WESTCOT VENTURES CORP.

Financial Statements
Years Ended January 31, 2019 and 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Westcot Ventures Corp.

Opinion

We have audited the financial statements of Westcot Ventures Corp. (the "Company"), which comprise the statements of financial position as at January 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $779,436 during the year ended January 31, 2019 and has a deficit of $2,572,150 as at January 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended January 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 30, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
May 29, 2019

WESTCOT VENTURES CORP.

Statements of Financial Position
As at January 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	January 31, 2019	January 31, 2018
		$	$
ASSETS			
CURRENT			
Cash		801,058	195,515
Receivables	11	73,665	11,733
Prepaid expenses	5	272,852	200,867
Subscription receipts held in trust	9	2,784,172	-
		3,931,747	408,115
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	6,11	194,457	43,962
Subscription receipts	9	2,747,409	-
Loans payable	7	-	25,960
Current portion of convertible debentures and accrued interest	8	15,963	17,935
		2,957,829	87,857
LONG-TERM			
Convertible debentures and accrued interest	8	-	9,056
		2,957,829	96,913
SHAREHOLDERS' EQUITY			
Share capital	10	3,440,770	1,998,618
Reserves		105,298	105,298
Deficit		(2,572,150)	(1,792,714)
		973,918	311,202
		3,931,747	408,115

Nature of operations and going concern (Note 1)
Subsequent event (Note 16)

Approved on behalf of the board:

"Liam Corcoran"
Liam Corcoran, Director

"Yari Neiken"
Yari Neiken, Director

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

WESTCOT VENTURES CORP.

Statements of Loss and Comprehensive Loss
Years Ended January 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	January 31, 2019	January 31, 2018
		$	$
EXPENSES			
Advisory fees		10,000	-
Consulting fees	11	414,314	263,250
Directors fees	11	20,000	16,667
Management fees	11	57,750	68,667
Office, rent and administration		8,774	1,153
Professional fees		115,714	49,835
Regulatory fees		10,728	9,213
Transaction costs	9	110,000	-
Transfer agent and shareholder information		11,817	8,504
Travel and promotion		48,941	5,581
LOSS BEFORE OTHER ITEMS		(808,038)	(422,870)
OTHER ITEMS			
Gain on forgiveness of debt	7	11,601	19,324
Gain on derivative liability	8	-	23,941
Finance costs	12	(2,172)	(46,108)
Other income	9	19,173	2,330
		28,602	(513)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(779,436)	(423,383)
BASIC AND DILUTED LOSS PER SHARE		(0.04)	(0.07)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUSTANDING – BASIC AND DILUTED		21,418,014	6,026,568

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

WESTCOT VENTURES CORP.
Statements of Changes in Shareholders' Equity
Years Ended January 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Reserves	Deficit	Total
			$	$	$	$
Balance, January 31, 2017		2,731,660	1,010,618	105,298	(1,369,331)	(253,415)
Shares issued for cash	10	11,111,110	750,000	-	-	750,000
Shares issued for convertible debt	8,10	3,661,526	238,000	-	-	238,000
Net loss for the year		-	-	-	(423,383)	(423,383)
Balance, January 31, 2018		17,504,296	1,998,618	105,298	(1,792,714)	311,202
Shares issued for convertible debt	8,10	184,614	12,000	-	-	12,000
Private placement	10	857,142	300,000	-	-	300,000
Shares issued for warrant exercises	10	13,574,340	1,130,152	-	-	1,130,152
Net loss for the year		-	-	-	(779,436)	(779,436)
Balance, January 31, 2019		32,120,392	3,440,770	105,298	(2,572,150)	973,918

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

WESTCOT VENTURES CORP.

Statements of Cash Flows
Years Ended January 31, 2019 and 2018
(Expressed in Canadian Dollars)

	January 31, 2019	January 31, 2018
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(779,436)	(423,383)
Items not involving cash:		
Finance costs	2,172	46,108
Gain on forgiveness of debt	(11,601)	(19,324)
Gain on change in fair value of derivative liability	-	(23,941)
Changes in non-cash working capital accounts:		
Receivables	(61,932)	(2,810)
Prepaid expenses	(71,985)	(200,867)
Accounts payable and accrued liabilities	150,495	(117,149)
NET CASH USED IN OPERATING ACTIVITIES	(772,287)	(741,366)
INVESTING ACTIVITIES		
Deposit held in trust	(2,784,172)	-
NET CASH USED IN INVESTING ACTIVITIES	(2,784,172)	-
FINANCING ACTIVITIES		
Proceeds from share issuance	1,430,152	750,000
Proceeds from subscription receipts, net	2,747,409	-
Proceeds from convertible debentures	-	177,241
Proceeds from loans payable	-	25,000
Repayment of loans payable	(15,559)	(15,661)
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,162,002	936,580
INCREASE IN CASH	605,543	195,214
Cash, beginning of year	195,515	301
CASH, END OF YEAR	801,058	195,515
Non-cash financing and investing activities:		
Shares issued for settlement of convertible debentures	$ 12,000	$ 230,000
Loan payable converted to convertible debenture	-	23,800

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Westcot Ventures Corp. (formerly Sparrow Ventures Corp.) (the "Company") was incorporated on July 4, 2006, under the laws of the Business Corporations Act (British Columbia). Effective June 17, 2014, the Company's listing was transferred to the NEX board of the TSX Venture Exchange (the "Exchange") due to the Company's failure to maintain the requirements for a TSX Venture Tier 2 company.

The head office, principal address, and records office of the Company are located at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company's registered office address is located at 10^{th} Floor – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

These financial statements have been prepared on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for the next twelve months.

The Company's ability to continue as a going concern is dependent upon financial support from its creditors, shareholders, and related parties, its ability to obtain financing to fund working capital requirements and upon the attainment of future profitable operations.

The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on external debt and equity financing. As at January 31, 2019, the Company has accumulated losses of $2,572,150. There is no assurance that the Company will be successful in generating and maintaining profitable operations or in securing future debt or equity financing for its working capital and development activities. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

These financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities, which would be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorized for issue on May 29, 2019 by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of Presentation

These financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements have been prepared on a historical cost basis, except for the items carried at fair value, and are presented in Canadian dollars, which is also the Company's functional currency.

Certain comparative figures have been reclassified to conform to the current year's presentation.

(b) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, that are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in fair value to be cash equivalents.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Share Capital

Share capital includes cash consideration received for share issuances. The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Common shares issued for non-monetary consideration are recorded at an amount based on their fair market value on the date of issue. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing price on the issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

Consideration received for the exercise of options or warrants is recorded in share capital and the related residual value is transferred to share capital from reserves.

(d) Share-Based Payments

The Company operates an employee stock option plan.

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are reversed in the period the forfeiture occurs.

Upon the exercise of stock options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

(e) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income Taxes

Tax expense recognized in the statement of loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

(i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(g) Loss per Share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive. The diluted loss per share does not include the effect of stock options, warrants and convertible debentures as they are anti-dilutive. At January 31, 2019, the total number of potentially dilutive warrants was 428,570 (2018 – 14,772,636) the total number of potentially dilutive stock options was Nil (2018 – 21,000) and the total number of shares and warrants that could be issued upon conversion of convertible debentures was Nil (2018 – 184,614). The aggregate number of potentially dilutive shares was 428,570 (2018 – 14,978,250).

(h) Comprehensive Loss

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by shareholders and distributions to shareholders. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from net income (loss). The Company does not have any items giving rise to other comprehensive income, nor is

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Comprehensive Loss (continued)

there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net loss for the year. Net loss for the year is equivalent to comprehensive loss for the year.

(i) Financial Instruments

Newly adopted accounting standards

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.
The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Subscription receipts held in trust	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Subscription receipts	Amortized cost	Amortized cost
Convertible debentures and loans	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net loss and comprehensive loss.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(a) Share-Based Compensation

The Company grants stock options to directors, officers, employees, and consultants of the Company under its incentive stock option plan. The fair value of stock options is estimated using the Black-Scholes Option Pricing Model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates such as the life of options, volatility, and forfeiture rates. Changes in assumptions used to estimate fair value could result in materially different results.

(b) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

(c) Going concern

The presentation of these financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1.

NOTE 4 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has determined that adoption of IFRS 16 will have no material impact on the financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

NOTE 5 – PREPAID EXPENSES

	January 31, 2019	January 31, 2018
	$	$
Prepaid consulting fees	271,436	200,000
Other	1,416	867
	272,852	200,867

(Expressed in Canadian Dollars)

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2019	January 31, 2018
	$	$
Trade payables (Note 10)	124,382	14,735
Accrued liabilities (Note 10)	21,900	29,227
Amounts due to shareholders for overpayment on exercise of warrants (Note 10)	48,175	-
	194,457	43,962

Included in trade payables and accrued liabilities are amounts due to related parties of $7,925 (January 31, 2018 – $13,667). These related party payables are unsecured, non-interest bearing and due on demand (Note 10).

NOTE 7– LOANS PAYABLE

	January 31, 2019	January 31, 2018
	$	$
Loan payable of $20,326 (a)	-	15,559
Loan payable of $10,000 (b)	-	10,401
	-	25,960

(a) The Company entered into loan agreements dated May 28, 2014 (the "Loans"), with its former Chief Executive Officer and a former director of the Company ("the Lenders") for the total principal amount of $20,326. The Loans are unsecured and bear interest at 12% per annum. In consideration for making the Loans, the Company issued an aggregate of 67,800 common shares to the Lenders at a fair value of $3,390 which was recorded as finance cost during the year ended January 31, 2016.

During the year ended January 31, 2018, the Loan from the former Chief Executive Officer, in the amount of $13,824, was forgiven and the forgiveness of debt was included in the statement of loss and comprehensive loss for the current year. During the year ended January 31, 2019, the Company repaid the Loan of $15,559 owing to the former director of the Company.

(b) On October 7, 2017, the Company entered into a loan agreement for $10,000. The loan was unsecured, bore interest at 12% per annum and matured on October 7, 2018. During the year ended January 31, 2019, the loan and accrued interest were forgiven, and the Company recorded a gain on forgiveness of debt of $11,601 in the statement of loss and comprehensive loss for the current year.

(Expressed in Canadian Dollars)

NOTE 8 – CONVERTIBLE DEBENTURES

	Debentures carried at amortized cost	**Derivative liability**	**Interest accrued**	**Total**	**Equity component**
	$	$	$	$	$
Balance at January 31, 2017	43,016	-	1,564	44,580	6,584
Issuance of convertible debentures	177,100	23,941	-	201,041	-
Interest expense	-	-	13,768	13,768	-
Accretion expense	29,543	-	-	29,543	-
Conversion to common shares	(238,000)	-	-	(238,000)	-
Change in fair value of derivative liability	-	(23,941)	-	(23,941)	-
Balance at January 31, 2018	**11,659**	**-**	**15,332**	**26,991**	**6,584**
Interest expense	-	-	631	631	-
Accretion expense	341	-	-	341	-
Conversion to common shares	(12,000)	-	-	(12,000)	-
Balance at January 31, 2019	**-**	**-**	**15,963**	**15,963**	**6,584**

On March 16, 2017 and June 2, 2017, the Company issued two tranches of secured convertible debentures with an aggregate face value of $201,041. The debentures matured 24 months from the date of issue, accrued interest at a rate of 11% per year and were initially convertible into units of the Company at a per unit conversion price equal to the 10-day post-consolidated average closing price of the common shares of the Company on the NEX following the resumption of trading subject to a $0.05 minimum. The price was subsequently determined to be $0.13 per share. Each unit was comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.13 per share. The Company's obligations under the debentures were secured by a general security agreement.

The debentures were initially recognized at their face value of $201,041 less the value of the equity component of $23,941 for a net amount of $177,100. Due to the fact that the Company's shares were reinstated for trading on the NEX on September 2017, the conversion feature at the issuance date of these debentures was variable. As a result, the option to settle payments in common shares represented an embedded derivative for the Company. This derivative liability was initially recognized by comparing a similar instrument without the conversion option and discounting the fair value of the host contract with the non-convertible instrument interest rate. The change in fair value of the derivative liability during the year was recognized in the statement of loss and comprehensive loss for the year ended January 31, 2018.

The CEO of the Company subscribed to $5,747 of these debentures. The amount of interest payable for this debenture as at January 31, 2019 is $243 (2018 - $237) (Note 10).

On October 10, 2017, debentures with a face value of $238,000 were converted to 3,661,526 shares and 3,661,526 warrants (Note 9)

On March 28, 2018, debentures with a face value of $12,000 were converted to 184,614 shares and 184,614 warrants (Note 9).

NOTE 9 – SUBSCRIPTION RECEIPTS

On August 27, 2018, the Company completed a non-brokered private placement offering of 7,899,996 subscription receipts of the Company, at a price of $0.35 per subscription receipt, for aggregate proceeds of $2,764,999. Share issuance costs of $17,590 were incurred in connection with the private placement. Each subscription receipt will be converted into one unit of the Company. Each unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to obtain an additional common share of the Company at a price of $0.50 for a period of 24 months from the date of issue.

The funds received from the subscription receipts are being held in trust until such time that the Company completes a business transaction. The funds in trust were originally to be used for a proposed business transaction that did not complete. For the year ended January 31, 2019, transaction costs for the transaction that did not complete totaled $110,000 (2018 - $Nil) and were expensed. If the new business transaction is not completed, the Company must return the funds to the subscribers (note 16).

For the year ended January 31, 2019, interest income of $19,173 (2018 - $Nil) was earned on the funds held in trust and is included in other income in the statement of loss and comprehensive loss.

NOTE 10 – SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value.

(b) Issued and Outstanding Share Capital

As at January 31, 2019, the Company has 32,120,392 (January 31, 2018 - 17,504,296) common shares issued and outstanding.

On September 14, 2017, the Company consolidated its common shares on the basis of one (1) new share for every ten (10) old shares (the "Consolidation"). On July 12, 2018, the Company completed a two-for-one forward share split ("Forward Split") of the Company's current issued and outstanding common shares. All comparative references herein to the number of shares, options, warrants, weighted average number of common shares and loss per share have been restated for the Consolidation and the Forward Split, including all such numbers presented for the prior year.

Shares Issued During the Year Ended January 31, 2019

On March 28, 2018, convertible debentures with a face value of $12,000 were converted to 184,614 units at a price of $0.065 per unit (Note 8). Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.065 per share for a period of one year from the date of issuance.

On July 27, 2018, the Company completed a private placement financing and issued 857,142 units of the Company at a price of $0.35 per unit, for proceeds of $300,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.50 for a period of twelve months from the date of issue, with an automatic twelve-month extension if the Company is listed on the Exchange.

During the year ended January 31, 2018, 13,574,340 warrants were exercised for gross proceeds of $1,130,152.

(Expressed in Canadian Dollars)

NOTE 10 – SHARE CAPITAL (Continued)

(b) Issued and Outstanding Share Capital (Continued)

Shares Issued During the Year Ended January 31, 2018

On October 10, 2017, the Company issued 3,661,526 units at $0.065 per unit for the conversion of convertible debentures with a face value of $238,000 (Note 8). Each unit was comprised of one common share and one share purchase warrant, where each share purchase warrant is exercisable into one common share of the Company at $0.065 per share for a period of one year from the date of issuance.

On November 21, 2017, the Company completed non-brokered private placement financing issuing 11,111,110 units at a price of $0.0675 per unit for gross proceeds of $750,000. Each unit consisted of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.09 for a period of one year from the date of issuance.

(c) Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options and charitable options will be exercisable for a year of up to 10 years from the date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days, or, in the case of an optionee providing investor relations activities, the 30th day following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum year of six months after such death, subject to the expiry date of such option.

A summary of the stock option transactions for years ended January 31, 2019 and 2018 are as follows:

	Number of Options	Weighted Average Exercise Price
		$
Balance, January 31, 2017	78,000	0.01
Options cancelled	(78,000)	0.01
Balance, January 31, 2019 and 2018	-	-

(d) Charitable options

During the year ended January 31, 2019, 21,000 charitable options, exercisable at $0.02, expired.

(Expressed in Canadian Dollars)

NOTE 10 – SHARE CAPITAL (Continued)

(e) Warrants

Warrant transactions for the years ended January 31, 2019 and 2018 are as follows:

	Number	Weighted Average Exercise Price
		$
Balance, January 31, 2017	-	-
Issued	14,772,636	0.084
Balance, January 31, 2018	14,772,636	0.084
Issued	613,184	0.369
Exercised	(13,574,340)	0.083
Expired	(1,382,910)	0.087
Balance, January 31, 2019	428,570	0.50

The following table summarizes warrants outstanding as at January 31, 2019:

Exercise Price $	Number of Warrants Outstanding	Expiry Date
0.50	428,570	July 27, 2019

NOTE 11 – RELATED PARTY TRANSACTIONS

Details of transactions between the Company and related parties are described as follows.

(a) Related Party Transactions

The Company incurred the following transactions with directors, officers or companies controlled by officers during the years ended January 31, 2019 and 2018:

	January 31, 2019	January 31, 2018
	$	$
Gain on forgiveness of debt (a former CEO) (Note 7)	-	13,824
Management fees to former CEO's	(42,000)	(59,667)
Management fees to the former CFO	(15,000)	(9,000)
Directors fees	(20,000)	(16,667)
Consulting fees to a shareholder	(98,106)	(63,333)
Interest on debenture to a former CEO (Note 8)	(6)	(237)
Interest on loan to a former CEO (Note 7)	-	(1,735)
	(175,112)	(136,815)

(Expressed in Canadian Dollars)

NOTE 11 – RELATED PARTY TRANSACTIONS (Continued)

(b) Related Party Balances

The following related party amounts were reflected in the statement of financial position as at January 31, 2019 and 2018:

As at	January 31, 2019	January 31, 2018
	$	$
Interest payable to a former CEO (Note 8)	(243)	(237)
Trade payables to a former CEO and former CFO (Note 6)	(100)	-
Accounts payable to the company controlled by the former CFO (Note 6)	-	(4,500)
Accrued liabilities and payables to directors (Note 6)	(7,825)	(9,167)
Loans payable (a former director) (Note 7)	-	(15,559)
Due to shareholders (Note 6)	(48,175)	-
Due from shareholder	49,984	-
	(6,359)	(29,463)

NOTE 12 – FINANCE AND OTHER COSTS

Years ended	January 31, 2019	January 31, 2018
	$	$
Accretion of discount on debt (Note 8)	341	29,543
Interest expense (Note 7 and 8)	1,831	16,565
	2,172	46,108

NOTE 13 – INCOME TAXES

(a) Reconciliation of Effective Tax Rate

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 27% (2018 – 26.00%) to pre-tax loss as a result of the following:

Years ended	January 31, 2019	January 31, 2018
	$	$
Loss for the year	(779,436)	(423,383)
Expected income tax at statutory tax rates	(210,400)	(110,000)
Non-deductible expenditures and other items	(1,100)	(6,000)
Effect on change of tax rate	(17,500)	-
Change in unrecognizable deductible temporary differences	229,000	116,000
Total income tax expense (recovery)	-	-

(Expressed in Canadian Dollars)

NOTE 13 – INCOME TAXES (Continued)

(b) Deferred Income Tax Assets and Liabilities

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

As at	January 31, 2019	January 31, 2018
	$	$
Non-capital losses carry-forward	681,000	456,000
Other items	4,000	-
Unrecognized deferred tax assets	(685,000)	(456,000)
Net deferred tax assets	-	-

(c) Non-Capital Losses

As at January 31, 2019, the Company has non-capital losses of $2,520,579, which may be applied to reduce taxable income of future years. These non-capital losses expire as follows:

Year	$
2029	80,087
2030	327,778
2031	196,550
2032	172,681
2033	132,779
2034	118,979
2035	34,430
2036	22,073
2037	203,489
2038	437,106
2039	794,627
	2,520,579

NOTE 14 – FINANCIAL RISK MANAGEMENT

(a) Fair Value of Financial Instruments

The Company's financial instruments consist of cash, receivables, subscription receipts held in trust, accounts payable, subscription receipts and accrued interest on convertible debentures. The carrying values of cash, receivables, subscription receipts in trust, accounts payable, and accrued interest and subscription receipts approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. Convertible debentures are measured at amortized cost using the effective interest rate method and their carrying value approximates their fair value. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

NOTE 14 – FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial Instruments Risk

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes:

(i) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. There can be no assurance that the Company will be successful in generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and development activities (Note 1).

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Company's loans payable and debentures is based on a fixed rate, and as such, the Company is not exposed to significant interest rate risk.

NOTE 15 – CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at January 31, 2019, was $3,440,770 (January 31, 2018 - $1,998,618). The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to pursue the development and expansion of its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, or return capital to its shareholders.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the year ended January 31, 2019.

NOTE 16 – SUBSEQUENT EVENT

On April 26, 2019, the Company entered into a letter of intent ("LOI") with WPD Pharmaceuticals Inc. ("WPD") to complete a transaction pursuant to which the Company will, subject to certain conditions, acquire all of the issued and outstanding shares of WPD (collectively, the "Transaction"). The Transaction is an arm's length transaction that is expected to constitute a change of business ("COB") pursuant to Exchange Policy 5.2 – Changes of Business and Reverse Takeovers. It is anticipated that, following the Transaction, the resulting entity will be classified as a Tier 2 life sciences issuer on the Exchange.

WPD is a privately-held biotechnology research and development company, which was incorporated in Poland on September 1, 2017. WPD operates in the pharmaceuticals industry with a focus on oncology in the research and development of medicinal products involving biological compounds and small molecules.

The LOI provides that the Company and WPD will negotiate and enter into a definitive agreement in connection with the Transaction (the "Definitive Agreement"), pursuant to which the Company will acquire all of the issued and outstanding shares of WPD in exchange for 67,000,000 common shares of the Company. The common shares of the resulting entity will therefore be principally owned by the existing shareholders of WPD. Upon signing the Definitive Agreement, the Company will provide WPD with a secured bridge loan for $200,000.

The transaction is subject to regulatory approval and the finalization of a definite agreement.