



Rapid Dose Therapeutics Corp.
(formerly Acme Resources Corp.)

Condensed Consolidated Interim Financial Statements
For the Three-Month Periods Ended May 31, 2019 and 2018
(All monetary amounts are in Canadian dollars, unless specified otherwise)

NOTICE TO READER

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

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

Rapid Dose Therapeutics Corp.

(formerly Acme Resources Corp.)

Condensed Consolidated Interim Statements of Financial Position

As at May 31, 2019 and February 28, 2019

(All monetary amounts are in Canadian dollars, unless specified otherwise)

| | May 31, 2019 | February 28, 2019 |
|---|------------------|-------------------|
| | \$ | \$ |
| | (unaudited) | (audited) |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 1,128,517 | 1,266,880 |
| Short-term investments (Note 5) | 859,732 | 2,224,906 |
| Amounts receivable (Note 6) | 327,742 | 286,092 |
| Employee advances (Note 17) | - | 15,536 |
| Inventory (Note 7) | 133,361 | 138,865 |
| Prepaid expenses | 166,082 | 167,449 |
| | 2,615,434 | 4,099,728 |
| Non-current assets | | |
| Property and equipment (Note 8) | 2,052,464 | 1,683,514 |
| Total assets | 4,667,898 | 5,783,242 |
| Liabilities | | |
| Current liabilities | | |
| Amounts payable (Note 9, 17) | 637,342 | 952,830 |
| Deferred revenue (Note 10) | 1,016,391 | 1,002,760 |
| | 1,653,733 | 1,955,590 |
| Shareholders' equity | | |
| Share capital | | |
| Common shares (Note 11) | 17,239,783 | 16,673,525 |
| Warrants reserve (Note 12) | - | 67,033 |
| Options reserve (Note 13) | 1,759,984 | - |
| Accumulated other comprehensive income | 12,657 | (12,699) |
| Deficit | (15,998,259) | (12,900,207) |
| Total shareholders' equity | 3,014,165 | 3,827,652 |
| Total liabilities and shareholders' equity | 4,667,898 | 5,783,242 |

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 14)

Subsequent events (Note 18)

"Mark Upsdell"

Mark Upsdell

Chief Executive Officer

"Ian Fodie"

Ian Fodie

Chief Financial Officer

Rapid Dose Therapeutics Corp.

(formerly Acme Resources Corp.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
 For the Three Months Ended May 31, 2019 and 2018 (unaudited)
 (All monetary amounts are in Canadian dollars, unless specified otherwise)

| | For the three- month period ended May 31, 2019 \$ | For the three- month period ended May 31, 2018 \$ |
|---|---|---|
| Revenue | 16,187 | - |
| Cost of goods sold | 4,050 | - |
| Gross Profit | 12,137 | - |
| Operating Expenses | | |
| General and administrative | 908,634 | 218,744 |
| Legal and professional | 90,035 | 28,483 |
| Sales and marketing | 293,586 | 19,194 |
| Research and development | 51,132 | 23,150 |
| Stock-based compensation (Note 13) | 1,759,984 | - |
| Depreciation | 86,638 | 8,948 |
| | 3,190,009 | 298,519 |
| Loss from operations | (3,177,872) | (298,519) |
| Non-operating expenses | | |
| Realized (gain) on short-term investments | (25,118) | - |
| Foreign exchange loss | 5,038 | - |
| Sale of equipment (gain) | (96,224) | - |
| Unrealized loss on fair value of short-term investments | 21,152 | - |
| Interest income | (10,024) | - |
| Net loss before other comprehensive loss | (3,072,696) | (298,519) |
| Loss on foreign exchange translation | 25,356 | - |
| Net loss and comprehensive loss | (3,098,052) | (298,519) |
| Net loss per share | | |
| Basic and diluted | (0.04) | (0.06) |
| Weighted average number of common shares outstanding | | |
| Basic and diluted | 75,241,574 | 4,676,175 |

Rapid Dose Therapeutics Corp.

(formerly Acme Resources Corp.)

Condensed Consolidated Interim Statements of Shareholders' Equity

For the Three Months Ended May 31, 2019 and 2018

(All monetary amounts are in Canadian dollars, unless specified otherwise)

| | Number of shares | Share capital | Accumulated other comprehensive income | Warrants reserve | Options reserve | Deficit | Total shareholders' equity |
|---|---------------------|-------------------|---|---------------------|--------------------|---------------------|----------------------------------|
| | # | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, February 28, 2018 | 54,331,200 | 2,016,280 | - | 74,282 | - | (1,502,862) | 588,700 |
| Shares issued on private placements, net (Note 11(b)(ii) & (iii)) | 1,530,000 | 712,500 | - | - | - | - | 712,500 |
| Shares issued for services (Note 11(b)(i)) | 100,000 | 50,000 | - | - | - | - | 50,000 |
| Net loss | - | - | - | - | - | (1,501,862) | (1,501,862) |
| Balance, May 31, 2018 | 55,961,200 | 2,778,780 | - | 74,282 | - | (12,900,207) | 1,099,228 |
| Shares issued on private placements, net (Note 11(b)(ii) & (iii)) | 8,880,000 | 6,177,400 | - | - | - | - | 6,177,400 |
| Shares issued on RTO transaction (Note 4, 11(b)(iv)) | 10,180,127 | 7,635,096 | - | - | - | - | 7,635,096 |
| Shares issued on exercise of warrants (Note 11(b)(v)) | 100,000 | 82,249 | - | (7,249) | - | - | 75,000 |
| Loss on foreign exchange translation | - | - | (12,699) | - | - | - | (12,699) |
| Net loss | - | - | - | - | - | (9,896,483) | (9,896,483) |
| Balance, February 28, 2019 (audited) | 75,121,327 | 16,673,525 | (12,699) | 67,033 | - | (12,900,207) | 3,827,652 |
| Shares issued on exercise of warrants (Note 11(b)(vi)) | 670,000 | 566,258 | - | (67,033) | - | - | 499,225 |
| Options issued (Note 13) | - | - | - | - | 1,759,984 | - | 1,759,984 |
| Loss on foreign exchange translation | - | - | 25,356 | - | - | - | 25,356 |
| Net Loss | - | - | - | - | - | (3,098,052) | (3,098,052) |
| Balance, May 31, 2019 (unaudited) | 75,791,327 | 17,239,783 | 12,657 | - | 1,759,984 | (15,998,259) | 3,014,165 |

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

Rapid Dose Therapeutics Corp.

(formerly Acme Resources Corp.)

Condensed Consolidated Interim Statements of Cash Flows
 For the Three Months Ended May 31, 2019 and 2018 (unaudited)
 (All monetary amounts are in Canadian dollars, unless specified otherwise)

| | For the three-month period ended May 31, 2019 | For the three-month period ended May 31, 2018 |
|---|---|---|
| | \$ | \$ |
| Operating activities | | |
| Net loss | (3,098,052) | (298,519) |
| Non-cash adjustments | | |
| Depreciation | 86,638 | 8,948 |
| Issuance of common shares for services | - | 50,000 |
| Stock based compensation | 1,759,984 | - |
| Foreign exchange translation | 25,356 | - |
| Changes in non-cash operating working capital items | | |
| Amounts receivable | (41,650) | (20,403) |
| Employee advances | 15,536 | (13,999) |
| Prepaid expenses | 1,367 | (50,194) |
| Inventory | 5,504 | - |
| Amounts payable | (315,488) | 19,408 |
| Deferred revenue | 13,631 | - |
| Total operating activities | (1,547,174) | (304,759) |
| Investing activities | | |
| Purchase of property and equipment | (455,588) | (19,182) |
| Sale of short-term investments | 1,365,174 | - |
| Total investing activities | 909,586 | (19,182) |
| Financing activities | | |
| Proceeds from issuance of common shares, net | - | 712,025 |
| Proceeds from exercise of warrants | 499,225 | - |
| Total financing activities | 499,225 | 712,025 |
| Net (decrease) increase in cash | (138,363) | 388,084 |
| Cash and cash equivalents, beginning of period | 1,266,880 | 326,267 |
| Cash and cash equivalents, end of period | 1,128,517 | 714,351 |

Rapid Dose Therapeutics Corp.

(formerly Acme Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended May 31, 2019 and 2018

(All monetary amounts are in Canadian dollars, unless specified otherwise)

1. Nature of operations and going concern uncertainty

Nature of business

Rapid Dose Therapeutics Corp. (formerly Acme Resources Corp.) (The "Company") is a publicly traded Canadian life sciences company that provides innovative, proprietary drug delivery technologies designed to improve outcomes and quality of lives. The Company was incorporated under the Canada Business Corporations Act of British Columbia on May 3, 2017.

The Company's office is located at 1121 Walker's Line, Unit 3, Burlington, ON., L7N 2G4.

Going concern uncertainty

These condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company's operations during the three months ended May 31, 2019 produced a net loss and comprehensive loss of \$3,091,474 as compared to a loss and comprehensive loss of \$298,519, for the three months ended May 3, 2018. As at May 31, 2019, the Company has an accumulated deficit of \$15,998,259 (February 28, 2019 - \$12,900,207).

The Company will need to raise additional equity to finance its operations and complete the commercial launch of its products. Although the Company has been successful in the past in obtaining financing and it believes that it will continue to be successful, there is no assurance that it will be able to obtain adequate financing in the future, or that such financing will be on terms that are advantageous to the Company. These material uncertainties cast significant doubt as to the Company's ability to continue as a going concern.

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below have been consistently applied to all periods presented unless otherwise noted. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all information required for full annual financial statements. These condensed consolidated interim financial statements have been prepared using the same accounting policies described in Note 3 of the annual consolidated financial statements, except in relation to the adoption of new standards, as described below. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended February 28, 2019 and from Incorporation on May 3, 2017 to February 28, 2018, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on July 29, 2019.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on an accrual basis and under the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in this note.

Presentation and functional currency

These condensed consolidated interim financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company and its Canadian subsidiary. The US dollar is the functional currency for the US subsidiary of the Company. These condensed consolidated interim financial statements have been prepared on an accrual basis and under the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in this note.

Rapid Dose Therapeutics Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended May 31, 2019 and 2018

(All monetary amounts are in Canadian dollars, unless specified otherwise)

2. Basis of preparation (continued)

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries (collectively the "Company") which include, its wholly owned subsidiary, RDT Therapeutics Inc., a company registered in the state of Delaware, USA. All intercompany balances and transactions have been eliminated on consolidation

Subsidiaries

Subsidiaries are entities over which the Company has control. Control is achieved when the Company has power over its subsidiaries, has exposure or rights to variable returns from the subsidiaries and has the ability to use its power to affect the amount of its returns. Subsidiaries are fully condensed consolidated interim from the date the Company acquires control of them and are deconsolidated interim from the date control ceases. All Intercompany balances and transactions with subsidiaries are eliminated upon consolidation.

Critical accounting estimates and judgements

The preparation of these condensed consolidated interim financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of expenses during the period. Estimates and assumptions are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results can differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

3. Summary of significant accounting policies

Leases

Effective March 1, 2019, the Company adopted IFRS 16, Leases, replacing IAS 17, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, IFRS 16 was adopted retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at March 1, 2019. The Company also utilized certain practical expedient elections whereby (i) there is no need to reassess whether an existing contract is a lease, or contains an embedded lease if previously determined under IAS 17, (ii) short term and low value leases are treated as operating leases, and (iii) there is no need to reassess the previous assessments in respect of onerous contracts that confirmed there were no existing onerous lease contracts. Under IFRS 16, most leases are now recognized on the balance sheet for lessees, essentially eliminating the distinction between a finance lease and an operating lease under IAS 17, where operating leases were reflected in the condensed consolidated interim statements of operations and comprehensive loss.

As at May 31, 2019, all leases were short-term in nature and therefore, the adoption of IFRS 16 has had no effect on these condensed consolidated interim financial statements.

The following are the Company's new accounting policies for its leases under IFRS 16.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

As a lessee, the Company recognizes a lease obligation and a right-of-use asset in the condensed consolidated interim statements of financial position on a present-value basis at the date when the leased asset is available for use. Each lease payment is apportioned between a finance charge and a reduction of the lease obligation. Finance charges are recognized in finance cost in the condensed consolidated interim statements of operations and comprehensive loss. The right of-use asset is included in property and equipment and is depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

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Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended May 31, 2019 and 2018
(All monetary amounts are in Canadian dollars, unless specified otherwise)

3. Summary of significant accounting policies (continued)

Lease obligations are initially measured at the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, or if this rate cannot be determined, the Company's incremental borrowing rate. Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of the lease obligation;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- rehabilitation costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the condensed consolidated interim statements of operations and comprehensive loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise primarily small equipment.

4. Reverse take-over transaction

On July 11, 2018, Rapid Dose Therapeutics Inc. ("RDT") and Acme Resources Ltd. ("ACME") entered into an amalgamation agreement, as amended on December 6, 2018, to carry-out a three-cornered amalgamation for the purposes of effecting a reverse take-over of ACME by RDT (the "RTO Transaction"). The RTO Transaction closed on December 7, 2018 with the Company changing its name to Rapid Dose Therapeutics Corp. (the "Company"). The Company's newly formed subsidiary amalgamated with RDT, with shareholders of RDT receiving shares of the Company on a 1:1 basis in exchange for RDT shares. A new board and new management assumed control of the Company on December 7, 2018 and the shares of the Company resumed trading on the Canadian Securities Exchange under the new trading symbol DOSE.

The completion of the RTO Transaction resulted in the former shareholders of ACME holding approximately 9% of the issued and outstanding common shares of RDT. Accordingly, ACME is considered to have acquired RDT with the RTO Transaction being accounted for as a reverse takeover of RDT by the ACME shareholders.

The RTO Transaction constituted a reverse asset acquisition by RDT, as the Company did not meet the definition of a business, as defined in IFRS 3 Business Combinations, as its main attribute was its public listing. As such, the RTO Transaction was accounted for in accordance with IFRS 2 Share Based Payments. For accounting purposes, RDT is deemed to have acquired 100% of the outstanding shares of ACME by issuing 5,272,190 common shares to ACME, with a value of \$0.75 per share, based on the most recent financing. The common shares issued to ACME had a total value of approximately \$3,954,143.

In addition, RDT issued 4,907,937 common shares, at \$0.75 per common share, as compensation to finders. The finders' common shares have a total value of approximately \$3,680,953. The Company also incurred legal expenses of \$622,878 related to the Transaction.

| | |
|---|------------------|
| | \$ |
| Consideration | 3,954,143 |
| Net assets of Acme Resource Ltd. | |
| Cash | (30,164) |
| Other current assets | (57,996) |
| Current liabilities | 36,610 |
| Net assets acquired | (51,550) |
| Transaction costs related to the RTO Transaction | 4,303,831 |
| Total listing expense | 8,206,424 |

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(formerly Acme Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements
 For the Three Months Ended May 31, 2019 and 2018
 (All monetary amounts are in Canadian dollars, unless specified otherwise)

5. Short-term investments

| | As at May 31, 2019 | As at February 28, 2019 |
|----------------------------|--------------------|-------------------------|
| | \$ | \$ |
| Fixed income | - | 1,181,678 |
| Domestic equity securities | 381,734 | 305,459 |
| Foreign equity securities | 99,715 | 293,962 |
| Mutual funds | 378,283 | 443,807 |
| | 859,732 | 2,224,906 |

As at May 31, 2019, the Company recorded \$25,118 in gains on the fair value of these investments.

6. Amounts receivable

| | As at May 31, 2019 | As at February 28, 2019 |
|-------------------|--------------------|-------------------------|
| | \$ | \$ |
| HST receivable | 309,424 | 286,092 |
| Trade receivables | 18,318 | - |
| | 327,742 | 286,092 |

7. Inventory

| | As at May 31, 2019 | As at February 28, 2019 |
|---------------------------------|--------------------|-------------------------|
| | \$ | \$ |
| Finished goods - nutraceuticals | 53,105 | 74,862 |
| Raw materials | - | 3,722 |
| Labels and packaging | 80,255 | 60,281 |
| | 133,361 | 138,865 |

During the period ended May 31, 2019, \$4,050 inventory was expensed to cost of sales (2018 - \$nil).

8. Property and equipment

| | Cost, beginning of the period | Additions during the period | Disposals during the period | Cost, end of the period |
|------------------------------------|-------------------------------|-----------------------------|-----------------------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| Furniture and fixtures | 36,050 | 34,380 | - | 70,430 |
| Research and development equipment | 141,779 | 9,959 | (17,204) | 134,534 |
| Portable building units | 358,088 | 442 | - | 358,530 |
| Computer hardware | 93,833 | 30,889 | - | 124,722 |
| Leasehold improvements | 38,678 | 120,082 | - | 158,760 |
| Processing equipment | 1,172,351 | 273,025 | - | 1,445,376 |
| Balance at, May 31, 2019 | 1,840,779 | 468,777 | (17,204) | 2,292,352 |

Rapid Dose Therapeutics Corp.

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Notes to the Condensed Consolidated Interim Financial Statements
 For the Three Months Ended May 31, 2019 and 2018
 (All monetary amounts are in Canadian dollars, unless specified otherwise)

8. Property and equipment (Continued)

| | Accumulated Depreciation, beginning of the period | Depreciation during the period | Depreciation on sale of assets | Accumulated depreciation, end of the period | Net book value, end of the period |
|---------------------------------------|--|--------------------------------------|--------------------------------------|--|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Furniture and fixtures | 5,008 | 3,452 | - | 8,460 | 61,970 |
| Research and development equipment | 16,128 | 6,727 | (4,014) | 18,841 | 115,693 |
| Portable building units | 7,133 | 8,963 | - | 16,096 | 342,434 |
| Computer hardware | 4,299 | 6,236 | - | 10,535 | 114,187 |
| Leasehold improvements | 1,575 | 3,969 | - | 5,544 | 153,216 |
| Processing equipment | 123,122 | 57,291 | - | 180,413 | 1,264,964 |
| Balance at, May 31, 2019 | 157,265 | 86,638 | (4,014) | 239,888 | 2,052,464 |

| | Cost, beginning of the year | Additions during the year | Disposals during the year | Cost, end of the year |
|--------------------------------------|--------------------------------|------------------------------|------------------------------|--------------------------|
| | \$ | \$ | \$ | \$ |
| Furniture and fixtures | 3,600 | 32,450 | - | 36,050 |
| Research and development equipment | 13,462 | 128,317 | - | 141,779 |
| Portable building units | - | 358,088 | - | 358,088 |
| Computer hardware | - | 93,833 | - | 93,833 |
| Leasehold improvements | - | 38,678 | - | 38,678 |
| Processing equipment | 156,594 | 1,015,757 | - | 1,172,351 |
| Balance at, February 28, 2019 | 173,656 | 1,667,123 | - | 1,840,779 |

| | Accumulated Depreciation, beginning of the year | Depreciation during the year | Accumulated depreciation, end of the year | Net book value, end of the year |
|--------------------------------------|--|---------------------------------|---|------------------------------------|
| | \$ | \$ | \$ | \$ |
| Furniture and fixtures | 120 | 4,888 | 5,008 | 31,042 |
| Research and development equipment | 868 | 15,260 | 16,128 | 125,651 |
| Portable building units | - | 7,133 | 7,133 | 350,955 |
| Computer hardware | - | 4,299 | 4,299 | 89,534 |
| Leasehold improvements | - | 1,575 | 1,575 | 37,103 |
| Processing equipment | - | 123,122 | 123,122 | 1,049,229 |
| Balance at, February 28, 2019 | 988 | 156,277 | 157,265 | 1,683,514 |

Depreciation for the period ended May 31, 2019 was \$156,277 (2018 - \$988).

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended May 31, 2019 and 2018

(All monetary amounts are in Canadian dollars, unless specified otherwise)

9. Amounts payable

| | As at May 31, 2019 | As at February 28, 2019 |
|--|--------------------|-------------------------|
| | \$ | \$ |
| Trade payables | 530,004 | 821,128 |
| Accrued liabilities | 98,197 | 131,702 |
| Related party – trade payables (Note 17) | 9,141 | - |
| | 637,342 | 952,830 |

10. Deferred revenue

Deferred revenue includes receipts of MSSA signing fees, received prior to the Company fulfilling its obligations as disclosed in the Company's revenue recognition policy in Note 3 of the Annual Audited Consolidated Financial Statements for the year ended February 28, 2019. As at May 31, 2019, the Company held \$1,016,391 in deferred revenue from MSSA signing fees (February 28, 2018 - \$1,002,391). The Company has not recorded any revenue from MSSA's to date.

11. Share capital

(a) Authorized, issued and outstanding common shares

Authorized - Unlimited number of common shares without par value

Issued and outstanding – 75,791,327 at May 31, 2019 (February 28, 2019 – 75,121,337)

(b) Transactions

- (i) On April 9, 2018, the Company issued 100,000 common shares as compensation of consulting services with a value of \$50,000. The common shares had a price of \$0.50 per common share.
- (ii) On July 1, 2018 the Company closed a non-brokered financing with the issuance of 3,210,000 common shares, at a price of \$0.50 per common share for gross proceeds of \$1,605,000. The Company paid cash commissions of \$115,100 in relation to this private placement.
- (iii) On August 24, 2018 the Company completed a non-brokered financing with the issuance 7,200,000 common shares at a price of \$0.75 per common share, for gross proceeds of 5,400,000.
- (iv) On December 7, 2018, the Company issued 5,272,190 common shares in relation to the RTO transaction completed (Note 4). The common shares were issued at a price of \$0.75 per common share and had a total value of \$3,954,143. The Company issued an additional 4,907,937 common shares, at a price of \$0.75 per common share, as a finders' fee related to the RTO transaction. The common shares issued had a value of \$3,680,953.
- (v) On January 16, 2019, the Company issued 100,000 common shares on the exercise of 100,000 common share purchase warrants. The warrants were exercised at a price of \$0.75 per common share for gross proceeds of \$75,000. The warrants exercised had a fair value of \$7,249.
- (vi) During the three months ended May31, 2019 the Company issued a total of 670,000 common shares on the exercise of 670,000 common share purchase warrants. The warrants were exercised at a price of \$0.75 per common share for net proceeds of \$566,258.

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Notes to the Condensed Consolidated Interim Financial Statements
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12. Warrants reserve

A summary of the continuity of warrant activity is as follows:

| | Number of Warrants | Average Exercise Price | Fair value |
|----------------------------------|--------------------|------------------------|------------|
| | # | \$ | \$ |
| Opening balance, May 3, 2017 | - | - | - |
| Granted (Note 11(b)(v)) | 840,000 | 0.75 | 74,282 |
| Exercised | - | - | - |
| Expired | - | - | - |
| Outstanding, February 28, 2019 | 840,000 | 0.75 | 74,285 |
| Granted | - | - | - |
| Exercised (Note 11(b)(v) & (vi)) | (770,000) | 0.75 | (68,095) |
| Expired | (70,000) | - | (6,190) |
| Outstanding, May 31, 2019 | - | - | - |

At May 31, 2019, nil warrants were outstanding and exercisable (2018 – 840,000).

13. Options Reserve

The Company adopted a stock option plan (the “Stock Option Plan”) under which it can grant options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V.

A summary of the stock options activity is as follows:

| | Number of Options | Weighted Average Exercise Price |
|---------------------------------------|-------------------|---------------------------------|
| | # | \$ |
| Outstanding, February 28, 2018 & 2019 | - | - |
| Granted | 4,426,000 | 0.82 |
| Outstanding, May 31, 2019 | 4,426,000 | 0.82 |

On March 11, 2019, the Company granted 4,426,000 incentive stock options to certain directors, officers, employees and consultants to purchase up to 4,426,000 common shares of the Company at a price of \$0.82 per share for a five-year period.

The fair value of the stock options issued to calculate stock-based compensation expense was estimated using the Black-Scholes option pricing model with the following assumptions:

| | 2019 |
|---------------------------------|-----------|
| Risk-free interest rate | 1.65% |
| Expected dividend yield | 0% |
| Expected stock price volatility | 77.95% |
| Expected life | 3.0 years |
| Grant date fair value | \$0.40 |

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Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended May 31, 2019 and 2018
(All monetary amounts are in Canadian dollars, unless specified otherwise)

14. Commitments and contingencies

(a) Legal matters

During the normal course of its operations, the Company may be involved in legal proceedings, claims and assessments. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and the Company accrues for adverse outcomes as they become probable and estimable. At May 31, 2019, accruals for adverse outcomes were \$nil. (2018 - \$nil).

(b) Leases

On October 31, 2018, the Company signed a Sublease Agreement for 39,721 square feet of warehouse and office space at their current location. Lease payments commenced on January 1, 2019 and expire on March 31, 2024. Total minimum lease payments under the operating lease are \$1,848,373 (2018 - \$60,000). The office lease used expired on December 31, 2018 and was incorporated in the new sublease which commenced on January 1, 2019.

15. Financial risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Credit risk management

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks, sales tax recoverable from the federal government of Canada, where taxes are included in amounts receivable (Note 6), and amounts receivable from a shareholder of the Company (Note 17).

b) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and result in dilution to the value of such interest. The Company intends on fulfilling its obligations.

As of May 31, 2019, the Company had a cash balance of \$1,128,517 (February 28, 2019 - \$1,266,880) and other current assets of \$1,486,917 (February 28, 2018 - \$2,832,848) to settle current liabilities of \$1,653,733 (February 28, 2018 - \$1,955,590).

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as they affect the ability of the Company to develop or market its products and the future profitability of the Company.

15. Financial risk management (continued)

c) Market risk

(i) Price risk

The Company is exposed to price risk with respect to market prices of its products and manufacturing inputs. Price risk is remote since the Company is not a producing entity.

(ii) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next year will not have a significant impact on the Company. The fair value of cash, accounts receivable, shareholder advances, accounts payable and accrued liabilities approximate carrying value due to the relatively short-term maturities of these instruments.

Rapid Dose Therapeutics Corp.

(formerly Acme Resources Corp.)

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16. Capital risk management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

The Company considers cash, common shares and warrants reserve as its capital. During the period, the Company's strategy was to obtain enough capital to cover its expenses.

17. Related party transactions

Related parties include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company.

As at May 31, 2019, the Company held employee advances of \$nil (February 28, 2018 - \$15,536). These advances are unsecured and have no fixed terms of repayment.

Key management consists of the Chief Executive Officer, Chief Financial Officer and Senior Vice President, Business Development. Key management compensation for the three months ended May 31, 2019 was \$1,019,179, including stock-based compensation of \$775,410 (2018 - \$525,309).

18. Subsequent event

Subsequent to May 31, 2019, the Company issued a total of 1,100,000 stock options to certain officers and employees with an exercise price of \$0.82 expiring in 2024.