 2018, no royalties are due and/or payable.

The Company is obligated to pay a royalty to MSH, subject to minimum annual royalties, of a stipulated percentage of the net sales of licensed products related to the worldwide rights to commercialize a portfolio of biomarkers for use in developing diagnostic assays for the early detection of preeclampsia, if any, along with other milestone payments. If the Company sub-licenses any rights under the MSH Agreement to a third party, the Company shall pay MSH a stipulated percentage of sub-license fee and sub-license royalty fee. No royalties were paid to MSH during the year ended November 30, 2018 (November 30, 2017 – nil).

(d) Contingencies

A claim for breach of performance was lodged against the Company and certain directors of the Company. The Company has assessed the claim as being without merit and has therefore, not recognized any provision with respect to this claim.

A summary judgement has been made against the Company which pertains to prior years. The Company increased the amount provided for by $4,141 during the year and is of the opinion that no additional amounts need to be set aside regarding this matter.

17. Related party transactions:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, President & CEO, Chief Operations Officer and Chief Financial Officer are key management personnel.

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan (note 12(c)). Compensation paid to key management personnel for the periods ended November 30, 2018 and 2017 is as follows:

	2018	2017
Salaries, fees and short-term employee benefits	$ **1,065,805**	$ 233,000
Stock-based compensation	**717,685**	165,634
	$ **1,783,490**	$ 398,634

(b) Key management personnel and shareholder transactions

Included in accounts payable and accrued liabilities is $815,662 (November 30, 2017 $84,349) due to directors and key management. Directors and key management personnel controlled four (4) percent (November 30, 2017-eleven (11) percent) of the voting shares of the Company as at November 30, 2018.

18 Subsequent events

(a) On December 4, 2018, the Company completed a second tranche of convertible notes, raising an additional $1,490,000. Units were issued comprising of notes and warrants. The notes bear interest at 12% per year, paid quarterly in cash to the holders of the notes. The maximum term of the notes is 24 months and the minimum is twelve months, after which time the Company can repay the principle amount of the notes and any accrued but unpaid interest without any penalty or bonus.

At any time prior to repayment of Notes by the Company, the outstanding principal amount of each note and any accrued and unpaid interest is convertible at the sole discretion of the noteholder into common shares of the Company at the conversion price of $0.15 per share. In addition, the notes are convertible by the Company in its discretion into common shares at the conversion price of $0.15 per share in the event that the Company's common shares trade at $0.35 or more for 21 or more consecutive trading days on the Canadian Securities Exchange.

The purchasers of the notes in this second tranche closing were also issued an aggregate of 9,932,340 common share purchase warrants of the Company where each warrant issued is exercisable for 24 months from the date of issue for $0.15 per warrant, into (i) one common share, and (ii) one half of one common share purchase warrant (each whole such warrant a "Bonus Warrant"). Each Bonus Warrant shall be exercisable into one Common Share at an exercise price of C$0.20 per share and shall expire 12 months from the date of its issuance.

(b) On April 1, 2019, the Company completed a tranche of convertible notes, raising an additional $2,349,000. Units were issued comprising of notes and warrants. The notes bear interest at 12% per year, paid quarterly in cash to the holders of the notes. The maximum term of the notes is 24 months and the minimum is twelve months, after which time the Company can repay the principle amount of the notes and any accrued but unpaid interest without any penalty or bonus.

At any time prior to repayment of Notes by the Company, the outstanding principal amount of each note and any accrued and unpaid interest is convertible at the sole discretion of the noteholder into common shares of the Company at the conversion price of $0.15 per share. In addition, the notes are convertible by the Company in its discretion into common shares at the conversion price of $0.15 per share in the event that the Company's common shares trade at $0.35 or more for 21 or more consecutive trading days on the Canadian Securities Exchange.

The purchasers of the notes in this tranche were also issued an aggregate of 15,658,434 common share purchase warrants of the Company where each warrant issued is exercisable for 24 months from the date of issue for $0.15 per warrant, into (i) one common share, and (ii) one half of one common share purchase warrant (each whole such warrant a "Bonus Warrant"). Each Bonus Warrant shall be exercisable into one Common Share at an exercise price of C$0.20 per share and shall expire 12 months from the date of its issuance.

Certain proceeds of this tranche, together with the notes and warrants issued will be deposited with an escrow agent upon closing. If the Company is successful in completing a CBD-related investment (the "Transaction"), the certificates representing any escrowed units will be automatically released from escrow to the subscribers thereof, and any escrowed proceeds will be automatically released from escrow to the Company. If a Transaction has not closed on or before June 30, 2019, unless otherwise agreed by the Company and subscribers for escrowed units, the escrowed proceeds will be returned to subscribers of escrowed units and the notes and warrants that are part of the escrowed units will be returned to the Company for cancellation.