Global Hemp Group Inc.

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended June 30, 2018

Unaudited

Expressed in Canadian Dollars

NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed consolidated interim financial statements.

GLOBAL HEMP GROUP INC.
Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	June 30, 2018	September 30, 2017 (Audited)
		$	$
Assets			
Current assets			
Cash	**5**	1,337,129	40,455
Loan Receivable	**6[c]**	26,390	–
Receivable from Joint Venture Partner	**6[b]**	270,805	–
Sales taxes receivable		14,350	13,784
Prepayments		16,825	–
		1,665,499	54,239
Investment in Associates	**6**	602,675	–
TOTAL ASSETS		$ 2,268,174	$ 54,239
Liabilities and shareholders' deficiency			
Current liabilities			
Accounts payable and accrued liabilities	**4**	228,273	244,211
Note payable	**10**	26,249	24,597
Due to related parties	**7**	1,526	379,244
Total liabilities		256,048	648,052
Shareholders' deficiency			
Share capital	**8**	6,312,802	3,423,935
Reserve		1,862,956	1,862,956
Deficit		(6,163,632)	(5,880,704)
		2,012,126	(593,813)
Total liabilities and shareholders' deficiency		2,268,174	54,239

The accompanying notes are an integrated part to the consolidated financial statements

Approved and authorized for issuance by the Board of Directors on August 28, 2018

"Curt Huber"
Director

"Charles Larsen"
Director

GLOBAL HEMP GROUP INC.
Consolidated Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended June 30,		Nine months ended June 30,	
		2018	**2017**	**2018**	**2017**
		$	$	$	$
Expenses					
Advertising and promotion		2,129	3,309	2,155	3,474
Interest	**10**	1,080	3,959	2,391	12,252
Consulting		28,303	–	94,267	18,206
Office and administration		(1,426)	494	1,401	564
Professional fees		4,787	1,500	27,397	4,857
Research & Development		(2,404)	1,881	3,887	1,881
Shareholder communication		13,597	–	44,259	–
Travel		(7,367)	1,917	5,937	2,090
Trust and filing fees		7,879	2,860	17,125	11,757
Utilities		(1,160)	–	–	–
(Loss) before other items:		(45,418)	(15,920)	(198,819)	(55,081)
Exchange gain (loss)		8,739	1,900	33,125	998
Interest income		2,901	–	4,679	–
Share of (loss) of Investment in Associates	**6**	(121,913)	–	(121,913)	–
Net loss		(155,691)	(14,020)	(282,928)	(54,083)
Other comprehensive income					
Translation adjustment		–	–	–	–
Comprehensive Loss		(155,691)	(14,020)	(282,928)	(54,083)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of outstanding shares		182,303,517	149,158,112	169,615,509	147,344,056

The accompanying notes are an integrated part to the consolidated financial statements

GLOBAL HEMP GROUP INC.

Consolidated statements of changes in deficiency

(Unaudited - Expressed in Canadian dollars except for number of shares)

		Share Capital		Reserve		
	Note	**Number**	**Amount**	**Share-based payment reserve**	**Deficit**	**Shareholders' deficiency**
			$	$	$	$
Balance, September 30, 2016		142,603,146	3,093,107	1,497,850	(5,067,186)	(476,229)
Conversion of convertible debentures into common shares		2,435,616	85,247	–	–	85,247
Shares issuance on private placement		4,119,350	123,581	–	–	123,581
Net loss		–	–	–	(54,083)	(54,083)
Balance, June 30, 2017		149,158,112	3,301,935	1,497,850	(5,121,269)	(321,484)
Balance, September 30, 2017		152,643,844	3,423,935	1,862,956	(5,880,704)	(593,813)
Shares issuance for investment in associates	**6[b](ii)**	2,100,000	351,093	–	–	351,093
Shares issuance on private placement net of share issuance costs	**8**	12,500,000	1,498,636	–	–	1,498,636
Share issuance on exercise of options	**8**	2,000,000	155,000	–	–	155,000
Shares issuance on exercise of warrants	**8**	13,982,750	884,138	–	–	884,138
Net loss		–	–	–	(282,928)	(282,928)
Balance, June 30, 2018		183,226,594	6,312,802	1,862,956	(6,163,632)	2,012,126

The accompanying notes are an integrated part to the consolidated financial statements

GLOBAL HEMP GROUP INC.
Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended June 30,	
	2018	**2017**
Cash (used in) provided by:	$	$
Operating activities		
Loss for the period	(282,928)	(54,083)
Non-cash items		
Share of (loss) of Investment in Associates	121,913	–
Unrealized foreign exchange loss	(33,125)	(2,788)
Interest accrual	1,526	12,138
Changes in non-cash operating working capital		
GST receivables and prepayments	(17,391)	7,937
Accounts payable and accrued liabilities	(15,938)	(40,457)
Due to related parties	(377,718)	911
Cash used in operating activities	(603,661)	(76,342)
Financing activites		
Proceeds from common shares issuance	2,537,774	123,581
Cash provided by financing activities	2,537,774	123,581
Investing activities		
Investment in Associates	(644,300)	–
Loan advances	(26,264)	–
Cash used in investing activities	(670,564)	–
Effect of foreign exchange	33,125	–
Change in cash	1,296,674	47,239
Cash, beginning of the year	40,455	563
Cash, end of the period	1,337,129	47,802

The accompanying notes are an integrated part to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Hemp Group (the "Company") was incorporated on October 30, 2009 in British Columbia, Canada. The Company's principal activity is focused on a multi-phased strategy to build a strong presence in the industrial hemp industry in both Canada and the United States.

The Company's office is located at #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. The Company's common shares are traded on Canadian Securities Exchange under the symbol "GHG", on Boerse-Frankfurt Exchange under the symbol "GHG", on XETRA Exchange in Europe under the symbol GHG, and on the USA OTC Markets under the symbol "GBHPF".

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt and or private placements of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for three and nine months ended June 30, 2018, together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended September 30, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted.

The accompanying consolidated financial statements include the accounts of the Company and Global Hemp Group, Inc. ("GHGI.), its wholly owned US subsidiary, until December 2, 2015. All intercompany transactions have been eliminated.

(Expressed in Canadian Dollars)

On December 2, 2015, the Company dissolved GHGI. At that time, GHGI had no remaining net assets. A foreign exchange loss of $24,900 was realized upon dissolution of the subsidiary, being the accumulated other comprehensive loss on conversion of GHGI to the Company's presentation currency.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and the fair value of inventory.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

New Accounting standards issued but not yet applied

At the date of the approval of the consolidated financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2018	**September 30, 2017**
	$	$
Trade payables	226,773	230,711
Accrued liabilities	1,500	13,500
	228,273	244,211

5. CASH AND CASH EQUIVALENTS

	June 30, 2018	**September 30, 2017**
	$	$
Bank demand deposits	332,608	40,455
Short-term investments	1,004,521	-
	1,337,129	40,455

(Expressed in Canadian Dollars)

6. INVESTMENT IN ASSOCIATES

As at June 30, 2018, the balance of Investment in Associates comprised of the followings:

	New Brunswick JV	Covered Bridget Acres Ltd. , Scio Oregon	41389 Farms Ltd. , Scio Oregon	Cash Crop Today LLC	Total
Balance as at January 1 & June 30, 2017 & January 1, 2018	**-**	**-**	**-**	**-**	**-**
Acquisitions	49,537	213,746	261,530	77,862	602,675
Balance as at June 30, 2018	**49,537**	**213,746**	**261,530**	**77,862**	**602,675**

a) NEW BRUNSWICK JOINT VENTURE PROJECT (the "New Brunswick Project")

2017 Phase I Joint Venture Agreement

On August 31, 2017, the Company entered into a Joint Venture Agreement with Marijuana Company of America, Inc. ("MCOA"), a corporation listed on the United States' Over-the-Counter Exchange to form a Joint Venture Operation (the "Joint Operation") to participate in the development of the Company's industrial hemp project in the province of New Brunswick, Canada (the "Project"). MCOA, a California based cannabis and hemp research and development company, whose business includes the marketing and distribution of hemp based consumer wellness products, assists the Company in developing commercial hemp production in New Brunswick.

The Project has been staged into three phrases. The first phase of the Project involved hemp cultivation and research trials for the 2017 growing season. MCOA committed to share 50% of the costs to achieve the initiatives of the first phase. As of June 30, 2018, MCOA advanced $ 13,500 for funding these costs against budgeted costs of $27,000.

With a successful completion of phase one, the second phase will expand cultivation beyond trials to cover more than 100 acres, include a larger number of varieties, and also include pilot industrial activities. The third and final phase, scheduled for 2019, involves full agricultural and industrial deployment of the project. The area under hemp cultivation is expected to reach 1,000+ acres over three years.

2018 Phase II Joint Venture Agreement (the "Phase II JV Agreement")

On June 15, 2018, the Company entered into a Joint Venture Agreement with MCOA to incorporate a Joint Venture Company (the "JV Company") to further the Phase II of the Project.

Pursuant to the terms of the Phase II JV Agreement, the initial shareholding percentages of the JV Company are 50% owned by the Company and 50% owned by MCOA.

The purpose of the JV Company shall be to carry on a business of commercializing the cultivation of industrial hemp and the extraction of cannabinoids on properties located in the northeast New Brunswick area.

The Board of the JV Company shall be comprised of two members. The Company and its nominee shall be entitled to appoint one member to the Board and MCOA and its nominee shall be entitled to appoint the other Board member.

The Initial Contribution of both the Company and MCOA is $282,763 each from the Company and MCOA.

The Company initially funded the JV Company through funding the expenditures on behalf of the JV Company. MCOA's schedule of contributions is i) C$ 115,000 upon execution of the Phase II JV Agreement, and ii) C$ 130,000 on or before August 15, 2018 (received).

In July 2018 subsequent to this reporting period, the JV Company was incorporated. The balance of Investment in Associates at this reporting period represented the costs related to the Project incurred by the Company since January 1, 2018 offset by MCOA's first contribution of C$ 115,000. MCOA made this payment directly to the Company.

In the future quarters, the Company will use equity method to account for the proportionate share of the profit and loss of the JV Company due to the significant influence of the Company on the Board of the JV Company.

b) SCIO OREGON USA JOINT VENTURE PROJECT (the "Scio Project")

i) Incorporation of 41389 Farms Ltd

On March 23, 2018, 41389 Farms Ltd. ("41389 Farms") was incorporated as an Oregon Corporation with the shareholdings as follows: 50.0% equity interest held by the Company and 50.0% equity interest held by MCOA. MCOA and the Company have a common director on their boards respectively.

ii) Acquisition of 109 Acres of Prime Agricultural Property for Hemp CBD Production in Scio of the State of Oregon (the "Scio Property)

On April 30, 2018, 41389 Farms acquired the Scio Property for US$ 1,100,000. The terms of the acquisition include a cash down payment of US$ 130,000 and the issuance of 2,100,000 common shares in the share capital of the Company valued at US$ 275,000 (C$ 351,093) which were delivered and issued to the vendor of the property on May 10, 2018.

The Company and MCOA are each contributing one half of the cash consideration for the down payment purposes, or the amount of US$65,000. MCOA is also contributing a cash payment equal to one-half of the value of the Company's stock consideration, or the amount of US$137,500, that will be paid from the expected profits to be produced from the project during the first year of operations. The Company's common shares issued pursuant to the Acquisition Agreement are considered to be issued on a private placement basis, according to the Canadian Security Exchange Policy 6. Such common shares are subject to a customary one (1) year hold period pursuant to the provisions of Rule 144 of the Securities Act of 1933. The balance, the amount of US$695,000, is a promissory note ("the Note") issued to the current owner of the Property, which matures on May 1, 2021. Interest on the Note is set at 4.0% per annum, adjustable on the first day of October each year, based on the closing interest rate of the Ten-Year U.S. Treasury Note on September 30th plus 1.15%. The Note calls for monthly payments of US$7,036.54 beginning as of June 1, 2018, and a final payment of the remaining balance on May 1, 2021.

During the quarter ended June 30, 2018, the Company used equity method to account for the proportionate share (based on the Company's economic interest in 41389 Farms) of the profit and loss of 41389 Farms due to the significant influence of the Company on the Board of the JV Company. As at June 30, 2018, the balance of the Investment in Associates related to 41389 Farms comprised of (i) the cash portion of the purchase price paid to the vendor of the (ii) the fair value of the 2.1 million shares of the Company issued to the vendor as part of the purchase considerations, deducting both (iii) 50% share of the operating losses incurred by 41389 Farms (mainly the interest on the U$ 695,000 promissory note, and (iv) the contribution receivable from MCOA for the 50% share of both the (i) and (ii) initially contributed entirely by the Company alone.

As at June 30, 2018, the total assets of 41389 Farms were US$1,100,000 and total liabilities were US$ 685,545 including the current portion of a note payable of U$58,074 due within the next twelve months from June 30, 2018.

iii) Covered Bridge Joint Venture Agreement

On May 8, 2018, the Company and MCOA (the "Partners) entered into a Joint Venture Agreement for the development of the Scio Project (the "Covered Bridge JV Agreement"). Pursuant to the terms of the Covered Bridge JV Agreement, the "Partners will jointly invest a total of US$1.2 million in the development of the Scio Project in 2018. Funding for the Project will be done on a 50/50 basis. Covered Bridget Acres Ltd ("CBA Oregon"). was incorporated under the laws of Oregon State of the United States on April 19, 2018 and is jointly owned the Partners with the initial equity interest in CBA Oregon as follows: 42.5% equity interest held by the Company, 42.5% equity interest held by MCOA and 15% equity interest held by TTO Enterprises Ltd. ("TTO").

The Company has sufficient capital on hand to fund their share of the Joint Venture for 2018, as a result of the private placement completed on March 7, 2018 for gross proceeds of $1,500,000 and MCOA is in the process of advancing their share of the investment. The Partners have engaged TTO to manage the Project. TTO will serve as Project and Farm Manager and will be responsible for the entire Scio operation as well as provide consulting services to the Partners' 125-acre joint venture farm operations in New Brunswick, Canada. TTO's expertise includes genetics development, selection and management, planting and harvest scheduling, clone management, field preparation, field set and field management strategies. For managing the Project, TTO will earn a 15% equity interest in the Project. The Partners have the right to exchange 10% of TTO's initial equity interest of 15% for common shares and share purchase warrants of both of the Partners, based on specific milestones being met, as more fully described below.

Upon planting of 20,000 clones at the farm (the "First Milestone"), one third (5.0%) of TTO's initial interest in CBA Oregon will be acquired by the Company and MCOA in exchange for 250,000 common shares of the Company and 250,000 common share purchase warrants of the Company's exercisable at a price of US$ 0.12 for a period of five years to be issued to TTO, along with 1,000,000 common shares of MCOA and 1,000,000 common share purchase warrants of MCOA exercisable at a price of US$ 0.03 for a period of five years to be issued to TTO. Upon reaching the First Milestone, TTO's ownership in CBA Oregon will then be reduced to 10%. Upon CBA Oregon's Earnings before interests, taxes, depreciation and amortization ("EBITDA") reaching US$1,000,000 in a calendar year (the "Second Milestone"), an additional one third (5%) of TTO's initial interest in CBA Oregon will be acquired by the

Company and MCOA in exchange for 250,000 common shares of the Company and 250,000 common share purchase warrants of the Company's exercisable at USD$0.12 for a period of five years to be issued to TTO, along with 1,000,000 common shares of MCOA and 1,000,000 common share purchase warrants exercisable at USD$0.03 for a period of five years to be issued to TTO. Following reaching of the Second Milestone, TTO's ownership in CBA Oregon will be reduced to 5.0%. Pursuant to the terms of the Agreement, common shares and common share purchase warrants of both the Company and MCOA have been deposited in escrow at a price per share of US$ 0.12 for the Company and US$ 0.03 MCOA for this purpose. In addition, the Partners have set up a second escrow of common shares and share purchase warrants to incentivize TTO for the successful development and maximization of shareholder value in the Project (the "Second Escrow"). Pursuant to the terms of the Agreement, the Partners have deposited to escrow as follows: The Company has deposited 2,500,000 common shares of the Company at a deemed price of $0.20 and 2,500,000 common share purchase warrants exercisable at a deemed price of $0.36 per common share for a period of three years, whereas MCOA has deposited 11,000,000 of its common shares at a deemed price of US$ 0.046 per common share and 11,000,000 common share purchase warrants exercisable at a price of US$ 0.083 per common share for a period of three years. Fifty percent (50%) of this Second Escrow will be earned by TTO upon the JV Entity generating US$1,000,000 EBITDA, and the final fifty percent (50%) will be earned by TTO upon CBA Oregon generating US$2,000,000 EBITDA.

On July 31, 2018, the Partners announced that they had replaced TTO as Project Manager and acquired TTO's 15% interest in the project for $30,000, increasing their respective interest in the project to 50% each, and cancelled the issuance of shares and warrants associated with the further acquisition of TTO's interest, per the original Joint Venture Agreement. In addition, TTO was removed from the second incentive escrow of common shares and share purchase warrants.

During the quarter ended June 30, 2018, the Company used equity method to account for the proportionate share (based on the Company's economic interest in CBA Oregon) of the profit and loss of CBA Oregon due to the significant influence of the Company on the Board of the JV Company. As at June 30, 2018, the balance of the Investment in Associates related to CBA Oregon comprised of (i) the funds contributed by the Company to CBA Oregon deducting the US$200,000 contributions paid directly by MCOA to the Company, and (ii) the 50% share of the operating losses generated by CBA Oregon during the reporting period.

As at June 30, 2018, CBA Oregon had total assets of US$281,295 and total liabilities of US$6,616.

c) CASH CROP TODAY MEDIA LLC ("CCT")

i) Acquisition of 50% of CCT

On May 31, 2018, the Company has acquired a 50% equity interest in Cash Crop Today Media, LLC ("CCT") pursuant to a purchase agreement entered between the Company and CCT (the "Agreement"), a global media company focused on the industrial hemp and cannabis sectors.

Pursuant to the terms of the Agreement, the Company will pay a total of US$150,000 for its 50% interest in CCT, comprised of $77,862 or US$60,000 in cash and the issuance of 600,000 common shares of GHG (the "Shares"), valued at

(Expressed in Canadian Dollars)

US$90,000 and to be delivered to CCT within 15 days of closing. The Shares to be issued pursuant to the Agreement will be issued on the basis of a private placement, according to Canadian Stock Exchange (the "CSE") Policy 6. Such Shares are subject to a customary one-year hold period pursuant to the provisions of Rule 144 of the Securities Act of 1933.

As at June 30, 2018, the Company made the cash payment of $77,862 or US$60,000. In July 2018, the Company issued 600,000 common shares to the vendor of CCT as part of the share consideration.

The Company will take an advisory role for the management of CCT and will not participate in voting of the governing body of CCT. As such, the Company accounts for this investment in CCT as passive investment and measured its value at the initial costs of acquisition.

ii) Loan receivable from CCT

On April 9, 2018, CCT issued a promissory note to repay the Company with the face amount of US$ 7,000 with annual interest rate of 4%. No requirement for loan repayment on or before April 8, 2019. CCT has the option to prepay the principal and/or accrued interest of the loan in whole or in part before April 8, 2018. As at June 30, 2018, the outstanding principal balance is US$ 7,000 or $ 9,192 (September 30, 2017 – US$ or $ Nil) and the accrued interest balance is US$ 63 or $ 83 (September 30, 2017 – US$ or $ Nil).

On June 7, 2018, CCT issued a promissory note to repay the Company with the face amount of US$ 13,000 with annual interest rate of 4%. No requirement for loan repayment on or before June 6, 2019. CCT has the option to prepay the principal and/or accrued interest of the loan in whole or in part before June 6, 2018. As at June 30, 2018, the outstanding principal balance is US$ 13,000 or $ 17,072 (September 30, 2017 – US$ or $ Nil) and the accrued interest balance is US$ 33 or $ 43 (September 30, 2017 – U$ or $ Nil).

7. RELATED PARTY TRANSACTIONS

Key Management Compensation:

	Nature of transactions	**Nine months ended June 30,**	
		2018	**2017**
		$	$
Directors	Consulting fees	83,558	-

As at June 30, 2018, $NIL (September 30, 2017-$122,685) was owing to the CEO of the Company. CBA Oregon owed US$ 7,761 to the CEO for expenses reimbursement.

As at June 30, 2018, $1,450 (September 30, 2017-$128,882) was owing to the CFO of the Company. CFO had a credit balance of U$ 2,698 for the expense advance to apply against expenses in the immediate following month.

As at June 30, 2018, $76 (September 30, 2017-$127,677) was owing to a director of the Company.

8. CAPITAL STOCK

Authorized
Unlimited number of common shares and Class B preferred shares without par value.

Issued and outstanding
All share and per share information has been retroactively restated in these consolidated financial statements to reflect the one to five share split completed on February 16, 2014.

On November 21, 2017, 813,000 share purchase warrants were exercised and 813,000 common shares were issued for gross proceeds of $40,650.

On November 27, 2017, 4,887,000 share purchase warrants were exercised and 4,887,000 common shares were issued for gross proceeds of $429,350.

On November 29, 2017, 1,539,985 share purchase warrants were exercised and 1,539,985 common shares were issued for gross proceeds of $76,999.

On November 30, 2017, 2,499,985 share purchase warrants were exercised and 2,499,985 common shares were issued for gross proceeds of $124,999.

On December 6, 2017, 500,000 share purchase warrants were exercised and 500,000 common shares were issued for gross proceeds of $25,000.
On January 9, 2018, 1,100,000 share purchase options were exercised and 1,100,000 common shares were issued for gross proceeds of $110,000.

On January 9, 2018, 28,541 share purchase warrants were exercised and 28,541 common shares were issued for gross proceeds of $1,427.

On January 15, 2018, 100,000 share purchase options were exercised and 100,000 common shares were issued for gross proceeds of $5,000.

On January 18, 2018, 2,571,390 share purchase warrants were exercised and 2,571,390 common shares were issued for gross proceeds of $128,570.

On January 29, 2018, 400,000 share purchase options were exercised and 400,000 common shares were issued for gross proceeds of $20,000.

On February 7, 2018, 1,142,849 share purchase warrants were exercised and 1,142,849 common shares were issued for gross proceeds of $57,142.

On March 7, 2018, 12,500,000 units were issued from a non-brokered private placement resulting in 12,500,000 shares were issued for gross proceeds of $1,500,000. Each unit includes one share purchase warrant with an exercise price of $0.15 with an expiry date on March 1, 2023.

(Expressed in Canadian Dollars)

On March 14, 2018, 400,000 share purchase options were exercised and 400,000 common shares were issued for gross proceeds of $20,000.

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number years to expiry
		$	
Balance, September 30, 2017	16,470,205	0.09	1.15
Grant	12,500,000	0.15	4.67
Exercised	(13,982,750)	0.06	
Balance, June 30, 2018	14,987,455	0.14	4.34

As at June 30, 2018, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
August 7, 2014	July 31, 2019	$ 0.10	968,105
February 28, 2017	February 28, 2022	$ 0.05	1,519,350
March 7, 2018	March 1, 2023	$ 0.15	12,500,000
			14,987,455

Stock options

On September 21, 2017, the Company granted 8,750,000 stock options to directors and consultants. Each option entitles the holder to purchase one common share of the Company at $0.05 per share. The stock options fully vested on the grant date. Out of 8,750,000 stock options granted, 250,000 stock options expire on September 20, 2019 and 8,400,000 stock options expire on September 20, 2021. The fair value of these options was determined to be $365,106 using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 3.92 years, volatility of 183%, dividend yield of 0%, and risk-free rate of 1.72%.

A continuity of the Company's options is as follows:

(Expressed in Canadian Dollars)

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2017	15,150,000	0.07	2.18
Exercised	(2,000,000)	0.08	
Balance, June 30, 2018	13,150,000	0.07	2.18

As at June 30, 2018, the Company had the following options outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
April 7, 2014	April 7, 2019	$ 0.10	4,100,000	4,100,000
January 15, 2015	January 15, 2019	$ 0.10	1,200,000	1,200,000
September 20, 2017	September 20, 2021	$ 0.05	7,600,000	7,600,000
September 20, 2017	September 20, 2019	$ 0.05	250,000	250,000
			13,150,000	13,150,000

Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Basic and diluted loss per share

Diluted loss per share does not include the effect of 14,987,455 warrants and 13,150,000 options as the effect would be anti-dilutive.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	June 30, 2018	September 30, 2017
	$	$
Loans and receivables:		
Cash	1,337,129	40,455

Financial liabilities included in the statements of financial position are as follows:

	June 30, 2018	September 30, 2017
	$	$
Non-derivative financial liabilities:		
Trade payables	226,773	230,711
Due to related parties	1,526	379,244
Note payable	26,249	24,597
	254,548	634,552

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to its short term nature.

Financial instruments measured at fair value are classified into one of 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 the fair value hierarchy are:

- 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 or indirectly; and
  Level 3 – Inputs that are not based on observable market data.

Financial instrument classified as Level 1 includes cash only.

10. NOTE PAYABLE

On December 1, 2014, the Company converted $18,355 of its accounts payable owing to a company ("Lender"), controlled by the relative of a former director, into a promissory note. This promissory note is payable on demand and bears interest of 12% per annum. The promissory note is secured by a general and continuing collateral security in favor of the Lender. As of June 30, 2018, the Company has a balance payable of $26,249 (September 30, 2017 - $24,597). For the nine months ended June 30, 2018, the Company recorded $1,652 (Nine months ended June 30, 2017 - $1,652) of interest on the note payable.