

QUIKFLO HEALTH INC.

CONSOLIDATED FINANCIAL STATEMENTS

For Six Months Ended January 31, 2017
And for the Year Ended July 31, 2016

(Expressed in Canadian Dollars)

Notice to Readers:

These unaudited consolidated interim financial statements of QUIKFLO HEALTH INC. (Formerly Viper Gold Ltd.) (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - *Continuous Disclosure Obligations*.

QUIKFLO HEALTH INC.Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	<i>Notes</i>	As at January 31, 2017 (Unaudited) \$	As at July 31, 2016 (Audited) \$
ASSETS			
Current Assets			
Cash		9,484	1,208
Sales tax receivable		22,097	14,668
Prepaid expenses		6,156	8,817
Total Current Assets		37,737	24,693
Non-Current Assets			
Intangible asset	5	389,000	389,000
Total Assets		426,737	413,693
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		852,530	586,568
Shareholder loan	12	197,000	121,000
Total Current Liabilities		1,049,530	707,568
Shareholders' Equity			
Share capital	6	2,519,715	2,496,255
Share based payments reserve	6	925,493	825,493
Deficit		(4,068,001)	(3,715,623)
Total Shareholders' Equity		(622,793)	(293,875)
Total Liabilities and Shareholders' Equity		426,737	413,693

Going Concern (Note 1)

Commitments and Contingencies (Note 11)

Subsequent Events (Note 13)

Approved on Behalf of the Board:

"Signed"

George Tsafalas, Director

"Signed"

Rick Skeith, Director

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

QUIKFLO HEALTH INC.

Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	<i>Notes</i>	Six Months Ended January 31, 2017 (Unaudited)	Six Months Ended January 31, 2016 (Unaudited)	Three Months Ended January 31, 2017 (Unaudited)	Three Months Ended January 31, 2016 (Unaudited)
		\$	\$	\$	\$
EXPENSES					
Listing expense	4	5,001	-	3,987	-
Stock based compensation	6	-	-	-	-
Management and consulting fees	12	180,002	357,227	98,751	206,032
Filing fees and communications		2,306	27,963	1,094	12,296
Payroll		-	29,103	-	24,926
Professional fees		160,943	554,438	131,387	409,739
General and administrative expenses		4,128	139,556	3,871	69,822
Net loss and comprehensive loss for the year		352,379	1,108,286	239,089	722,815
Basic and diluted loss per share	7	(0.01)	(0.06)	(0.01)	(0.02)
Weighted average number of common shares	7	39,621,460	18,589,700	39,695,950	30,602,000

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

QUIKFLO HEALTH INC.Interim Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

	<i>Notes</i>	Six Months Ended January 31, 2017 (Unaudited)	Six Months Ended January 31, 2016 (Unaudited)
		\$	\$
Cash flows from operating activities:			
Net loss and comprehensive loss for the year		(352,379)	(1,108,286)
Adjusted for:			
Listing expense	4	-	-
Stock based compensation	6	-	-
Changes in non-cash working capital:			
Sales tax receivable		(7,429)	(32,132)
Prepaid expenses		2,661	(8,812)
Accounts payable and accrued liabilities		265,962	587,996
Net cash flows used in operating activities		(91,185)	(561,235)
Cash flows from investing activities:			
Intangible assets acquisition		-	(5,028)
Net cash flows from investing activities		-	(5,028)
Cash flows from financing activities:			
Issuance of common shares, net	6	23,460	471,477
Cash acquired related to reverse takeover	4	-	-
Proceeds from shareholder loan	12	76,000	55,000
Net cash flows from financing activities		99,460	526,477
Net increase in cash		8,275	(39,786)
Cash, beginning of the period		1,208	130,558
Cash, end of the period		9,483	90,772
Supplemental Information:	4	-	-
Common shares issued for intangible assets	12	-	3,000,000
Accrued share issue costs		-	28,523

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

QUIKFLO HEALTH INC.Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Share capital		Share Based Payments Reserve	Deficit	Total Equity
		Number of Shares	Amount			
			\$	\$	\$	
Balance at July 31, 2015		601	372,555		(40,843)	331,712
Common shares issued for cash	6	400	250,000	-	-	250,000
Reverse takeover (RTO) transaction	4	(1,001)	-	-	-	-
RTO acquisition of QuikFlo Technologies	4	30,000,000	-	-	-	-
QuikFlo Health shares on RTO		8,577,200	1,715,400	-	-	1,715,400
RTO assumption of QuikFlo Health warrants	4	-	-	515,200	-	515,200
Common shares issued for warrants exercise	6	700,000	144,300	(109,300)	-	35,000
Share issued for license acquisition	6	100,000	14,000	-	-	14,000
Stock based compensation	6	-	-	519,593	-	519,593
Net loss for the period		-	-	-	(3,674,780)	(3,674,780)
Balance at July 31, 2016		39,377,200	2,496,255	925,493	(3,715,623)	(293,875)
Common shares issued for cash	6	318,750	25,500	-	-	25,500
Share issued costs	6	-	(2,040)	-	-	(2,040)
Net loss for the period		-	-	-	(352,379)	(352,379)
Balance at January 31, 2017		39,695,950	2,519,715	925,493	(4,061,002)	(622,794)

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

QUIKFLO HEALTH INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTH PERIOD ENDED JANUARY 31, 2017 and YEAR ENDED JULY 31, 2016

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Viper Gold Ltd. (the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on January 29, 2008. The Company’s executive office is located at 734-1055 Dunsmuir Street, Vancouver, British Columbia, Canada. The Company changed its name to QuikFlo Health Inc. on November 23, 2015. The Company was in the business of acquiring and exploring mineral properties. The Company has recently acquired a company in the medical diagnostic field, and has therefore switched its focus to developing innovative solutions for the analysis of medical images. Primarily, the Company is focused on improving outcomes for stroke patients, where existing time delays are solvable through more efficient triage based on rapid, accurate analysis of medical images.

Going concern

The ability of the Company to realize its business plan and continue operations is dependent upon the Company being able to commercialize a product for sale, to finance research, development and commercialization costs and compete in a competitive marketplace for stroke monitoring products. Although the Company believes it will be successful, there is no guarantee the Company will produce a product that is marketable or obtains consumer acceptance. These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management believes they can raise sufficient working capital to continue current operations for the next twelve months, but is aware, in making its going concern assessment, of material uncertainties related to events or conditions that raise significant doubt upon the entity’s ability to continue as a going concern. The Company has incurred a loss of \$352,379 (2016 - \$1,108,286) and has an accumulated deficit of \$4,068,001 (2016 - \$2,905,286) and a working capital deficiency of \$1,011,793 (2016 – \$264,873).

2. BASIS OF PRESENTATION

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The interim consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2017.

Basis of measurement

The interim consolidated financial statements have been prepared on a historical cost basis.

The interim consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Acquisition of QuikFlo Technologies Inc.

On November 23, 2015, QuikFlo Health acquired a 100% ownership in QuikFlo Technologies by issuing 30,000,000 common shares to the shareholders of QuikFlo Technologies (Note 4). For accounting purposes, this acquisition is accounted for as a reverse takeover transaction and recapitalization as the acquisition resulted in the former shareholders of QuikFlo Technologies having control of the combined entity. This was accounted for as an acquisition of assets of QuikFlo Health and is not a business combination. Accounting for the acquisition as a reverse takeover results

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in the following:

- i. The consolidated financial statements of the combined entities are issued as the consolidated financial statements of the legal parent, QuikFlo Health, but are considered a continuation of the financial statements of the legal subsidiary, QuikFlo Technologies.
- ii. Since QuikFlo Technologies is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.
- iii. The deficit of QuikFlo Health up to the date of acquisition was eliminated.
- iv. The number of shares issued in the consolidated entity is that of QuikFlo Health up to the RTO date on November 23, 2015, plus all shares issued on and after the RTO date. The dollar amount of the issued share capital in the consolidated statement of financial position immediately prior to acquisition is the dollar value of QuikFlo Technologies' issued capital up to the RTO date on November 23, 2015 plus the value of all shares issued by the Company on and after the RTO date, including the value of shares issued to acquire QuikFlo Technologies.
- v. Change of fiscal year end from December 31 to July 31 to coincide with the fiscal year end of QuikFlo Technologies.

Recently adopted accounting standards and interpretations issued but not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after August 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018; with earlier adoption permitted.

IAS 1 – Presentation of Financial Statements

The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is for annual periods beginning on or after January 1, 2016; with earlier adoption permitted.

IAS 38 - Intangible Assets and IAS 16 – Property, Plant and Equipment

In May 2014, the IASB issued amendments to IAS 16 and IAS 38 to clarify acceptable methods of depreciation and amortization. The amended IAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to IAS 38 eliminate the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016; with earlier adoption permitted.

IFRS 16 - Leases

In January 2016, the IASB issued the standard to replace IAS 17 "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019; with earlier adoption permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising

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from an entity's contracts with customers. It provides a single model for an entity to recognize revenue in order 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 and services. IFRS 15 supersedes the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue- Barter Transactions Involving Advertising Services. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. This standard is effective for annual periods beginning on or after January 1, 2017; with earlier adoption permitted.

Significant accounting judgments and use of estimates

The preparation of the interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis with revisions to the accounting recognized in the period in which the estimates are revised and in any applicable future period. Significant assumption about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Intangible assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline in fair value of financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements.

Basis of consolidation

These interim consolidated financial statements include the accounts of QuikFlo Health and QuikFlo Technologies. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances have been eliminated.

The purchase method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities

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and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in profit or loss. Associated transaction costs are expensed when incurred.

Foreign currencies

The interim consolidated financial statements are presented in Canadian dollars, the functional currency. Foreign currency monetary items are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated at historical exchange rates, with corresponding depreciation translated at the same exchange rates as the assets to which they relate. Revenues and expenses are translated into Canadian dollars at the rates of exchange prevailing when the underlying transactions occurred. Foreign exchange gains or losses on translation are recognized in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized on the interim consolidated statement of financial position at the time the Company becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company has made the following classifications:

Cash and cash equivalents and sales tax receivable are classified as loans and receivables and are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are recorded at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and shareholder loan are classified as financial liabilities and are initially measured at fair values less directly attributable transaction costs. Subsequently, they are recorded at amortized cost using the effective interest method.

The Company has no held-to-maturity investments or available-for-sale financial assets.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment test is performed, on an individual basis, for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in profit or loss. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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(Expressed in Canadian dollars)

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or cash-generating units. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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 if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Cash

Cash includes cash on hand and balances with banks. Deposits are held in Canadian financial institutions.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. Amortization shall begin when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The intangible asset represents amounts paid for an entire right, title and interest and to the intellectual property rights and technology rights related to an automated imaging tool for quick and appropriate triage of stroke patients.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized. At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication of impairment. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss. When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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(Expressed in Canadian dollars)

Income taxes

Income tax expense comprises deferred income tax expense and is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax is recognized using the balance sheet method, providing for 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 on the initial recognition of assets or liabilities in a transaction that is not a business combination. 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, 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 to the extent that is probable that future taxable profits will be available against which the temporary difference 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.

Equity

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of common shares, share options and warrants are recognized as a deduction from equity, net of any tax effects.

Share based payments

The fair value of share based payments granted is recognized as an asset or expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of equity-settled share-based payment transactions with employees is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Loss per share

Basic loss per common share is calculated by dividing the loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

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AS AT AND FOR THE SIX MONTH PERIOD ENDED JANUARY 31, 2017 and YEAR ENDED JULY 31, 2016

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4. ACQUISITION OF QUIKFLO TECHNOLOGIES INC.

On November 23, 2015, QuikFlo Health acquired a 100% ownership in QuikFlo Technologies by issuing 30,000,000 common shares to the shareholders of QuikFlo Technologies. For accounting purposes, this acquisition is accounted for as a reverse takeover transaction and recapitalization as the acquisition resulted in the former shareholders of QuikFlo Technologies having control of the combined entity. This was accounted for as an acquisition of assets of QuikFlo Health and is not a business combination.

The fair value of the consideration paid by QuikFlo Technologies for the acquisition of QuikFlo Health this based on the fair value of equity instruments in the combined entities allocated to the existing shareholders in QuikFlo Health. The consideration paid by QuikFlo Technologies consists of the fair value of QuikFlo Health's common shares, share purchase options and share purchase warrants outstanding immediately before the date of the reverse takeover acquisition. The identifiable assets acquired and liabilities of QuikFlo Health assumed by QuikFlo Technologies are measured at their fair values at the acquisition date. Excess of the aggregate of the consideration transferred by QuikFlo Technologies over the fair value of the identifiable net assets acquired and liabilities of QuikFlo Health assumed by QuikFlo Technologies is attributable to the cost of obtaining a listing status. This amount is expensed as it does not meet the criteria for recognition as an asset.

The following are the fair values of QuikFlo Health's assets acquired and liabilities assumed by QuikFlo Technologies on November 23, 2015 and consideration paid by QuikFlo Technologies:

Net assets acquired:	\$
Cash and cash equivalents	475,307
Prepaid expenses	34,301
Accounts payable and accrued liabilities	(252,091)
Total net assets acquired	257,517
Consideration paid:	
Fair value of QuikFlo Health's existing common shares deemed issued by QuikFlo Technologies (Note 6)	1,715,400
Fair value of QuikFlo Health's existing post consolidation share purchase warrants deemed granted by QuikFlo Technologies (Note 6)	515,200
Total consideration paid	2,230,600
Listing expense	1,973,083

5. INTANGIBLE ASSETS

On July 27, 2015, the Company acquired all of the rights, title and interest in and to the intellectual property rights and technology rights ("IP Rights") related to an automated imaging tool for quick and appropriate triage of stroke patients by way of an intellectual property assignment agreement. The intellectual property rights comprise a worldwide, perpetual right, title and interest in the invention and any improvements that may be afforded protection under laws of a given jurisdiction through the application and granting of a patent, trademark, copyright or other similar forms of intellectual property protection. The intellectual property rights include a United States provisional patent application that was filed on December 1, 2014. The Company filed a regular utility patent application by December 1, 2015 to claim priority to and the benefit of the provisional patent filing date. If the full patent is granted in the United States, the technology detailed in the patent will be protected for a period of 20 years. The technology rights comprise the right, title and interest in any technical information, know-how, processes, procedures, compositions, devices, methods, formulae, protocols, techniques, software, designs, drawings or data created. In consideration for the IP Rights, the Company issued 600 common shares to the inventors of the IP Rights with an estimated grant date fair value of \$625 per common share based on the value of common shares issued for cash around the same date, for total consideration of \$375,000. Additionally, the Company signed an Assignment Agreement with UTI Limited Partnership for the IP Rights. Pursuant to this agreement, the Company shall pay the following i) a running royalty of 1% of net

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sales; ii) royalty conversion at the time of a liquidation event or an Initial Public Offering ("IPO") equal to 1% of the aggregate consideration for a liquidation event or a valuation for an IPO; and iii) change of control fee equal to 2% of either the aggregate consideration for a liquidation event or a valuation for an IPO.

On February 12, 2016, the Company has reached agreement to enter into a worldwide non-exclusive license agreement with the University of Western Ontario ("Western") to use certain CT perfusion intellectual property that has been developed by Dr. Ting Lee, the Company's former Chief Technology Officer. This technology was assigned to Western by Dr. Lee, who is a professor at Western, in accordance with that university's policies. This same technology has been an integral part of General Electric's CT scanner programs for several years. In consideration for the license agreement, the Company issued 100,000 common shares to Western with a grant date fair value of \$0.14 per common share, for total consideration of \$14,000. Pursuant to this agreement, the Company shall pay the following i) a running royalty of 0.5% of net sales and; ii) change of control fee equal to 0.5% of the aggregate consideration for a liquidation event.

6. SHAREHOLDERS' EQUITY

Authorized

- unlimited number of common shares without par value
- unlimited number of preferred shares issuable in series

Issued common shares

	Number of Shares	Amount \$
Balance at July 31, 2015	601	372,555
Common shares issued for cash	400	250,000
Reverse takeover transaction (RTO) (Note 4)	(1,001)	-
RTO acquisition of QuikFlo Technologies (Note 4)	30,000,000	-
QuikFlo Health shares on RTO (Note 4)	8,577,200	1,715,400
Common shares issued for warrant exercise	700,000	144,300
Common shares issued for license acquisition (Note 5)	100,000	14,000
Balance at July 31, 2016	39,377,200	2,496,255
Common shares issued for cash	318,750	25,500
Common share issued costs	-	(2,040)
Balance at January 31, 2017	39,695,950	2,519,715

Prior to the reverse takeover, QuikFlo Technologies issued 400 common shares, to officers and directors of the Company, for total proceeds of \$250,000.

During the year, the Company issued 700,000 common shares for warrants exercised for total proceeds of \$35,000 (residual recorded in share based payments reserve).

The Company issued to Western 100,000 common shares for the license acquisition (Note 5).

During the six month period ended January 31, 2017, the Company issued 318,750 units at \$0.08 per unit for gross proceeds of \$25,500. Each unit is made up of one common share and one common share purchase warrant, whereby each warrant is exercisable for one common share at a price of \$0.20 per share for 18 months.

Warrants

Details of common share purchase warrants outstanding at January 31, 2017 and July 31, 2016 are as follows:

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	Number of Warrants	Weighted Average Exercise Price (\$)
Balance at January 31, 2016	3,306,000	0.05
Exercised	(700,000)	0.05
Expired	(2,606,000)	0.05
Balance at July 31, 2016	-	-
Issued for private placement	318,750	0.20
Balance at January 31, 2017	318,750	0.20

The fair value of QuiKFlo Health's share purchase warrants assumed by QuikFlo Technologies were valued using the Black Scholes option pricing model with the following weighted average assumptions:

Exercise price	\$0.05 - \$0.10
Grant date share price	\$0.20
Expected life	0.28 – 0.64 years
Risk free interest rate	0.50%
Share price volatility	140%
Dividend rate	-
Forfeiture rate	-

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of common stock options shall not exceed 20% of the issued and outstanding common shares of the Company, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of options granted under the plan shall not be lower than the exercise price permitted by the TSX Venture Exchange, and all options granted under the plan will have a term not to exceed five years.

During the six month period ended January 31, 2017, 3,475,000 stock options were forfeited, 3,400,000 of which were forfeited by directors and officers.

A summary of the status of the Plan as at January 31, 2017 and 2016, and changes during periods ended on those dates are presented below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance at January 31, 2016	-	-
Granted	4,700,000	0.25
Forfeited	(125,000)	0.25
Balance at July 31, 2016	4,575,000	0.24
Forfeited	(3,475,000)	0.24
Balance on January 31, 2017	1,100,000	0.24

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The following table summarizes stock options outstanding and exercisable under the Company's stock option plan as at January 31, 2017 (2016 – 4, 575, outstanding):

Date Issued	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Years
November 14, 2015	1,000,000	0.25	4.29
December 23, 2015	100,000	0.25	4.39
Total	1,100,000	0.25	4.30

Stock based compensation expense was determined based on the fair value of the options at the date of measurement using the Black Scholes option pricing model with the following assumptions:

	2016	2015
Exercise price	\$0.10 - \$0.32	-
Grant date share price	\$0.10 - \$0.35	-
Expected life	5 years	-
Risk free interest rate	0.64% - 0.94%	-
Share price volatility	140%	-
Dividend rate	-	-
Forfeiture rate	-	-

Total stock based compensation expense recognized during the year was \$519,593 (2015 - \$nil), of which \$468,418 was to officers and directors (Note 12).

7. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year.

Diluted

Diluted loss per share is the same as basic loss per share as issued and outstanding warrants and options are considered to be anti-dilutive.

	2016	2015
Net loss attributable to common shareholders	\$ 3,674,780	\$ 40,843
Weighted average number of common shares	35,660,320	46
Basic and diluted loss per share	\$ 0.10	\$ 887.89

8. INCOME TAXES

The provision for income taxes differs from the amount that would be computed by applying the expected tax rate to the Company's net loss. The principle reasons for differences between such "expected" income tax expense and the amount actually recorded are as follows:

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	2016	2015
	\$	\$
Loss before income taxes	(3,674,780)	(40,843)
Statutory income tax rate	27%	25.67%
Income tax recovery	(992,191)	(10,484)
Non-deductible expenses	196,126	-
Other	(10,620)	(659)
Change in tax rates	-	(545)
Change in unrecognized deferred tax assets	806,685	11,688
Income tax recovery	-	-

The Canadian statutory tax rate changed from 25% to 26% in 2015 and to 27% in 2016 onwards, due to an increase in the Provincial statutory tax rate.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following temporary differences:

	2016	2015
	\$	\$
Property, plant and equipment	825	-
Share issuance costs	8,754	631
Non-capital losses	808,794	11,057
Unrecognized deferred tax assets	818,373	11,688

At July 31, 2016, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in the future years. The non-capital losses of \$2,995,532 (2015 - \$40,953) will expire between 2035 and 2036.

9. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

Credit risk management

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivables. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss is remote. Financial instruments included in amounts receivable consist of harmonized sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

Liquidity risk

As at January 31, 2017, the Company had a working capital deficiency of \$1,011,793 (2016 – working capital \$682,875). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2017, the Company does not have sufficient cash to settle current liabilities (Note 1).

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at January 31, 2017, the Company had cash balances of \$487 (2016 - \$Nil) in U.S. dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have had a material effect to the net loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and currently does not carry interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

Fair value of financial assets and liabilities

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities,
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (ie. As prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The statement of financial position carrying values of the cash, sales tax receivable, accounts payable and accrued liabilities and shareholder loan approximate their respective fair values due to the short-term nature of these instruments.

10. CAPITAL RISK MANAGEMENT

The Company defines capital as Shareholders' Equity which at January 31, 2016 was \$(605,833) (July 31, 2016 - \$(293,875)). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its intellectual property and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at October 31, 2016, the Company had no bank debt (2015 - \$nil). As discussed in Note 1, the Company's ability to continue to carry out its planned operations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the three month period ended October 31, 2016 and 2015. The Company is not subject to externally imposed capital requirement.

11. COMMITMENTS AND CONTINGENCIES

The Company entered into a lease for office space for 12 months from February 1, 2017 to January 31, 2018. The Company has a rental commitment of \$18,139 at January 31, 2018 (2017 - \$nil).

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The Company entered into a consulting agreement, with a senior engineer, for 3.5 years from December 15, 2015 to January 1, 2019. The Company has a commitment of \$221,676 at January 31, 2017 (2016 - \$316,680).

12. COMPENSATION OF KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

The remuneration of directors and members of key management personnel during the six month period ended January 31, 2017 and 2016 were as follows:

	2017	2016
Compensation	36,809	760,908
Stock based compensation	-	-
Total	36,809	760,908

During the six month period ended January 31, 2017, the Company incurred legal fees and share issue costs in the amount of \$80,034 (2015 – \$382,424 and \$28,523) from a law firm of which a director of the Company is a partner. As at January 31, 2017, the Company owed the law firm \$318,977 (2016 – \$263,136). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

As at January 31, 2017, the Company owed directors and officers \$102,000 (2016 - \$116,669). These amounts are included in accounts payable and accrued liabilities on the statement of financial position and are unsecured, non-interest bearing with no fixed terms of repayment.

As at January 31, 2016, the Company has a loan with a director of the Company for \$181,000 (2016 - \$nil). This loan is unsecured, non-interest bearing with no fixed terms of repayment.

13. SUBSEQUENT EVENTS

The Company recently entered into a letter of intent to acquire two US marijuana companies in Las Vegas, Nevada. The acquisitions include a 12,000 sq. ft. licensed medical marijuana cultivation/production facility and packaging center with over \$1 million in medicinal sales in its first year of operation. The second acquisition is of a start-up company that develops and markets hemp based and CBD infused products for sales nationwide.

QuikFlo will acquire a non-arms' length private company which has arms' length agreements dated January 25, 2017 in place to acquire 91% of both the medical marijuana production facility company and the related infused product company. QuikFlo is currently undertaking a non-brokered private placement of up to \$7,500,000, subject to regulatory approval. Arms' length finders fees will be paid in an amount still to be negotiated. The Company is offering units at a price of \$0.075 per unit, with each unit consisting of one common share and one half of a share purchase warrant entitling the holder to purchase one additional common share for \$0.15 for a period of 2 years from closing. The warrants will contain a forced conversion provision that if the shares of the Company trade at \$0.25 or more for a period of 10 trading days, the Company has the option to accelerate the expiry date to no less than 30 days from a press release advising of the same. The Company will pay qualified finders a commission of 8% in cash and finder's warrants.

The Company anticipates paying approximately US \$3.7 million and issuing approximately 60 million shares in respect to this transaction, in addition to the private placement shares. This transaction is subject to all conditions customary in acquisitions of this kind, including due diligence and regulatory approval from county and state health authorities.