MATICA ENTERPRISES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	March 31, 2018	December 31, 2017
			(Audited)
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	10	**6,964,920**	3,813,666
Marketable securities	4	**1,575,000**	1,050,000
Accounts receivable		**9,773**	6,941
Prepaid expenses		**218,920**	30,885
Total current assets		**8,768,613**	4,901,492
Convertible debenture	5	**600,000**	-
Investment in RoyalMax	5	**4,851,045**	3,805,064
TOTAL ASSETS		**14,219,658**	8,706,556
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**85,092**	65,229
Due to related parties	8	**26,195**	13,719
Flow-through renunciation obligations	11	**150,152**	150,152
Total current liabilities		**338,561**	229,100
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	7	**22,887,884**	16,525,123
Contributed surplus		**5,247,649**	3,712,574
Deficit		**(14,177,314)**	(11,760,241)
Total shareholders’ equity (deficiency)		**13,958,219**	8,477,456
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY (DEFICIENCY)		**14,219,658**	8,706,556

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 11 and 12)
SUBSEQUENT EVENTS (Note 14)

APPROVED ON BEHALF OF THE BOARD ON MAY 30, 2018:

/s/ “Boris Ziger”
Boris Ziger, Director

/s/ “George A. Brown”
George A. Brown, Director

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

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	2018	2017
		$	$
GENERAL AND ADMINISTRATIVE EXPENSES			
Management and directors' fees	8	**39,000**	34,500
Office and miscellaneous		**5,246**	5,782
Professional fees		**47,950**	12,500
Rent	12	**10,542**	12,615
Share-based compensation	7(d), 8	**3,126,500**	233,600
Transfer agent and filing fees		**10,309**	5,506
Travel, marketing and promotion		**23,274**	(27,433)
Total general and administrative expenses		**3,262,821**	277,070
OTHER INCOME (EXPENSES)			
Realized gain on marketable securities	4	**-**	27,600
Unrealized gain (loss) on marketable securities	4	**525,000**	-
Gain (loss) on settlement of debt		**-**	(309)
Total other income (expenses)		**525,000**	27,291
NET LOSS AND COMPREHENSIVE LOSS		**(2,737,821)**	(249,779)
LOSS PER SHARE - BASIC AND DILUTED		**(0.01)**	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		**254,981,748**	140,998,129

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

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	Common shares Shares	Common shares Amount	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
		#	$	$	$	$
Balance, December 31, 2016		139,241,691	7,460,260	294,417	(7,876,264)	(121,587)
Options exercised	7(b)	11,100,000	467,193	(157,693)	-	309,500
Warrants exercised	7(d)	500,000	25,000	-	-	25,000
Units and shares issued for services and settlement of debts	7(b)	4,800,000	75,000	-	-	75,000
Share-based compensation	7(d)	-	-	233,600	-	233,600
Net loss		-	-	-	(249,779)	(249,779)
Balance, March 31, 2017		155,641,691	8,027,453	370,324	(8,126,043)	271,734
Balance, December 31, 2017		264,847,191	16,525,123	3,712,574	(11,760,241)	8,477,456
Options exercised	7(b)	6,207,500	4,067,875	(1,270,675)	-	2,797,200
Options expired/cancelled	7(d)	-	-	(320,750)	320,750	-
Warrants exercised	7(d)	19,285,667	2,207,886	-	-	2,207,886
Shares issued for services	7(b)	207,143	87,000	-	-	87,000
Share-based compensation	7(d)	-	-	3,126,500	-	3,126,500
Net loss		-	-	-	(2,737,823)	(2,737,832)
Balance, March 31, 2018		290,547,501	22,887,884	5,247,649	(14,177,314)	13,958,219

MATICA ENTERPRISES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Unaudited)
(Expressed in Canadian Dollars)

	Note	2018	2017
		$	$
OPERATING ACTIVITIES			
Net loss		**(2,737,823)**	(249,779)
Items not involving cash			
Realized (gain) on marketable securities		**-**	(27,600)
Unrealized (gain) loss on marketable securities		**(525,000)**	94,000
Loss on settlement of debt		**-**	309
Share-based compensation		**3,126,500**	233,600
Shares issued for services		**87,000**	75,000
		(49,323)	31,530
Changes in non-cash working capital items:			
Accounts receivable		**(2,832)**	1,951
Prepaid expenses		**(188,035)**	(34,017)
Accounts payable and accrued liabilities		**19,863**	(55,086)
Cash Used in Operating Activities		**(220,327)**	(55,622)
INVESTING ACTIVITIES			
Convertible debenture	5(a)	**(600,000)**	-
Investment in RoyalMax	5(b)	**(1,045,981)**	-
Investment in exploration and evaluation assets		**-**	(50,000)
Sale of marketable securities		**-**	121,600
Cash Used in Investing Activities		**(1,645,981)**	71,600
FINANCING ACTIVITIES			
Exercise of options		**2,797,200**	309,500
Exercise of warrants		**2,207,886**	25,000
Due to related parties		**12,476**	(216)
Repayment of note payable		**-**	(10,000)
Cash Provided by Financing Activities		**5,017,562**	324,284
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,151,254**	340,262
CASH AND CASH EQUIVALENTS, BEGINNING		**3,813,666**	47,154
CASH AND CASH EQUIVALENTS, ENDING		**6,964,920**	387,416
NON-CASH TRANSACTIONS:			
Shares issued for related parties debt settlement	7(b)	**72,500**	69,000
Shares issued for vendors debt settlement	7(b)	**15,000**	6,000
SUPPLEMENTAL INFORMATION:			
Interest paid		**-**	-
Income taxes paid		**-**	-

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

1. NATURE OF BUSINESS AND GOING CONCERN

Matica Enterprises Inc. ("Matica" or the "Company") was incorporated pursuant to the British Columbia Business Corporation Act in November 2007 under the name of Cadman Resources Inc., a capital pool Company as defined in the policies of the TSX Venture Exchange (the "Exchange"). In December 2010 the Company was transferred to the NEX Board. In July 2012, the Company listed on the Canadian Stock Exchange ("CSE") and voluntarily delisted from the NEX Board.

In April 2014, the Company changed name to Matica Graphite Inc. and traded under the symbol GRF. In July 2014, the Company changed name to Matica Enterprises Inc. and the Company's shares were also accepted for trading on the Frankfurt Stock Exchange. The Company then completed a change of business with a primary focus in the life sciences focused on the medical marijuana industry and in November 2014 the shares resumed trading on the CSE under the new symbol MMJ.

The executive offices of the Company are at 1102 - 44 Victoria Street, Toronto, ON M5C 1Y2, Canada.

The Company no longer holds any mineral property titles, however, it continues to hold a royalty interest in a Nevada lithium property. The business of exploring for minerals involved a high degree of risk and there could be no assurances that exploration programs would result in profitable operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence was dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable minerals, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company had taken steps to verify title to the properties on which it was conducting exploration and in which it had an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures did not guarantee the Company's title. Property title may be subject to unregistered prior agreements, social licensing requirements, and non-compliance with regulatory requirements. The Company's assets could also have been subject to increases in taxes and royalties, renegotiation of contracts, and political and social uncertainty.

The Company has a net loss of $2,737,823 for the three months ended March 31, 2018 (2017 - $249,779), an accumulated deficit of $14,177,314 (December 31, 2017 - $11,760,241), and working capital of $8,507,174 (December 31, 2017 - 4,672,392) which has been funded primarily by the issuance of equity. The Company does not yet generate cash flows from operations and accordingly the Company may need to raise additional funds through future issuance of securities or debt financing (see Note 14). Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will ever attain a profitable level of operations.

The Company's ability to continue as a going concern is uncertain and is dependent upon developing a Health Canada approved facility for growing and selling medical marijuana and maintaining continued support from its shareholders and creditors. The outcome of these matters cannot be predicted at this time and in the event that they do not occur, the carrying value of the Company's assets may be adversely affected.

These unaudited condensed consolidated interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a forced liquidation. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved and authorized for issuance by the Company's Board of Directors on May 30, 2018.

(b) Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified for specific financial instruments carried at fair value where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars.

(c) Consolidation

These condensed consolidated interim financial statements for the three months ended March 31, 2018 and 2017 include the accounts of Matica, its 100% wholly owned subsidiaries Ravenline Exploration Ltd. ("Ravenline"); Nevada subsidiary Ravenline USA Ltd. ("Ravenline USA"); 1022607 B.C. Ltd.; 1022608 B.C. Ltd.; and 1024250 B.C. Ltd. The Company previously held mineral claims to Nevada properties through Ravenline USA.

The three British Columbia numbered subsidiaries were formed to accomplish an arrangement which was terminated in August 2015 under which assets would have been transferred to four subsidiaries, and shares of the subsidiaries would have been distributed to the Company's shareholders. These three numbered subsidiaries were inactive and dissolved in November 2017.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Please refer to the December 31, 2017 audited financial statements and accompanying notes for a description of the significant accounting policies used by the Company. The policies set out in the Company's December 31, 2017 financial statements were consistently applied to all periods presented unless otherwise noted below. These condensed consolidated interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2017.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of March 31, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended December 31, 2018 could result in restatement of these interim consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Fair value of investments in securities not quoted in an active market or private company investments
Where the fair values of financial assets recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

Decommissioning Liabilities
The Company's provision for decommissioning liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of an asset's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Share-Based Payments
Management uses valuation techniques in estimating the fair value of share options granted. The fair value is determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

Contingencies
The Company estimates the amount of contingencies due to the non-compliance of the expenditure obligation on the flow-through shares issued. Consequently, the Company is subject to the interest and penalties from Canada Revenue Agency. In addition, the Company estimates the costs of indemnification from flow-through share subscribers for taxes and penalties that may arise from their personal tax returns as a result of the Company not meeting its renounciation obligations.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income, Value Added, Withholding and Other Taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Going Concern
The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

(b) Adoption of new pronouncements

In 2017, the Company had adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7, IAS 12 and IAS 28. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

(c) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standards will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 10 *Consolidated Financial Statements (“IFRS 10”)* and IAS 28 *Investments in Associates and Joint Ventures* (“IAS 28”) - IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 - Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 - Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

4. MARKETABLE SECURITIES

In July 2016, the Company received 4,700,000 common shares of Spearmint Resources Inc. valued at $188,000 based on a quoted market price of $0.04 per share for the sale of the Clayton Valley properties (see Note 6). During 2017, the Company sold all 4,700,000 common shares for proceeds of $121,600 net of commissions and realized a gain of $27,600.

In May 2017, the Company received 350,000 common shares of a private company at a deemed value of $350,000 based upon a $1.00 per share financing completed by the issuing company. This represented 50% of the agreed to $700,000 third party settlement of the Company’s legal claims against THC Dispensaries Canada Inc. (“THCD”). In December 2017, an additional 175,000 shares were issued at a deemed value of $350,000 based upon a $2.00 per share financing completed by the issuing company in December 2017. The value of these 525,000 shares was adjusted to $1,575,000 at March 31, 2018 to reflect the January 2018 private placement at $3.00 per share as reported by the issuing company on SEDAR.

(Expressed in Canadian Dollars)

5. OTHER INVESTMENTS

(a) Yunify Natural Technologies

In March 2018, the Company signed a definitive agreement with Yunify Natural Technologies ("Yunify"), a Quebec based health and personal care research and innovation technology company. Per the agreement, the Company subscribed for a $2,000,000 ($600,000 paid on signing) convertible debenture bearing interest at six percent per annum. The remaining $1,400,000 is due within one year to the maturity date. The debenture is convertible into units of Yunify at a $0.225 exercise price. Each unit will be comprised of one common share, one-half of one common share purchase warrant of which one full warrant will entitle the holder to purchase one common share of Yunify for a period of 36 months from the closing date at an exercise price of $0.35 per warrant, and one-half common share purchase warrant of which one full warrant will entitle the holder to purchase one common share of the Company for a period of 36 months from the closing date at an exercise price of $0.50 per warrant. By fully exercising the warrants, the Company may acquire up to a 40 per cent interest in Yunify.

(b) RoyalMax Biotechnology Canada Inc.

In March 2017, the Company signed a letter of intent ("LOI") with RoyalMax Biotechnology Canada Inc. "Royal Max", an arms length applicant under the Access to Cannabis for Medical Purposes Regulation ("ACMPR"). Pursuant to the agreement, the $50,000 due on signing the LOI was paid and an additional $135,000 was paid on signing a definitive agreement in April 2017. The Company issued 6,000,000 common shares (fair value on date of issue at $270,000) upon receipt of due diligence disclosure materials. The Company may earn a 65% interest in RoyalMax for funding a cumulative minimum amount of $2,200,000 for the build out of a medical marijuana growing facility up to and including receiving a licence from Health Canada. The Company may receive an additional 5% interest for making a payment of $400,000 within 30 days of notification of licensing by Health Canada. A final payment of $400,000 will become due after twelve months of production at the facility.

	RoyalMax, Quebec
	$
Balance, December 31, 2016	-
Acquisition costs	455,000
Funding of facility build out	3,350,064
Balance, December 31, 2017	3,805,064
Funding of facility build out	1,045,981
Balance, March 31, 2018	4,851,045

As at March 31, 2018, the build out of the facility has not yet been accepted as complete and therefore the Company had not yet earned a 65% interest in RoyalMax.

6. EXPLORATION AND EVALUATION ASSETS

Clayton Valley, Nevada

In February 2016, the Company acquired a lithium property in the Clayton Valley, Nevada. The property was subject to a 3.75% net smelter return ("NSR"). In July 2016, the Company agreed to sell the Clayton Valley properties to Spearmint Resources Inc. ("Spearmint") for 4,700,000 common shares of Spearmint issued in July 2016. As a result of the sale, the Company wrote off the remaining carrying value of the property. The Company continues to hold a 2% NSR on one of the properties. Spearmint may purchase half of the 2% NSR for US$500,000.

7. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued and outstanding

Shares issued for the year ended December 31, 2017:

In January 2017, the Company issued 4,600,000 common shares to two directors and officers in lieu of $69,000 of their 2017 compensation (based on the quoted market price on the date of issuance). The Company also issued 200,000 common shares to a service provider as settlement of $5,691 of debt.

In May 2017, the Company issued 2,142,857 common shares to three directors and/or officers in lieu of their remaining $75,000 of 2017 compensation. The Company also issued 857,143 common shares to a service provider valued at $30,000 (based on the quoted market price on the date of issuance).

In July 2017, the Company closed a private placement of 50,466,000 units at $0.05 for gross proceeds of $2,523,300. Each unit consists of a common share and a share purchase warrant exercisable at $0.10 for 18 months following the closing date. The Company issued 1,356,960 broker share purchase warrants exercisable at $0.05 for 18 months from the closing date and paid $134,864 in finders fees.

For the year ended December 31, 2017, 21,439,500 common shares were issued on exercise of warrants for cash proceeds of $2,375,725.

For the year ended December 31, 2017, 39,900,000 common shares were issued on exercise of stock options for cash proceeds of $2,655,500.

Shares issued for the three months ended March 31, 2018:

For the three months ended March 31, 2017, 19,285,667 common shares were issued on exercise of warrants for cash proceeds of $2,207,886.

For the three months ended March 31, 2017, 6,207,500 common shares were issued on exercise of stock options for cash proceeds of $4,067,875.

In January 2018, the Company issued 171,429 common shares (valued at $72,000) to two directors and officers in lieu of a portion of their 2018 compensation. The Company also issued 35,714 common shares to a service provider as settlement of $15,000 of debt (based on the quoted market price on the date of issuance).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Share purchase warrants

A summary of the changes in the Company's warrants for the three months ended March 31, 2018 is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, December 31, 2016	25,866,025	0.11
Issued	51,822,960	0.10
Exercised	(21,439,500)	(0.11)
Expired or cancelled	(11,120,750)	(0.06)
Balance, December 31, 2017	45,128,735	0.11
Exercised	(19,285,667)	(0.11)
Expired or cancelled	(74,000)	(0.15)
Balance, March 31, 2017	25,769,068	0.10

In January 2017, 7,270,000 warrants exercisable at $0.07 expired unexercised.

In April 2017, 3,850,750 warrants exercisable at $0.05 expired unexercised.

In July 2017, 50,466,000 warrants exercisable at $0.10 and 1,356,960 broker warrants exercisable at $0.05 were issued in relation to a private placement. These warrants expire after 18 months in January 2019. See Note 7(b).

In March 2018, 74,000 warrants exercisable at $0.15 expired unexercised.

The following table summarizes the share purchase warrants outstanding and exercisable as at March 31, 2018:

Exercise price	Expiry date	Number of warrants
$ 0.10	01/10/2019*	24,961,500
$ 0.05	01/10/2019*	807,568
		25,769,068

*See Note 14(a)

As at March 31, 2018, 25,769,068 warrants (2017 - 18,096,025 warrants) with a weighted average remaining contractual life of 0.78 years (2017 - 0.68 years) were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each whole warrant held.

(d) Stock options

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the market price at the time of granting, or as permitted by the policies of the Exchange.

Options granted are non-transferable and may not exceed a term of five years from the grant date. Vesting is as determined by the directors at the time of grant.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

A summary of the changes in the Company's stock options for the three months ended March 31, 2018 is presented below:

	Number of options	Weighted average exercise price
		$
Balance, December 31, 2016	11,325,000	0.025
Options granted	47,050,000	0.17
Options exercised	(39,900,000)	(0.07)
Options cancelled or expired	(225,000)	(0.05)
Balance, December 31, 2017	18,250,000	0.30
Options granted	14,250,000	0.38
Options exercised	(6,207,500)	(0.45)
Options cancelled or expired	(2,000,000)	(0.42)
Balance, March 31, 2018	24,292,500	0.30

In February 2017, the Company granted 6,000,000 stock options to three consultants. The options are exercisable at a price of $0.03 per share for a period of six months expiring in August 2017.

In March 2017, the Company granted 4,500,000 stock options to three consultants. The options are exercisable at a price of $0.045 per share for a period of six months expiring in September 2017.

In March 2017, the Company granted 1,800,000 stock options to two directors and two consultants. The options are exercisable at a price of $0.045 per share for a period of two years expiring in March 2019.

In March 2017, the Company granted 500,000 stock options to a consultant. The options are exercisable at a price of $0.045 per share for a period of 2.5 years expiring in September 2019.

In July 2017, the Company granted 10,000,000 stock options to four directors and two consultants of the Company. The options are exercisable at a price of $0.11 per share for a period of two years expiring in July 2019.

In July 2017, the Company granted 4,500,000 stock options to three consultants. The options are exercisable at a price of $0.11 per share for a period of six months expiring in January 2018.

In August 2017, the Company granted 2,000,000 stock options to a consultant. The options are exercisable at a price of $0.10 per share for a period of six months expiring in February 2018.

In November 2017, the Company granted 2,000,000 stock options to a consultant. The options are exercisable at a price of $0.095 per share for a period of five months expiring in April 2018.

In November 2017, the Company granted 4,500,000 stock options to three consultants. The options are exercisable at a price of $0.16 per share for a period of five months expiring in April 2018.

In November 2017, the Company granted 250,000 stock options to a consultant. The options are exercisable at a price of $0.16 per share for a period three years expiring in November 2020.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

In December 2017, the Company granted 4,000,000 stock options to two consultants. The options are exercisable at a price of $0.42 per share for a period of six months expiring in June 2018.

In December 2017, the Company granted 7,000,000 stock options to four directors and one consultant. The options are exercisable at a price of $0.42 per share for a period of three years expiring in December 2020.

In January 2018, the Company granted 2,500,000 stock options to two consulting companies. The options are exercisable at a price of $0.58 for a period of six months expiring in July 8, 2018.

In February 2018, the Company granted 4,000,000 stock options to two consulting companies. The options are exercisable at a price of $0.32 per share for a period of six months expiring in August 3, 2018.

In March 2018, the Company granted 7,750,000 stock options to four directors and/or officers, two consultants and a consulting company. The options are exercisable at $0.35 of which 7,250,000 expire on March 23, 2021, and 500,000 expire on September 23, 2018.

All options granted above vested immediately on the date of grant.

The weighted average grant date fair value of stock options granted in 2017 was $0.22 (2017 - $0.018).

For purposes of the calculation, the following assumptions were used under the Black-Scholes model:

Issue date	March 23, 2018	March 23, 2018	February 3, 2018	January 5, 2018	December 22, 2017
Share price	$0.35	$0.35	$0.32	$0.58	$0.42
Risk free interest rate	1.92%	1.80%	1.85%	1.73%	1.71%
Expected dividend yield	0%	0%	0%	0%	0%
Expected volatility	140%	140%	140%	140%	142%
Expected life	3 years	0.5 years	0.5 years	0.5 years	3 years

Issue date	December 22, 2017	November 24, 2017	November 24, 2017	November 24, 2017	August 11, 2017
Share price	$0.42	$0.16	$0.16	$0.095	$0.10
Risk free interest rate	1.66%	1.48%	1.41%	1.44%	1.23%
Expected dividend yield	0%	0%	0%	0%	0%
Expected volatility	140%	166%	175%	121%	166%
Expected life	0.5 years	3 years	0.42 years	0.42 years	0.5 years

Issue date	July 11, 2017	July 11, 2017	March 15, 2017	March 15, 2017	March 15, 2017
Share price	$0.11	$0.11	$0.045	$0.045	$0.045
Risk free interest rate	1.19%	1.19%	0.80%	0.80%	0.80%
Expected dividend yield	0%	0%	0%	0%	0%
Expected volatility	164%	135%	130%	130%	134%
Expected life	0.5 years	2 years	2.5 years	2 years	0.5 years

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Issue date	February 27, 2017	February 24, 2017	November 24, 2016	November 9, 2016
Share price	$0.03	$0.03	$0.025	$0.025
Risk free interest rate	0.76%	0.76%	0.68%	0.59%
Expected dividend yield	0%	0%	0%	0%
Expected volatility	163%	211%	205%	123%
Expected life	0.5 years	0.5 years	0.5 years	5 years

The following table summarizes the options outstanding and exercisable as at March 31, 2018:

Exercise price		Expiry date	Number of options
$	0.16	04/24/2018*	500,000
$	0.58	07/08/2018	500,000
$	0.32	08/03/2018	2,850,000
$	0.35	09/23/2018	500,000
$	0.11	07/11/2019	6,500,000
$	0.16	11/24/2020*	192,500
$	0.42	12/24/2020	6,000,000
$	0.35	03/23/2021	7,250,000
			24,292,500

*See Note 14(b)

As at March 31, 2018, 24,292,500 options (2017 - 13,025,000) with a weighted average remaining contractual life of 1.99 years (2017 - 2.30 years) were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held.

8. RELATED PARTY TRANSACTIONS

The following is a summary of transactions with directors and officers, and companies controlled by directors of the Company:

Due to related parties comprised amounts owed to directors and officers as at March 31, 2018 of $26,195 (December 31, 2017 - $13,719). These amounts are unsecured, due on demand and non-interest bearing.

During the year ended December 31, 2017, the Company issued 6,742,857 common shares valued at $144,000 to three directors and/or officers in lieu of their 2017 compensation.

During the three months ended March 31, 2018, the Company issued 171,429 common shares valued at $72,000 to two directors and/or officers in lieu of a portion of their 2018 compensation.

Key Management Compensation:

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the three months ended March 31, 2018 and 2017. Short-term key management compensation for the three months ended March 31, 2018 and 2017 are as follow:

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (continued)

	2018	2017
	$	$
Director fees	3,000	-
Management fees, paid to officers and directors	36,000	34,500
Share-based compensation to officers and directors	99,927	29,056
Total key management compensation	138,927	63,556

9. MANAGEMENT OF CAPITAL

The Company's objective for capital management is to safeguard its ability to support the Company's normal operating requirement on an ongoing basis and continue the development its evaluation assets.

The Company seeks to manage capital to provide adequate funding for its projects while minimizing dilution for its existing shareholders. As the Company has no practical ability presently to raise money by long term or other debt, for practical purposes, all of its capital management is directed towards management of its equity, warrant and option issuances. There is thus very limited flexibility in its capital management. The Company is not subject to any externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK

Classification

Financial instruments are classified into one of five categories: fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the values of these investments will depend on their initial classification as follows: FVTPL financial assets are measured at fair value with changes in fair value recognized in operations. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents, and marketable securities as FVTPL. Accounts payable and accrued liabilities, note payable and due to related parties are classified as other financial liabilities.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2018	December 31, 2017
	$	$
FVTPL (i)	8,539,920	4,863,666
Other financial liabilities (ii)	111,287	78,948

(i) Cash and cash equivalents, and marketable securities
(ii) Accounts payable and accrued liabilities, note payable and due to related parties

Fair value

As at March 31, 2018, the Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts payable and accrued liabilities, note payable and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK (continued)

The Company's financial instruments measured at fair value on a recurring basis at are as follows:

At March 31, 2018:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	6,964,920	-	-	6,964,920
Marketable securities	-	-	1,575,000	1,575,000

At December 31, 2017:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	3,813,666	-	-	3,813,666
Marketable securities	-	-	1,050,000	1,050,000

Financial instruments classified as Level 3 are measured at fair value utilizing non-observable market inputs. The net realized gains (losses) and net change in unrealized gains (losses) are recognized in the consolidated statements of loss.

Within Level 3, the Company included private company investments which are not quoted on a recognized securities exchange. The key assumptions used in the valuation of these instruments include, but are not limited to, the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 of the fair value hierarchy:

		March 31, 2018
Based upon recent financings	$	1,575,000

For those investments valued based on recent financings, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at March 31, 2018. A 10% change in the fair value of these investments would result in a corresponding +/- $157,500 change to the fair value of the investments.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a financial institution.

Liquidity risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments.

10. FINANCIAL INSTRUMENTS AND RISK (continued)

Foreign exchange risk

The Company has minimal foreign exchange risk as most of its transactions are in Canadian dollars. Foreign currency transactions are recorded in Canadian dollars based on exchange rates as at the time of the transaction.

Interest rate risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions. The Company does not have any non-fixed rate debt.

11. CONTINGENCIES

On December 22, 2012, the Company closed a non-brokered private placement of 2,003,333 flow-through units at a price of $0.06 per unit for gross proceeds of $120,200. The Company was committed to incur on or before December 31, 2013 a total of $43,200 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada. As at March 31, 2018, the Company had unfulfilled CEE obligations of $42,770 (2017 - $42,770). As the Company did not fulfill the expenditure obligation, the Company has accrued $31,947 as at March 31, 2018 (2017 - $26,947) related to Part XII.6 tax and related penalties and interests on the unfulfilled commitments. Furthermore, the Company may also have to indemnify shareholders for taxes and related amounts in respect of the unspent portion of the commitment. As at March 31, 2018, an estimated amount accrued relating to the indemnification on the unfulfilled commitments totalled $85,277 (2017 - $85,277). The outcome of the amount of actual claims and penalties, if any, is contingent on assessments by the Canada Revenue Agency and any subsequent claims by subscribers against the Company.

The Company may become party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision is recorded in the consolidated financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of any such matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of legal actions or other claims, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

12. COMMITMENTS

The Company entered into a rental agreement for its office space in Toronto for the period from November 1, 2014 to January 31, 2020. The remaining rental commitment is $46,168. for 2018, $61,558 for 2019, and $5,130 for 2020.

13. SEGMENT DISCLOSURE

Geographic Information

The Company's assets at March 31, 2018 and 2017 were based solely in Canada.

Operating segments

During the three months ended March 31, 2018, the Company operates in the health related sector and is investing in an ACMPR applicant in Quebec, Canada. (See Note 5). The Company continues to hold a royalty on a Nevada Lithium property carried at nil value as at March 31, 2018 (Note 6).

14. SUBSEQUENT EVENTS

a) Subsequent to March 31, 2018, 800,000 warrants were exercised for proceeds of $70,000.

b) Subsequent to March 31, 2018, 542,000 options were exercised for proceeds of $86,800.

c) In April 2018, the Company closed a private placement for 1,500,000 units at $0.35 for gross proceeds of $525,000. Each unit consists of a common share and a share purchase warrant exercisable at $0.45 for two years following the closing date. The Company also issued 120,000 units in finders fees.

d) In May 2018, the Company issued 290,908 common shares (valued at $84,000) to two directors and officers in lieu of a portion of their 2018 compensation. The Company also issued 150,000 common shares to a service provider as settlement of $33,000 of debt (based on the quoted market price on the date of issuance).