BETTERLIFE PHARMA INC.

LISTING STATEMENT

FORM 2A

August 26, 2020

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Cautionary Note Regarding Forward-Looking Statements

The information provided in this Listing Statement, including information incorporated by reference, may contain "forward-looking statements" about BetterLife Pharma Inc. (the "**Corporation**"), Altum Pharmaceuticals Inc. ("**Altum**"), The Corporation after giving effect to the Transaction (the "**Resulting Issuer**") or the corporate entity formed upon completion of the Transaction. In addition, the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Resulting Issurer or Amalco that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Resulting Issuer or Amalco that address activities, events or developments that the Resulting Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the regulation of the medical and pharmaceutical industry in Canada;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;
- other risks described in this Listing Statement and described from time to time in documents filed by the Resulting Issuer with Canadian securities regulatory authorities;
- the COVID-19 pandemic and related government responses;
- whether the Resulting Issuer will continue operations;
- the Corporation has incurred operating losses in each year since inception and the Resulting Issuer may continue to incur substantial and increasing losses for the foreseeable future. It also has negative capital cash flows from operating activities. If the Resulting Issuer cannot generate sufficient revenues to operate profitably or with positive cash flow from operating activities, it may suspend or cease operations;
- the Resulting Issuer will require substantial additional funds to complete its development and commercialization activities, and if such funds are not available it may need to significantly curtail or cease operations;
- the Resulting Issuer's inability to complete its development projects in a timely manner could have a material adverse effect of its results of operations, financial condition and cash flows;
- the Resulting Issuer may not commence clinical testing for any of its

prospective pharmaceutical products and the commercial value of any clinical study that it may conduct will depend significantly upon its choice of indication and its patient population selection. If it is unable to commence clinical testing or if it makes a poor choice in terms of clinical strategy, it may never achieve revenues;

- the Resulting Issuer will rely on third parties to conduct its research, development and manufacturing activities. If these third parties do not perform as contractually required, fail to meet its manufacturing requirements and applicable regulatory requirements or otherwise expected, it may not be able to commercialize its products, which may prevent it from becoming profitable;
- if the Resulting Issuer is unable to establish a sales, marketing and distribution infrastructure or enter into collaborations with partners to perform these functions, it may not be successful in commercializing its product candidates;
- the Resulting Issuer's product candidates may never gain market acceptance, which could prevent it from generating revenues;
- the Resulting Issuer faces potential product liability exposure, and any claim brought against it may cause it to divert resources from normal operations or terminate selling, distributing and marketing any of its products. This may cause the Resulting Issuer to cease operations as it relates to that product;
- the Resulting Issuer faces substantial competition in the cannabis industry, which could harm its business and its ability to operate profitably;
- the manufacturing of all of the Resulting Issuer's products will be subject to ongoing regulatory requirements, and may therefore be the subject of regulatory or enforcement action. The associated costs could prevent it from achieving its goals or becoming profitable;
- since certain of the Resulting Issuer's directors are located outside of Canada, you may be limited in your ability to enforce Canadian civil actions against them for damages to the value of your investment. The Resulting Issuer plans to indemnify its directors and officers against liability to the Resulting Issuer and its security holders, and such indemnification could increase operating costs;
- not all jurisdictions allow for the medicinal use of cannabis and those jurisdictions which allow it could reverse their position;
- trading on the OTC Bulletin Board and the CSE may be volatile and sporadic, which could depress the market price of the Resulting Issuer's common stock and make it difficult for its stockholders to resell their shares;
- the Resulting Issuer's stock is a penny stock. Trading of the Resulting Issuer's stock may be restricted by the SEC's penny stock regulations and FINRA's sales practice requirements, which may limit a stockholder's ability to buy and sell the Resulting Issuer's stock;
- you will experience dilution or subordinated stockholder rights, privileges and preferences as a result of the Resulting Issuer's financing efforts;
- the Resulting Issuer does not intend to pay dividends and there will thus be fewer ways in which you are able to make a gain on your investment, if at all;
- if the Resulting Issuer is unable to maintain and enforce its proprietary intellectual property rights, it may not be able to operate profitably;
- if the Resulting Issuer is the subject of an intellectual property infringement claim, the cost of participating in any litigation could cause it to go out of

business;

- the Resulting Issuer may in the future be required to license patent rights from third-party owners in order to develop its products candidates. If it cannot obtain those licenses or if third party owners do not properly maintain or enforce the patents underlying such licenses, the Resulting Issuer may not be able to market or sell its planned products;
- Amalco has no sources of product revenue and it will not be able to maintain operations and research and development without sufficient funding;
- worldwide pandemics, such as the recent outbreak of the novel coronavirus COVID-19, may adversely impact multiple aspects of Amalco's business;
- Amalco is highly dependent upon certain key personnel and their loss could adversely affect Amalco's ability to achieve its business objectives;
- if Amalco breaches any of the agreements under which it licenses rights to product candidates or technology from third parties, it can lose license rights that are important to its business. Amalco's current license agreements may not provide an adequate remedy for breach by the licensor;
- preclinical and clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results and Amalco's product candidates may not have favorable results in later trials or in the commercial setting;
- if Amalco is unable to enroll subjects in clinical trials, it will be unable to complete these trials on a timely basis;
- if Amalco's competitors develop and market products that are more effective than Amalco's existing product candidates or any products that it may develop, or obtain marketing approval before Amalco does, Amalco's products may be rendered obsolete or uncompetitive;
- Amalco relies and will continue to rely on third parties to plan, conduct and monitor preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to Amalco's business;
- Amalco relies on contract manufacturers over whom it has limited control. If Amalco is subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, its business operations could suffer significant harm;
- Amalco's future success is dependent primarily on the regulatory approval of a single product;
- Amalco will be subject to extensive government regulation that will increase the cost and uncertainty associated with gaining final regulatory approval of its product candidates;
- Amalco's products may become subject to unfavorable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, thereby having an adverse effect on its business;
- negative results from clinical trials or studies of others and adverse safety events involving the targets of Amalco's products may have an adverse impact on future commercialization efforts;
- Amalco faces the risk of product liability claims, which could exceed its insurance coverage and produce recalls, each of which could deplete cash resources;
- changes in government regulations, although beyond Amalco's control, could

have an adverse effect on its business;
- Amalco's discovery and development processes may involve the use of companion diagnostics or biomarkers;
- significant disruption in availability of key components for ongoing preclinical and clinical studies could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates;
- Amalco's competitors could develop alternative methods for the target indications for its product candidates;
- Amalco's products or technologies may need to be used in connection with third-party technologies or products;
- Amalco could be adversely impacted by unauthorized actions or the distribution of inaccurate information;
- Amalco's success depends upon its ability to protect its intellectual property and its proprietary technology;
- Amalco's potential involvement in intellectual property litigation could negatively affect its business;
- Amalco's reliance on third parties requires it to share its trade secrets, which increases the possibility that a competitor will discover them;
- product liability claims are an inherent risk of Amalco's business and, moving forward, if Amalco's clinical trial and product liability insurance prove inadequate, product liability claims may harm its business;
- the Resulting Issuer will have significant additional future capital needs and there is uncertainty as to its ability to raise additional funding;
- the Resulting Issuer's shareholders may experience significant dilution from future sales of its securities;
- the price of the Resulting Issuer's Shares may be subject to fluctuation in the future based on market conditions;
- the Resulting Issuer may pursue other business opportunities in order to develop its business and/or products;
- generally, a litigation risk exists for any company that may compromise its ability to conduct the Resulting Issuer's business;
- the Resulting Issuer's success depends on its ability to effectively manage its growth;
- it may be difficult for non-Canadian investors to obtain and enforce judgments against the Resulting Issuer because of its Canadian incorporation and presence;
- significant disruptions of information technology systems or security breaches could adversely affect the Resulting Issuer's business; and
- the Corporation has never paid dividends on it's Shares and the Resulting Issuer does not anticipate paying any dividends in the foreseeable future. Consequently, any gains from an investment in it's Shares will likely depend on whether the price of it's Shares increases.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Corporation believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no

assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Glossary of Terms

The following is a glossary of certain general terms used in this Listing Statement including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**12167573 Canada Ltd.**" means 12167573 Canada Ltd., a corporation incorporated under the CBCA on June 30, 2020, and refers to the corporation prior to completion of the Transaction.

"**Affiliate**" means a corporation that is affiliated with another corporation as described below.

A corporation is an "**Affiliate**" of another corporation if:

(a) one of them is the subsidiary of the other; or
(b) each of them is controlled by the same Person.

A corporation is "**controlled**" by a Person if:

(a) voting securities of the corporation are held, other than by way of security only, by or for the benefit of that Person; and
(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the corporation.

A Person beneficially owns securities that are beneficially owned by:

(a) a corporation controlled by that Person; or
(b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

“Amalco” means the amalgamation of Altum and 12167573 Canada Ltd. under the CBCA upon the completion of the Transaction;

"**Altum**" means Altum Pharmaceuticals Inc., a corporation incorporated under the CBCA on June 15, 2016, and refers to the corporation prior to completion of the Transaction.

“**Altum Options**” means the incentive stock options of Altum.

“**Altum Securities**” means the Altum Shares, the Altum Warrants and the Altum Options.

"**Altum Shareholders**" means the holders of Altum Shares.

"**Altum Shares**" means the issued and outstanding Class “A**”** Voting Non-Participating Common Shares without par value in the capital of Altum.

"**Altum Warrants**" means the outstanding common share purchase warrants of Altum, each of which entitles the holder thereof to purchase, subject to adjustment, one Altum Share.

"**Altum's Board of Directors**" means the board of directors of Altum.

"**Amalgamation Agreement**" means the agreement entered into among the Corporation, Altum and 12167573 Canada Ltd., dated July 3, 2020, as amended from time to time.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
(b) any partner of the Person;
(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
(d) in the case of a Person who is an individual:
    (i) that Person's spouse or child, or
    (ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Blife Therapeutics Inc.**" means Blife Therapeutics Inc., a corporation incorporated under the BCBCA on May 13, 2015 as Opes Pharmaceuticals Inc., which changed its name to Blife Therapeutics Inc. on May 13, 2020.

"**CBCA**" means the *Canada Business Corporations Act*;

"**Commissions**" means the British Columbia Securities Commission and the Ontario Securities Commission.

"**Common Shares**" means the issued and outstanding common shares in the capital of the Corporation as presently constituted.

"**Corporation**" means BetterLife Pharma Inc., a corporation incorporated under the BCBCA on June 10, 2002 as 649186 B.C. Ltd., which changed its name to Xerxes Health Corp. on September 9, 2003, to Neurokine Pharmaceuticals Inc. on June 26, 2007, to Pivot Pharmaceuticals Inc. on April 7, 2015 and to BetterLife Pharma Inc. on December 5, 2019 and refers to the corporation prior to the completion of the Transaction.

"**Corporation's Board of Directors**" means the board of directors of the Corporation.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Approval**" means the final approval of the CSE in respect of completion of the Transaction and the listing of the Corporation's Common Shares on the CSE, as evidenced by the issuance of the final approval bulletin of the CSE in respect thereof.

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof.

"**Escrow Agent**" means National Securities Administrators Ltd.

"**Escrow Agreement**" means the escrow agreement to be entered into by the Corporation, the Escrow Agent and certain securityholders of the Corporation in compliance with the requirements of the CSE.

"Escrowed Securities" means the Common Shares that will be subject to the Escrow Agreement upon completion of the Transaction.

"**Listing Statement**" means this listing statement of the Corporation, including the schedules hereto, prepared in support of the listing of the Common Shares on the CSE.

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*.

"Options" means the common share purchase options to be issued by the Corporation to holders of Altum Options pursuant to the terms of the Amalgamation Agreement, and which shall entitle the holder thereof to purchase, subject to adjustment, one Common Share, on substantially the same terms as the Altum Options.

"Performance Stock Units" means the performance stock units of the Corporation.

"**Person**" means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

"Restricted Stock Units" means the restricted stock units of the Corporation.

"**Resulting Issuer**" means the Corporation following completion of the Transaction and includes Amalco as a wholly-owned subsidiary. The Corporation and the Resulting Issuer will be the same entity but for the fact that Amalco will have become a wholly-owned subsidiary of the Resulting Issuer as a result of the Transaction.

"**Shareholders**" means shareholders of the Corporation.

"Transaction" means the amalgamation of Altum with and into 12167573 Canada Ltd. whereby Altum becomes a wholly owned subsidiary of the Corporation.

"**Warrants**" means the common share purchase warrants to be issued by the Corporation to holders of Altum Warrants pursuant to the terms of the Amalgamation Agreement, and which shall entitle the holder thereof to purchase, subject to adjustment, one Common Share, on substantially the same terms as the Altum Warrants.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared with respect to BetterLife Pharma Inc. (the "**Corporation**") in connection with the proposed Transaction between Altum Pharmaceuticals Inc. ("**Altum**") and 12167573 Canada Ltd. The head office of the Corporation and Altum is located at 1275 West 6th Avenue, #300, Vancouver, British Columbia, Canada V6H 1A6 and the registered office of the Corporation and Altum is located at 2700 - 700 West Georgia Street, Vancouver, British Columbia V7Y 1B8. Upon completion of the Transaction, the head office of the Resulting Issuer and Amalco will be located at 1275 West 6th Avenue, #300, Vancouver, British Columbia, Canada V6H 1A6 and the registered office of the Resulting Issuer and Amalco will be located at 2700 - 700 West Georgia Street, Vancouver, British Columbia V7Y 1B8. The Corporation is a reporting issuer in the Provinces of British Columbia and Ontario.

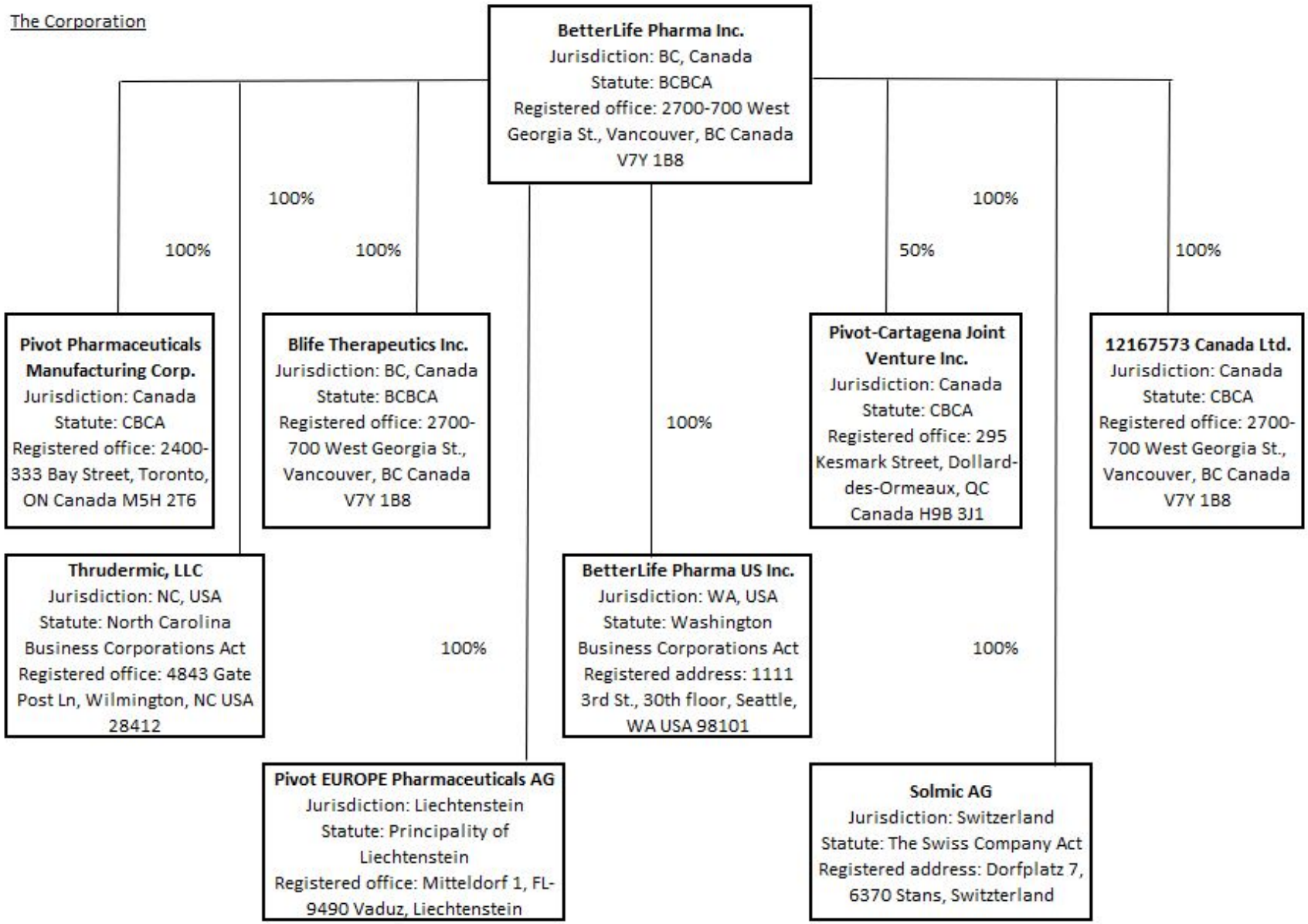
2.2 Jurisdiction of Incorporation

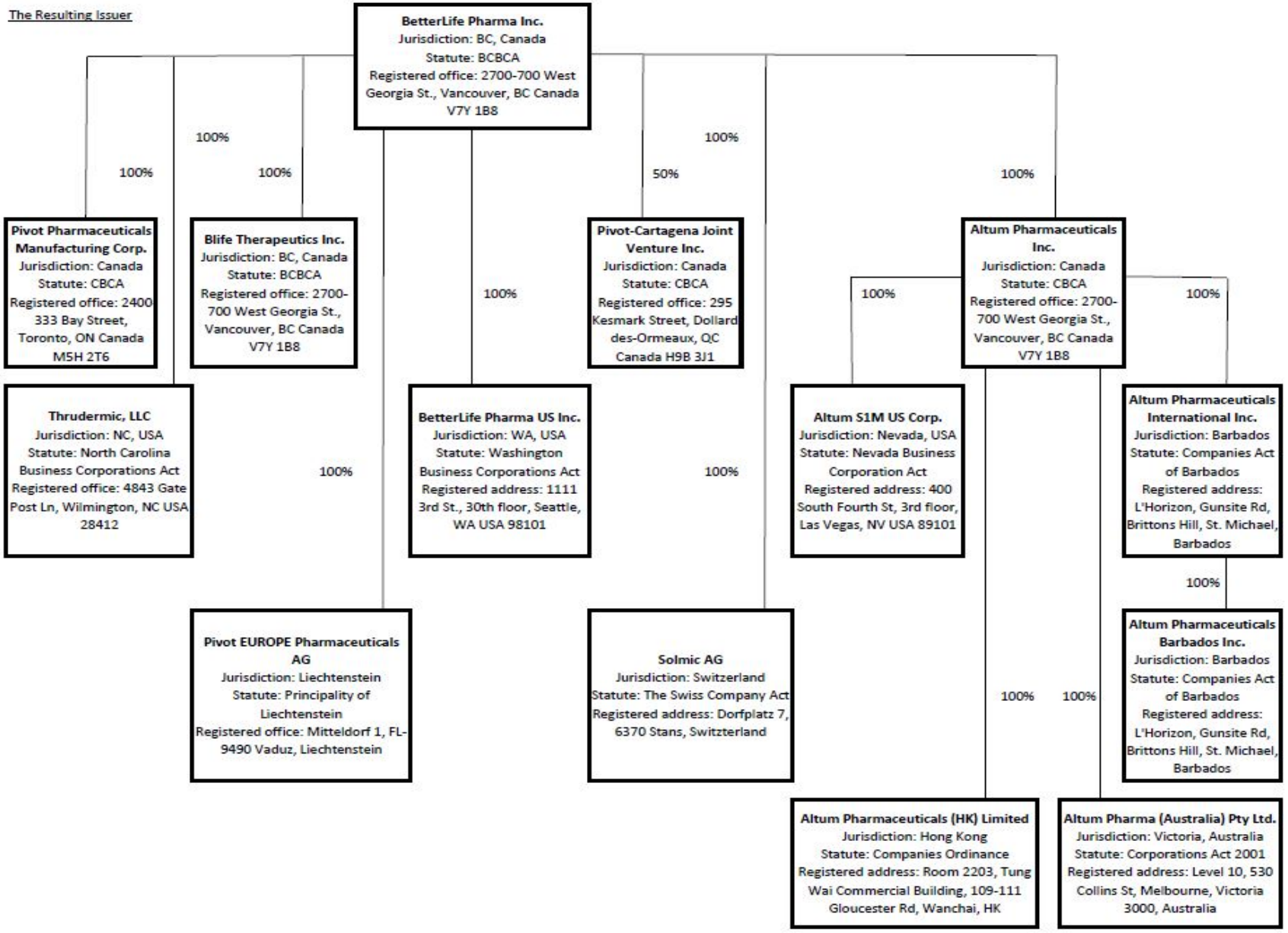
The Corporation was originally incorporated in British Columbia under the BCBCA on June 10, 2002 under the name "649186 B.C. Ltd.". On September 9, 2003, it changed its name to "Xerxes Health Corp.". On June 26, 2007, it changed its name to "Neurokine Pharmaceuticals Inc.". On April 7, 2015, it changed its name to "Pivot Pharmaceuticals Inc." and on December 5, 2019, it changed its name to "BetterLife Pharma Inc.".

Altum is a Canadian corporation, incorporated under the CBCA on June 15, 2016. On August 1, 2018 Altum amalgamated with 10893170 Canada Inc.

2.3 Inter-corporate Relationships

The Corporation has seven wholly-owned subsidiaries and one joint venture. The following diagrams set out the name of each inter-corporate relationship, the jurisdiction of the relevant entity, the statute of incorporation and the percentage ownership by the Corporation for the Corporation and the Resulting Issuer. Upon completion of the Transaction, Amalco will become a wholly-owned subsidiary of the Resulting Issuer:


The Corporation
BetterLife Pharma Inc.
Jurisdiction: BC, Canada
Statute: BCBCA
Registered office: 2700-700 West Georgia St., Vancouver, BC Canada V7Y 1B8
100%
100%
100%
100%
50%
100%
Pivot Pharmaceuticals Manufacturing Corp.
Jurisdiction: Canada
Statute: CBCA
Registered office: 2400-333 Bay Street, Toronto, ON Canada M5H 2T6
Blife Therapeutics Inc.
Jurisdiction: BC, Canada
Statute: BCBCA
Registered office: 2700-700 West Georgia St., Vancouver, BC Canada V7Y 1B8
Pivot-Cartagena Joint Venture Inc.
Jurisdiction: Canada
Statute: CBCA
Registered office: 295 Kesmark Street, Dollard-des-Ormeaux, QC Canada H9B 3J1
12167573 Canada Ltd.
Jurisdiction: Canada
Statute: CBCA
Registered office: 2700-700 West Georgia St., Vancouver, BC Canada V7Y 1B8
Thrudermic, LLC
Jurisdiction: NC, USA
Statute: North Carolina Business Corporations Act
Registered office: 4843 Gate Post Ln, Wilmington, NC USA 28412
100%
BetterLife Pharma US Inc.
Jurisdiction: WA, USA
Statute: Washington Business Corporations Act
Registered address: 1111 3rd St., 30th floor, Seattle, WA USA 98101
100%
Pivot EUROPE Pharmaceuticals AG
Jurisdiction: Liechtenstein
Statute: Principality of Liechtenstein
Registered office: Mitteldorf 1, FL-9490 Vaduz, Liechtenstein
Solmic AG
Jurisdiction: Switzerland
Statute: The Swiss Company Act
Registered address: Dorfplatz 7, 6370 Stans, Switzterland


The Resulting Issuer
BetterLife Pharma Inc.
Jurisdiction: BC, Canada
Statute: BCBCA
Registered office: 2700-700 West Georgia St., Vancouver, BC Canada V7Y 1B8
100%
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100%
Pivot Pharmaceuticals Manufacturing Corp.
Jurisdiction: Canada
Statute: CBCA
Registered office: 2400 333 Bay Street, Toronto, ON Canada M5H 2T6
Blife Therapeutics Inc.
Jurisdiction: BC, Canada
Statute: BCBCA
Registered office: 2700-700 West Georgia St., Vancouver, BC Canada V7Y 1B8
Pivot-Cartagena Joint Venture Inc.
Jurisdiction: Canada
Statute: CBCA
Registered office: 295 Kesmark Street, Dollard des-Ormeaux, QC Canada H9B 3J1
Altum Pharmaceuticals Inc.
Jurisdiction: Canada
Statute: CBCA
Registered office: 2700-700 West Georgia St., Vancouver, BC Canada V7Y 1B8
Thrudermic, LLC
Jurisdiction: NC, USA
Statute: North Carolina Business Corporations Act
Registered office: 4843 Gate Post Ln, Wilmington, NC USA 28412
100%
BetterLife Pharma US Inc.
Jurisdiction: WA, USA
Statute: Washington Business Corporations Act
Registered address: 1111 3rd St., 30th floor, Seattle, WA USA 98101
100%
Altum S1M US Corp.
Jurisdiction: Nevada, USA
Statute: Nevada Business Corporation Act
Registered address: 400 South Fourth St, 3rd floor, Las Vegas, NV USA 89101
Altum Pharmaceuticals International Inc.
Jurisdiction: Barbados
Statute: Companies Act of Barbados
Registered address: L'Horizon, Gunsite Rd, Brittons Hill, St. Michael, Barbados
100%
Pivot EUROPE Pharmaceuticals AG
Jurisdiction: Liechtenstein
Statute: Principality of Liechtenstein
Registered office: Mitteldorf 1, FL-9490 Vaduz, Liechtenstein
Solmic AG
Jurisdiction: Switzerland
Statute: The Swiss Company Act
Registered address: Dorfplatz 7, 6370 Stans, Switzterland
Altum Pharmaceuticals Barbados Inc.
Jurisdiction: Barbados
Statute: Companies Act of Barbados
Registered address: L'Horizon, Gunsite Rd, Brittons Hill, St. Michael, Barbados
100%
100%
Altum Pharmaceuticals (HK) Limited
Jurisdiction: Hong Kong
Statute: Companies Ordinance
Registered address: Room 2203, Tung Wai Commercial Building, 109-111 Gloucester Rd, Wanchai, HK
Altum Pharma (Australia) Pty Ltd.
Jurisdiction: Victoria, Australia
Statute: Corporations Act 2001
Registered address: Level 10, 530 Collins St, Melbourne, Victoria 3000, Australia

Fundamental Change

See *Item 3.1 – General Development of the Business – The Corporation*.

2.4 Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable to the Corporation.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

The Corporation

The Corporation is a science-based innovative medical wellness company aspiring to offer high-quality preventive and self-care products to its customers. The Corporation is headquartered in Vancouver, British Columbia. The Corporation has an agreement pursuant to which the Corporatoin will acquire worldwide rights (other than in Greater China, Japan and ASEAN countries) to, among other things, manufacture, have manufactured, use, offer for sale and sell AP-003 for all inhalation delivery therapeutic, diagnostic and prophylactic applications related to the COVID-19 pandemic.

Cautionary note: The Corporation is not making any express or implied claims that AP-003 or any other product has the ability to treat, eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus) at this time. Further, the safety and efficacy of AP-003 is under investigation and market authorization has not yet been obtained.

The Corporation has also invested in the acquisition and licensing of patented drug delivery technologies and has developed and tested differentiated cannabis formulations. Its products will be manufactured at current Good Manufacturing Practices ("**GMP**") accredited facilities in Canada (50,000-sq. ft. cGMP facility located in Montreal, Quebec) and United States. The Corporation's Canadian facility is under a lease agreement entered into on November 1, 2019 and expiring April 30, 2025, with monthly lease of $11.00 per square foot increasing to $15.00 per square foot by expiry. In the United States, the Corporation utilizes contract manufacturers located in Tennessee and Pennsylvania.

Its premium branded product line includes tablets, capsules and soft gels, bulk powder, stick packs, infused beverages, oral solutions, lotions, creams, gels, gums, mints, candies and intimate lubricant.

The Corporation's management team has implemented a business-minded and cost-conscious approach to product research and development and will use contract development and manufacturing organizations on a fee for service basis to perform any research, development or production that is required.

On September 12, 2017, the Corporation entered into a licensing agreement with Altum whereby it was granted worldwide rights to BiPhasix Transdermal Drug Delivery Technology ("**BiPhasix Technology**") for the delivery and commercialization of cannabinoids, and tetrahydrocannabinol ("**THC**") based products. Financial consideration included:

- Issuance of 250,000 common shares on effective date of agreement, valued at $319,174;
- Issuance of 250,000 common shares upon Health Canada Natural Product Number

("**NPN**") approval;

- Royalties on annual gross sales; and
- For pharmaceutical products, milestone payments payable upon first Investigative New Drug Approval, upon positive outcome of Phase II trial in first indication, and upon New Drug Application approval.

On February 28, 2018, the Corporation completed the acquisition of Pivot Naturals, LLC (previously ERS Holdings, LLC) ("**Pivot Naturals**") pursuant to an Exchange Agreement dated as of February 10, 2018 among the Corporation, Pivot Naturals and the members of Pivot Naturals. As consideration for the purchase, the Corporation paid US$333,333 in cash on closing, US$333,333 in September 2018 and US$333,333 in May 2019 for total cash payment of US$1 million. In addition, it also issued 500,000 common shares, value at $6.65 million, and may pay royalties on future net sales. Pursuant to the acquisition of Pivot Naturals, it acquired a patented technology called "RTIC" Ready-To-Infuse-Cannabis ("**RTIC**"), relating to the transformation of cannabis oil into powder for infusion into a variety of products. In February and April 2020, the Corporation transferred 75% and 25% of its membership interest of Pivot Naturals, respectively, and the Corporation strategically exited the California cannabis market and will focus its efforts on its Canadian operations and building its branded hemp and non-hemp based products for online sales in the United States, where regulations permit.

On March 2, 2018, the Corporation completed the acquisition of Thrudermic, LLC ("**Thrudermic**") and worldwide rights to Thrudermic's patented Transdermal Nanotechnology for the development and commercialization of transdermal cannabinoids pursuant to an exchange agreement dated March 2, 2018 among the Corporation, Dr. Joseph Borovsky, Dr. Leonid Lurya and Thrudermic. As consideration for the purchase, it paid $1 in cash on closing and issued 50,000 common shares, valued at $830,000.

On December 17, 2018, the Corporation entered into a joint venture arrangement whereby the Corporation holds 50% of the issued and outstanding shares of Pivot-Cartagena Joint Venture Inc. ("**Pivot-Cartagena JV**"). Pivot-Cartagena JV will develop and commercialize cannabis-infused non-alcoholic beverages combining the industry expertise of Licorera del Sur with the Corporation's patented RTIC™ powderization technologies.

In March 2020, the Corporation completed the acquisition of SolMic AG ("**Solmic**") and the patented Solmic solubilization drug delivery technology for oral platform. Consideration for the acquisition included CHF10,000 for the acquisition of Solmic and EUR50,000 for the patents.

In or around February and March of 2020, Altum was seeking to obtain financing for its operations or to enter into strategic partnerships in order to advance the development of its portfolio of intellectual property assets. One such asset is a patent pending proprietary Interferon a2b ("**IFNa2b**") inhalation formulation which is a potential COVID-19 treatment.

Several attempts were made to reach out to various parties through connections that Altum had through its board. Most of these efforts did not provide any leads for several reasons including that the world was in the midst of a global pandemic. The only attempt which proved successful was the connection that Dr. Ahmad Doroudian had through his position as the Chief Executive Officer and Director of the Corporation. Throughout this time, the financial situation of Altum was becoming more critical as it had overdue obligations and as a

result Altum, on May 6, 2020, entered into an agreement with the Corporation (the "**AP-003 Agreement**") to license certain worldwide (excluding-Greater China, Japan and ASEAN countries) rights to IFNa2b. Under the terms of the transaction, on closing, the Corporation was to issue 1,000,000 common shares to Altum and grant to Altum 500,000 warrants to acquire an equivalent number of common shares at a price of $1.90 per common share. The warrants have a term of two years and are only exercisable upon successful completion of the Phase 3 trial of IFNa2b. In addition, subject to the satisfaction of certain conditions precedent, upon registration of the proposed product in a major market, the Corporation is to pay US$5,000,000 in cash to Altum and Altum would be entitled to a tiered royalty equal to 7% of net sales on the first US$50,000,000 in a calendar year and a reduced royalty equal to 5% of net sales in any calendar year that are in excess of US$50,000,000. The Corporation has also, subject to raising the necessary funds, agreed to fund the first US$15,000,000 of costs required for the proposed Phase 3 trials for IFNa2b. If the Corporation fails to provide the proposed funding its economic interest in the acquired rights will be proportionately reduced. Closing is contingent on, among other things, the Corporation undertaking a financing of at least US$5,000,000 and Altum obtaining an exclusive license with respect to certain intellectual property from a Canadian governmental research and technology organization.

Throughout the process of negotiating the AP-003 Agreement Dr. Doroudian was continuing to seek financing avenues for Altum. Dr. Doroudian again reached out to his contacts as did the rest of the board of Altum and again the only attempt which proved successful was Dr. Doroudian's connection through his position as the Chief Executive Officer and Director of the Corporation. Certain members of the board of the Corporation and their connections suggested that Altum and the Corporation undertake a "merger of equals" as this would provide Altum with better access to capital and would provide the Corporation with Altum's portfolio of assets resulting in a much stronger combined entity. As a result, the parties negotiated the terms of the Amalgamation Agreement.

On July 3, 2020, the Corporation, Altum and 12167573 Canada Ltd. entered into the Amalgamation Agreement in respect of the Transaction. In the event the Transaction is completed, the CSE has determined that it would constitute a Fundamental Change for the Corporation as set out in the policies of the CSE.

Summary of Amalgamation Agreement

The following descriptions of certain provisions of the Amalgamation Agreement are not comprehensive and are qualified in their entirety by reference to the full text of the Amalgamation Agreement a copy of which will be filed on SEDAR at www.sedar.com under the profile of the Corporation.

Pursuant to the Amalgamation Agreement the Corporation will issue such number of common shares of the Corporation such that the shareholders of Altum will, in the aggregate, hold an equal number of shares in the Corporation as the shareholders of the Corporation on a post amalgamation basis. This represented approximately $36.1 million in value based on the proposed share exchange as at the date of the May 25, 2020 press release. The Corporation created a new wholly owned Canadian subsidiary, 12167573 Canada Ltd., which would amalgamate with Altum with the result being that Altum would become a wholly owned subsidiary of the Corporation. The board of the amalgamated entity would be the same board as that of the Corporation and Dr. Ahmad Doroudian would be the

Chief Executive Officer and Ms. Moira Ong would be the Chief Financial Officer of the amalgamated entity. The board of the Corporation would remain the same and Dr. Doroudian and Ms. Ong would continue in their roles as the Chief Executive Officer and Chief Financial Officer of Corporation having also been serving in that capacity in Altum. In addition, Mr. Hooshmand Sheshbaradaran and Ms. Angela Ogden would assume the roles of Chief Operating Officer and Chief Medical Officer, respectively, with the Corporation. Under the terms of the Amalgamation Agreement, the amalgamation is expected to close on or around August 31, 2020.

The Amalgamation Agreement contains conditions precedent standard for transactions of this nature including, but not limited to:

(a) the representations and warranties of the parties being true, correct and complete;

(b) the parties having complied with their obligations, covenants and agreements;

(c) all required consents, authorizations and waivers having been obtained including the acceptance by the Canadian Securities Exchange (“CSE”) of the Amalgamation;

(d) the approval of the boards of each of the parties;

(e) the approval, if applicable, of the shareholders of the parties to the Amalgamation;

(f) all necessary documents having been executed;

(g) no claims being made as to any rights of any parties to any securities of the parties;

(h) no material adverse effect having occurred on the businesses of the parties or their securities;

(i) no order of any governmental body existing restricting the consummation of the Amalgamation; and

(j) no more than 25% of the shareholders exercising their right of dissent.

The Amalgamation Agreement also contains representations, warranties and covenants standard for transactions of this nature as well as conditions on the conduct of the business of the parties during the period from the execution of the Amalgamation Agreement until the earlier of the closing of the Amalgamation or the termination of such agreement which conditions include, but are not limited to:

(a) conducting business in the ordinary course;

(b) not soliciting any offers from any other party that could conflict with the Amalgamation; and

(c) not engaging in any discussions with any other party that could conflict with the Amalgamation.

The Amalgamation Agreement also contains termination provisions standard for transactions

of this nature.

On July 30, 2020 the Corporation announced that the shareholders of Altum approved the Amalgamation Agreement at a shareholders meeting. 91.3% of Altum shareholders voted in favour of the amalgamation.

For more information about the Corporation please refer to the public record of the Corporation which is available at www.sedar.com.

Altum

Altum currently owns certain manufacturing equipment, which is housed at ANI Inc., at its Oakville site. It does not own or lease any other office space, manufacturing facilities or equipment and does not have any current plans to construct or acquire any other facilities.

The following table sets forth the issuances of Altum Shares within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Number of Securities	Issue Price per Security	Aggregate Issue Price	Nature of Consideration
August 7, 2020	897,000	US$0.50(1)	US$448,500	Cash
August 7, 2020	56,250	$1.60(2)	$90,000	Cash
June 15, 2020	2,000,000	US$1.20	US$2,400,000	Cash
June 15, 2020	160,000	US$1.20	US$192,000	Services
March 15, 2020	2,000,000	US$1.20	US$2,400,000	Cash
March 15, 2020	160,000	US$1.20	US$192,000	Services
December 27, 2019	12,385	US$1.20	US$25,000	Services
September 27, 2019	1,000,000	US$1.20	US$1,200,000	Cash
September 27, 2019	80,000	US$1.20	US$96,000	Services
September 25, 2019	12,535	US$1.20	US$25,000	Services

(1) Relates to a private placement performed by Altum at a subscription price equal to the exercise price for outstanding Altum Warrants.
(2) Relates to issuance of shares for subscriptions made in 2019 at subscription price of $1.60.

The Transaction

On July 3, 2020, the Corporation entered into the Amalgamation Agreement with Altum and 12167573 Canada Ltd., pursuant to which the Corporation agreed to issue such number of common shares of the Corporation such that the shareholders of Altum will, in the aggregate, hold an equal number of shares in the Corporation as the shareholders of the Corporation on a post amalgamation basis. The Corporation created a new wholly owned Canadian subsidiary, 12167573 Canada Ltd., which will amalgamate with Altum with the result being that Altum will become a wholly owned subsidiary of the Corporation.

On July 29, 2020 the shareholders of Altum approved the Amalgamation Agreement at a shareholders meeting. 91.3% of Altum shareholders voted in favour of the amalgamation.

The valuation ascribed to Altum in the Transaction was determined by arm's length negotiation between the Corporation and Altum, and based in part upon Altum's pre-Transaction financings. A formal third party valuation was not determined to be necessary as the parties had conducted extensive due diligence on each other and were familiar with each other's operations. Further, at the time of the negotiation of the Transaction, the value of Altum's share capital was approximately the same as the Corporation's market capitalization which is why the parties agreed on a "merger of equals".

The Corporation's Fundamental Change which will result from the completion of the Transaction will be sought to be approved, pursuant to CSE Policies, by the written consent of a minimum of 51% of the Corporation's pre-Transaction shareholders.

The board of the amalgamated entity would be the same board as that of the Corporation and Dr. Ahmad Doroudian would be the Chief Executive Officer and Ms. Moira Ong would be the Chief Financial Officer of the amalgamated entity. The board of the Corporation would remain the same and Dr. Doroudian and Ms. Ong would continue in their roles as the Chief Executive Officer and Chief Financial Officer of Corporation having also been serving in that capacity in Altum. In addition, Mr. Hooshmand Sheshbaradaran and Ms. Angela Ogden would assume the roles of Chief Operating Officer and Chief Medical Officer, respectively, with the Corporation.

3.2 Significant Acquisitions and Dispositions

See *Item 3.1 – General Development of the Business – The Transaction.*

3.3 Trends, Commitments, Events or Uncertainties

The world is currently in the midst of a global pandemic (COVID-19) and it is uncertain the impact that this will have on the Corporation, Altum or the Resulting Issuer. Currently it has had a materially adverse impact on the entities ability to secure funding and to complete aspects of their business in a timely manner.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1(1) Narrative Description of the Corporation's Business

Business of the Corporation

The Corporation is a science-based innovative medical wellness company aspiring to offer high-quality preventive and self-care products to its customers. The Corporation is headquartered in Vancouver, British Columbia and currently has three employees. The Corporation has an agreement pursuant to which the Corporation will acquire worldwide rights (other than in Greater China, Japan and ASEAN countries) to, among other things, manufacture, have manufactured, use, offer for sale and sell AP-003 for all inhalation delivery therapeutic, diagnostic and prophylactic applications related to the COVID-19 pandemic.

Cautionary note: The Corporation is not making any express or implied claims that AP-003 or any other product has the ability to treat, eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus) at this time. Further, the safety and efficacy of AP-003 is under investigation and market authorization has not yet been obtained.

The Corporation has also invested in the acquisition and licensing of patented drug delivery technologies and has developed and tested differentiated cannabis formulations. Its products will be manufactured at current GMP accredited facilities in Canada and United States. Its premium branded product line includes tablets, capsules and soft gels, bulk powder, stick packs, infused beverages, oral solutions, lotions, creams, gels, gums, mints, candies and intimate lubricant.

Business of Altum

Overview of Business of Altum and Business Objectives

Altum is an oncology therapeutics research and development stage company. Altum has not been profitable since its inception and expects to continue to incur substantial losses as it continues research and development efforts. Altum does not expect to generate significant revenues until, if and when, its product(s) become commercially viable.

Altum currently has four employees. Its management team brings extensive skill, knowledge and experience in drug development. Altum's Chief Executive Officer, Dr. Ahmad Doroudian, is experienced in the management, development and financing of pharmaceuticals companies. Its Chief Operating Officer, Dr. Hooshmand Sheshbaradaran, has held senior executive positions at global pharmaceutical companies and provides skill and knowledge in the areas of drug development, marketing, business development, financing and executive operations. Altum's Chief Medical Officer is an oncologist with background in the conduct of Phase I, II, III and IV clinical trials. See *Item 13.11 – Management* for further details.

Companies that operate in a similar business environment and are of similar size, scope and complexity to Altum include, but are not limited to, the following: ObsEva SA, Evofem Biosciences Inc., CytoDyn Inc., Relief Therapeutics Holdings AG, Milestone Pharmaceuticals Inc., Synairgen PLC and Algemon Pharmaceuticals Inc..

Altum currently has three products in its pipeline: AP-001, AP-002 and AP-003.

AP-001 is a topical cream formulation of interferon-alpha 2b based on Altum's patented Biphasics formulation system. It is being developed for treatment of human papilloma virus ("**HPV**") induced cervical intraepithelial neoplasia ("**CIN**"). Patients with CIN are at risk for developing cervical cancer. AP-001 is a patient self-administered intra-vaginal cream and has completed Phase 1-2 trials. Currently there are no human clinical trials ongoing with AP-001. Altum's goal is to initiate the AP-001 Phase 2b trial in the third quarter of 2021, which, if successful, could potentially lead to a registration Phase 3 trial. The cost to conduct the full trial is estimated to be approximately $20 million, of which Altum estimates $4.4 million to be required over the next 12 months to prepare for the trial.

AP-002 is a novel gallium-based anti-cancer agent. AP-002 is currently in first in human clinical trial (Phase 1). The trial is being conducted in the USA and in advanced/metastatic cancer patients failing standard treatments. Altum's goal is to complete the AP-002 Phase 1 trial in 2020 and initiate combination trials, with an estimated total cost of $7.7 million, with other anti-neoplastics shortly thereafter. If these trials are successful, they could potentially lead into registration Phase 3 trial.

AP-003 is Altum's current lead product and is a patent pending proprietary IFNa2b

inhalation formulation. In recent studies IFNa2b has been shown to be effective in slowing SARS-CoV-2 viral replication. In the study published Friday May 15, 2020 in Frontiers of Immunology titled "Interferon-a2b Treatment for COVID-19", the authors examined the course of disease in a cohort of 77 individuals with confirmed COVID-19 admitted to Union Hospital, Tongii Medical College, Wuhan, China, between January 16 and February 20, 2020. To the knowledge of the authors the findings presented in the study were the first to suggest therapeutic efficacy of IFNa2b in COVID-19 disease. Altum is planning a randomized, double-blind, placebo controlled trial of AP-003 in early stage COVID-19 patients to start as early as the fourth quarter of 2020 in Australia. Estimated total cost of trials is $20.9 million and will be pending sufficient financing to conduct the trials.

Cautionary note: Altum is not making any express or implied claims that AP-003 or any other product has the ability to treat, eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus) at this time. Further, the safety and efficacy of AP-003 is under investigation and market authorization has not yet been obtained.

Product Description and Target Disease

AP-001 is a topical formulation of recombinant human IFNa2b based on the patented Biphasix™ drug formulation technology. The Biphasix formulation allows stable cream formulation of IFNa2b and its delivery across the dermis/mucosa, with minimal systemic exposure. AP-001 is being developed to treat HPV induced CIN, the precursor to cervical neoplasia. In the USA, terminology is shifting from CIN classification to Squamous Intraepithelial Lesions. Low-grade squamous intraepithelial lesions ("**LSIL**") is equivalent to CIN-1 and high grade squamous intraepithelial lesions ("**HSIL**") encompasses both CIN-2 and CIN-3. Current treatments of HSIL are all based on invasive surgical procedures. These procedures all require medical professional administration, have procedure associated discomfort, and risks for complications including bleeding and future pregnancy complications. In addition, 10-30% of women will have persistence of HPV following the procedure so have a continued risk of cervical cancer. AP-001 is being developed to be a non-invasive, self-administered treatment for HSIL, with minimal side effects. IFNa2b is a potent cytokine that possesses antiviral, immunomodulating, and antiproliferative activities. Recombinant human IFNa2b in an injectable form (Intron® A, Merck and Co, formerly Schering Plough) is approved in the US for both anti-viral and anti-neoplastic indications. In most indications, Intron A is administered by intravenous (IV), intramuscular (IM) or subcutaneous (SC) route, which results in range of severe adverse events (AEs). Intron A has received approval for anogenital warts caused by HPV, demonstrating the activity of IFNa2b against this virus. Intron A is administered by intralesional injections for HPV-induced anogenital warts when administered by intralesional injection, limiting its use in this indication. Intralesional injections are painful and must be administered by a medical professional. Intron A has not been developed for treatment of HPV-induced CIN. In contrast to the IV, IM, SC or intralesional injections required for Intron A, AP-001 will be a topical formulation of IFNa2b for local intra-vaginal use. Completed human AP-001 Phase 1-2 trials have shown minimal local AEs, and no systemic presence of IFNa2b upon use of AP-001.

AP-002 is an organo-gallium complex whose drug substance is: tris (8-quinolinolato) gallium(III). The finished drug product is an enteric protected tablet for oral administration. Preclinical studies show that AP-002 has distinct direct anti-tumor activity as well as direct anti-osteoclast activity. The activity profile of AP-002 makes it a promising development

candidate to potentially treat cancers which give rise to bone metastases, which include breast, lung and prostate cancers.

Altum's current lead product AP-003, is a patent pending proprietary IFNa2b inhalation formulation. In recent studies IFNa2b has been shown to be effective in slowing SARS-CoV-2 viral replication. In the study published Friday May 15, 2020 in Frontiers of Immunology titled "Interferon-a2b Treatment for COVID-19", the authors examined the course of disease in a cohort of 77 individuals with confirmed COVID-19 admitted to Union Hospital, Tongii Medical College, Wuhan, China, between January 16 and February 20, 2020. To the knowledge of the authors the findings presented in the study were the first to suggest therapeutic efficacy of IFNa2b in COVID-19 disease. Altum is planning a randomized, double-blind, placebo controlled trial of AP-003 in early stage COVID-19 patients to start in the near future.

Product Current Stage of Development

AP-001 has completed two HPV associated CIN clinical trials in Germany:

- **Study IFN002**: An open-label study in women with low grade cervical lesions (Munich IIW, III or IIID Pap smears) and a concurrent observational study of untreated subjects (Study HPV001).
- **Study IFN005**: An open-label safety, pharmacokinetics (PK), and efficacy study in women with CIN 1 or CIN 2.

AP-001 has also completed an HPV associated anogenital wart clinical trial: **Study IFN001**: A randomized, double-blind, placebo-controlled study in women with anogenital warts.

AP-001 is now entering a Phase 2b trial. This study will be a randomized double blinded placebo controlled trial in HSIL patients. The aim of the trial is to obtain optimal schedule, clinical efficacy and adverse events profile data. The trial is projected to start in the third quarter of 2021, pending sufficient financing to conduct the trials.

AP-002 is currently in its first in human clinical trial. This Phase 1-2 clinical trial is being conducted in the USA (NCT04143789), and started in October 2019. The objective of the Phase 1 portion of the trial is define the dosing and adverse events (AEs, side effects) profile of the compound when administered by itself (monotherapy). The patients receiving AP-002 in the Phase 1 portion are advanced or recurrent solid tumors for which there are no standard therapies. In the Phase 2 portion of the trial, selected tumor types will be treated with the objective to gain data on anti-tumor efficacy of AP-002 in these tumor types (advanced or recurrent breast, non-small cell lung cancer (NSCLC) or prostate cancers).

AP-003 is currently in preclinical development. An Altum proprietary recombinant human IFNa2b produced in E. coli is under development. An Altum proprietary IFNa2b formulation is also under development.

Product Current Regulatory Status, Development Strategy and Projected Timelines

The previously completed AP-001 Phase 1-2 trials were conducted using AP-001 which had IFNa2b provided by Merck under a supply agreement, which is now terminated. Altum is now manufacturing its own proprietary IFNa2b to be used in manufacturing of AP-001 for all future trials. AP-001 has an US Investigational New Drug ("**IND**"). The AP-001 IND is

currently inactive. With AP-001 manufactured using Altum's own IFNa2b, Altum plans to either reactivate the old AP-001 US IND or file a new IND under which the AP-001 Phase 2b will be conducted in US. The AP-001 Phase 2b trial is projected to start in the third quarter of 2021. The follow-on AP-001 Phase 3 could potentially start by 2022.

AP-002 has an active US IND, under which the current ongoing monotherapy Phase 1-2 is being conducted in the USA. Depending on the outcome of this trial and the data from any subsequent combination Phase 1b trials, the subsequent trials and registration strategy will be developed. The AP-001 monotherapy Phase 1 portion is projected to end by the second half of 2020. The Phase 2 portion is projected to end in the second half of 2021. The Phase 1b combination study could potentially be conducted alongside the Phase 2 portion of the monotherapy trial. All trials are currently planned to be conducted in USA (states to be determined) and Canada (Quebec, Ontario and British Columbia).

AP-003 is currently in preclinical stage of development. The manufacturing and formulation work is currently ongoing. A pre-IND discussion has been conducted with the US Food and Drug Administration ("**FDA**") for use of AP-003 inhalation in COVID-19. Based on FDA feedback, an inhalation GLP toxicology study in rats using AP-003, to be conducted in the second half of 2020, is under planning. A healthy human volunteer study, to be conducted in Australia in the second half of 2020, is also under planning. As currently projected, the data from the healthy human volunteer study together with the GLP toxicology study will be used to file a CTA in Canada and IND in the US to conduct a randomized placebo controlled trial(s) in COVID-19 patients. The COVID-19 trial(s) are projected to start in the second quarter of 2021.

Significant Events or Milestones

The Resulting Issuer expects to accomplish the following business objectives over the 12-month period following completion of the Transaction, directly or indirectly through its subsidiaries on a consolidated basis. It is expected that growth strategies will be applied across each business segment concurrently to maximize economics. The following list is not a complete list of milestones and business objectives and is subject to change and sufficient financing.

Milestone	Timeframe	Approximate Cost
AP-001		
Supportive pre-clinical studies	Months 3 to 12	$1,300,000
Formulation development	Months 1 to 5	$400,000
Manufacture of drug product	Months 6 to 9	$2,400,000
Canada and U.S. regulatory support	Months 6 to 12	$100,000
Filing of new and maintenance of current patents	Months 6 to 12	$200,000
AP-002		
Supportive pre-clinical studies	Months 1 to 10	$500,000
Phase 1 monotherapy	Months 1 to 4	$700,000
Phase 1b/2 combination studies	Months 5 to 12	$4,100,000
Manufacture of drug substance	Months 8 to 10	$2,000,000
Canada and U.S. regulatory support	Months 1 to 12	$200,000
Maintenance of patents	Months 1 to 12	$200,000

AP-003		
GLP toxicology and other non-clinical studies	Months 1 to 7	$630,000
Randomized placebo controlled Phase 2 (Australia) study	Months 2 to 6	$14,920,000
Pulmonary function study	Months 8 to 9	$1,200,000
Scale-up and GMP manufacture of Altum proprietary drug produce	Months 1 to 8	$3,550,000
Full development plans finalization	Month 10	$500,000
Patents and trademarks	Months 1 to 10	$100,000

Total Funds Available

The pro forma working capital position of the Corporation as at April 30, 2020, giving effect to the Transaction as if it had been completed on that date, was approximately $764,800.

As at April 30, 2020 (the end of the Corporation's most recent interim period for which financial statements have been published), the Corporation had working capital of $1,396,003. The Corporation has historically relied upon equity financings to satisfy its capital requirements and will continue to depend upon equity capital to finance its activities moving forward.

The consolidated pro forma balance sheet of the Corporation, which gives effect to the Transaction as if it had been completed on April 30, 2020, is attached hereto as Schedule A.

Purpose of Funds

Upon completion of the Transaction, the Resulting Issuer expects to have $470,000 in funds available to it to spend for the principal purpose of research and development and for general corporate purposes, which it intends to allocate as follows: $110,000 to corporate general and administrative expenses and $360,000 to manufacturing activities. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Corporation to achieve its objectives. The Resulting Issuer will also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available if required.

Forecast 12 Month Budget

	AP-001	**AP-002**	**AP-003**	**Corporate**	**Total**
Pre-clinical	1,300,000	500,000	630,000	-	2,430,000
Clinical	-	4,800,000	16,120,000	-	20,920,000
Manufacturing	2,800,000	2,000,000	3,550,000	-	8,350,000
Regulatory	100,000	200,000	500,000	-	800,000
Intellectual property	200,000	200,000	100,000	-	500,000
Corporate	-	-	-	2,600,000	2,600,000
	4,400,000	7,700,000	20,900,000	2,600,000	35,600,000

4.1(2) Principal Products or Services

This is not applicable to the Corporation.

4.1(3) Production and Sales

This is not applicable to the Corporation.

4.1(4) Competitive Conditions and Position

See *Item 17 – Risk Factors - Competition.*

4.1(5) Lending and Investment Policies and Restrictions

This is not applicable to the Corporation.

4.1(6) Bankruptcy and Receivership

Neither Altum, the Corporation, nor any of the Corporation's subsidiaries, has been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

4.1(7) Material Restructuring

This is not applicable to the Corporation.

4.2 Companies with Asset Backed Securities

The Corporation does not have any asset backed securities.

4.3 Companies with Mineral Projects

The Corporation does not have any mineral projects.

4.4 Companies with Oil and Gas Operations

The Corporation does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information – Annual and Interim Information

The Corporation's Annual and Interim Information

The following table sets forth selected financial information for the Corporation for the years ended January 31, 2020, 2019 and 2018 and for the three-month period ended April 30, 2020. Such information is derived from the financial statements of BetterLife Pharma Inc. and should be read in conjunction with such financial statements. See *Schedule "B" – Financial Statements of BetterLife Pharma Inc*.

	For the Years Ended January 31			For the Three Months Ended April 30
Operating Data[1]:	**2020 (audited)**	**2019 (audited)**	**2018 (audited)**	**2020 (unaudited)**
Total revenues	Nil	Nil	Nil	Nil
Total other income (loss)	(857,563)	(2,345,838)	1,312,543	1,361,829
Total expenses	(18,731,199)	(6,908,952)	(1,354,897)	(1,296,533)
Net income (loss) for the period	(19,588,762)	(9,254,790)	(42,354)	65,296
Basic and diluted income (loss) per share	(1.30)	(1.03)	(0.01)	0.00
Dividends	Nil	Nil	Nil	Nil
Balance Sheet Data:				
Total assets	8,250,779	10,306,750	471,826	6,788,121
Total liabilities	5,594,218	6,811,238	527,618	3,932,728

1. Operating data for the year ended January 31, 2018 has been presented under US Generally Accepted Accounting Principles.

Altum's Annual Information

The following table sets forth selected financial information for the Altum for the years ended March 31, 2020, 2019 and 2018. Such information is derived from the financial statements of Altum and should be read in conjunction with such financial statements. See *Schedule "C" – Financial Statements of Altum Pharmaceuticals Inc.*

	For the Years Ended March 31		
Operating Data:	**2020 (audited)**	**2019 (audited)**	**2018 (audited)**
Total revenues	Nil	Nil	461,888
Total other income (loss)	(129,288)	(1,951,489)	1,749,666
Total expenses	(9,415,121)	(8,212,935)	(1,131,067)
Net income (loss) for the period	(9,544,409)	(10,164,424)	618,599
Basic and diluted income (loss) per share	(0.27)	(0.31)	0.03
Dividends	Nil	Nil	Nil
Balance Sheet Data:			
Total assets	10,060,035	11,995,306	6,105,281
Total liabilities	3,401,220	1,859,171	687,375

5.2 Consolidated Financial Information – Quarterly Information

The Corporation's Quarterly Information

The results for each of the eight most recently completed quarters of the Corporation ending at the end of the most recently completed interim period, being April 30, 2020, are summarized below:

Quarter Ended	Revenue	Net Income (Loss)	Net Income (Loss) per Share[(1)]
April 30, 2020	Nil	65,296	0.00
January 31, 2020	Nil	(10,662,304)	(0.68)
October 31, 2019	Nil	(2,593,187)	(0.15)
July 31, 2019	Nil	(4,387,727)	(0.28)
April 30, 2019	Nil	(1,945,544)	(0.20)
January 31, 2019	Nil	(1,630,868)	(0.16)
October 31, 2018	Nil	(3,673,928)	(0.41)
July 31, 2018	Nil	(1,845,118)	(0.22)

(1) Net income (loss) per share for the quarters ended July 31, 2018 through January 31, 2020 have been adjusted for the Corporation's ten (10) for one (1) share consolidation in June 2020.

Altum's Quarterly Information

The results for each of the eight most recently completed quarters of Altum ending at the end of the most recently completed year end period, being March 31, 2020, are summarized below:

Quarter Ended	Revenue	Loss	Loss per Share
March 31, 2020	Nil	(2,561,253)	(0.07)
December 31, 2019	Nil	(1,896,493)	(0.05)
September 30, 2019	Nil	(3,044,160)	(0.09)
June 30, 2019	Nil	(2,042,503)	(0.06)
March 31, 2019	Nil	(2,874,931)	(0.09)
December 31, 2018	Nil	(2,164,753)	(0.07)
September 30, 2018	Nil	(2,412,375)	(0.07)
June 30, 2018	Nil	(2,712,365)	(0.08)

5.3 Dividends

The future payment of dividends will be determined by the Corporation's board of directors and will be dependent upon the financial requirements of the Corporation to fund further growth, the financial condition of the Corporation and other factors which the Corporation's Board of Directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

5.4 Foreign GAAP

This item does not apply to the Corporation.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("**MD&A**") contains forward-looking information which reflects management's expectations regarding the Corporation's and Altum's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", believe", outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Corporation's and Altum's expectation of future activities and results, its working capital needs and its ability to identify, evaluate and pursue suitable business opportunities and its ability to raise sufficient financing to continue its operations. Forward-looking statements involve known and unknown risks, uncertainties and other factors including, but not limited to, financial, operational, environmental and political risks that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

The Corporation

The MD&A for the Corporation can be found in the public record for the Corporation on www.sedar.com. The MD&A should be read in conjunction with the audited financial statements and related notes thereto of the Corporation, as at and for the years ended January 31, 2020 and 2019 and as at and for the years ended January 31, 2019 and 2018, and the unaudited financial statements and related notes thereto of the Corporation as at and for the three months ended April 30, 2020, copies of which are attached hereto at Schedule B.***Selected Annual Information***

January 31,	2020	2019	2018
Total other income (expense)(1)	(857,563)	(2,345,838)	1,312,543
Net loss(1)	(19,588,762)	(9,254,790)	(42,354)
Net loss per share(1)	(1.30)	(1.00)	(0.00)
Total assets	8,250,779	10,306,750	471,826
Total long-term liabilities	4,634,154	1,408,486	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil

(1) 2018's results are presented under US Generally Accepted Accounting Principles.

Summary of Quarterly Results

The following is a summary of certain financial information concerning the Corporation for each of the last eight reported quarters:

Quarter Ended	Revenue	Net Income (Loss)	Net Income (Loss) per Share
April 30, 2020	Nil	65,296	0.00
January 31, 2020	Nil	(10,662,304)	(0.68)
October 31, 2019	Nil	(2,593,187)	(0.15)
July 31, 2019	Nil	(4,387,727)	(0.28)
April 30, 2019	Nil	(1,945,544)	(0.20)
January 31, 2019	Nil	(1,630,868)	(0.16)
October 31, 2018	Nil	(3,673,928)	(0.41)
July 31, 2018	Nil	(1,845,118)	(0.22)

Additional Disclosure for Issuers without Significant Revenue

Other than the Transaction which is more particularly described under *Item 3.1 - General Development of the Business - The Corporation*, there are no proposed transactions for the Corporation.

The Corporation has not had a history of operations or earnings and the overall success of the Corporation will be affected by its current or future business activities.

The Corporation is exposed in varying degrees to a variety of financial instrument related risks, including liquidity risk and market risks with respect to its ability to raise capital through equity markets under acceptable terms and conditions. Management monitors its activities and various factors that could impact the risks in order to manage risks and make timely decisions.

Other Requirements

Summary of Outstanding Share Data as at August 26, 2020:

Authorized:	Unlimited common shares without par value
Issued and outstanding:	18,217,295 common shares

Additional disclosures pertaining to the Corporation's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

The Summary of Quarterly Results of the Corporation provide a summary of the activities, results of operations and financial condition of the Corporation as at and for the three months ended April 30, 2020. The Quarterly Summary of Quarterly Results have been prepared by management as of June 29, 2020 and should be read in conjunction with the condensed interim financial statements and related notes thereto of the Corporation for the three months ended April 30, 2020, the audited financial statements and related notes thereto of the Corporation for the years ended January 31, 2020 and 2019, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and the annual Management Discussion and Analysis ("**MD&A**") of the Corporation prepared by management as of June 1, 2020.

In June 2020, the Corporation consolidated its issued and outstanding share capital on a

ten (10) old for one (1) new basis.

Altum

This MD&A of Altum has been prepared by management and should be read in conjunction with the audited Financial Statements and related notes thereto of Altum as at and for the years ended March 31, 2020 and 2019 and for the years ended March 31, 2019 and 2018.

The Years Ended March 31, 2020, 2019 and 2018

Over-all Performance

See *Item 3.1 – General Development of the Business – Altum.*

Selected Annual Information

March 31,	2020	2019	2018
Total interest and other income (expense)	(129,288)	(1,951,489)	1,749,666
Net income (loss)	(9,544,409)	(10,164,424)	618,599
Net income (loss) per share	(0.27)	(0.31)	0.03
Total assets	10,060,035	11,995,306	6,105,281
Total long term liabilities	728,544	216,751	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil

Results of Operations

March 31, 2019 as compared to March 31, 2018:

During the year ended March 31, 2019, Altum recorded a net loss of $10,164,424 as compared to a net income of $618,599 in fiscal 2018. Net income recorded in fiscal 2018 resulted from the recognition of license income of $461,888 related to the receipt of 250,000 common shares of the Corporation in September 2017 pursuant to the license of worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of cannabinoids, cannabidiol and tetrahydrocannabinol products to the Corporation.

Expenses increased from $1,592,955 in fiscal 2018 to $8,212,935 in fiscal 2019. In April 2018, Altum completed the acquisition of Lexi Pharma Inc. ("**Lexi**") and Lexi's portfolio of patents related to AP-002. Pursuant to the acquisitions, Altum entered into employment contracts with its Chief Operating Officer and Chief Medical Officers. With a strengthened management team, Altum began, in April 2018, preparing AP-002 for the start of Phase 1 trials in October 2019. The team also engaged clinical and regulatory consultants to prepare its AP-001 product for Phase 2b trials. With significantly increased activities in fiscal 2019, consulting fees, general and administrative, insurance, professional fees, research and development and salaries and wages increased as compared to fiscal 2018.*March 31, 2020 as compared to March 31, 2019:*

During the year ended March 31, 2020, Altum incurred a net loss of $9,544,409 as compared to a net loss of $10,164,424 in fiscal 2019. The decrease in net loss was due to a decrease in change in unrealized losses on Altum's marketable security holding during the year ended March 31, 2020, offset by an increase in expenses from $8,212,935 during the year ended March 31, 2019 to $9,415,121.

The increase in expenses was due to the following:

- Altum began the first in human clinical trial (Phase 1) for its AP-002 product in October 2019. Altum also continued to work towards preparing its AP-001 product to enter Phase 2b trial for treatment of HPV CIN. Pursuant to these activities, Altum engaged clinical and regulatory consultants, which increased consulting fees from $952,485 in fiscal 2019 to $1,298,151 in fiscal 2020. General and administrative and professional fees also increased from fiscal 2019 as a result of these activities.
- Salaries and wages increased from $1,147,096 in fiscal 2019 to $1,529,747 in fiscal 2020. Altum entered into an employment contract with its Executive Chair in September 2018 with a salary of US$180,000, common shares equivalent US$80,000 and stock options equivalent to US$100,000 per annum. Fiscal 2020 was the first full year in which salaries and wages related to this employment contract was recognized.

Summary of Quarterly Results

The following is a summary of certain financial information concerning Altum for each of the last eight reported quarters:

Quarter Ended	Revenue	Loss	Loss per Share
March 31, 2020	Nil	(2,561,253)	(0.07)
December 31, 2019	Nil	(1,896,493)	(0.05)
September 30, 2019	Nil	(3,044,160)	(0.09)
June 30, 2019	Nil	(2,042,503)	(0.06)
March 31, 2019	Nil	(2,874,931)	(0.09)
December 31, 2018	Nil	(2,164,753)	(0.07)
September 30, 2018	Nil	(2,412,375)	(0.07)
June 30, 2018	Nil	(2,712,365)	(0.08)

Over the past eight fiscal quarters there have been no significant trends or variations except the quarter ended September 30, 2019 when Altum recognized a larger unrealized loss on its marketable security.

Liquidity and Capital Resources

The following table presents Altum's working capital as at March 31, 2020, 2019 and 2018:

March 31,	2020	2019	2018
Current assets	880,612	1,728,384	6,103,400
Current liabilities	2,672,676	1,642,420	687,375
Working capital (deficit)	(1,792,064)	85,964	5,416,025

March 31, 2019 as compared to March 31, 2018:

Current assets decreased from $6,103,400 at March 31, 2018 to $1,728,384 at March 31, 2019 while current liabilities increased from $687,375 to $1,642,420. Altum completed equity financings in January and March 2018, but had not yet begun significant research

and development activities. Activities on AP-001 ramped up and research and development activities began on AP-002 after Altum strengthened its management team in April 2018 by adding its Chief Operating Officer and Chief Medical Officer. As such activities began, Altum's cash balance was used toward funding research and development, which led to an increase in trade payables within current liabilities.

March 31, 2020 as compared to March 31, 2019:

Current assets decreased from $1,728,384 at March 31, 2019 to $880,612 at March 31, 2020 while current liabilities increased from $1,642,420 to $2,672,676. During fiscal 2020, Altum's research and development activities for AP-001 and AP-002 continued. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The global outbreak had a significant impact on businesses, including Altum, and delayed Altum's financings that were in progress. The halt in financings in March, together with buildup of trade payables from ongoing research activities resulted in a deterioration of Altum's working capital by March 31, 2020.

Altum has, and may continue to have, capital requirements in excess of its currently available resources. In the event Altum's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, Altum may be required to seek additional financing. Although Altum has been successful in raising the above funds, there can be no assurance that Altum will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to Altum in the future. Altum has not had a history of operations or earnings and the overall success of Altum will be affected by its current or future business activities.

Risks and Uncertainties

Altum's future performance is likely to be subject to a number of uncertainties and factors, including but not limited to:

- It's ability to obtain adequate capital resources to fund future business plans, including its clinical trials;
- It's ability to commence profitable operations in the future;
- Changes in general economic, market and business conditions; and
- Changes in applicable laws, rules and regulations.

Altum has not generated any significant revenue and has incurred significant losses since inception.

Altum's risk exposures and the impact on its financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Altum's cash is held through a large Canadian financial institution. As such, Altum considers this risk to be minimal.

Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Altum's

functional and reporting currency is Canadian dollars. Altum is exposed to currency risk through the financial assets and liabilities denominated in currencies other than Canadian dollars. Altum currently does not use derivative instruments to hedge its exposure to the currency risk. As of March 31, 2020, Altum's accounts payable denominated in U.S dollars, Euro and British pounds are exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of March 31, 2020, Altum was not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that Altum will not be able to meet its financial obligations as they become due. Altum manages liquidity risk through the management of its capital structure and financial leverage. Accounts payable and accrued liabilities are subject to normal trade terms. Altum believes that the capital sources will be sufficient to cover the expected short and long-term cash requirements by obtaining financing through the issuance of debt or common shares.

Altum has no debt and is not subject to any externally imposed capital requirements.

Off-Balance Sheet Arrangements

Altum does not utilize off-balance sheet arrangements.

Transactions with Related Parties

During the year ended March 31, 2020, Altum entered into transactions and had outstanding balances with various related parties. The transactions with related parties are in the normal course of business.

(a) During the year ended March 31, 2019, Altum advanced US$83,700 to the Corporation, bearing interest at 10% per annum and due on demand. As of March 31, 2019, carrying amount of the due from the Corporation totaled $111,848 and interest receivable totaled $1,413. On May 17, 2019, the Corporation repaid the outstanding amount and accrued interest totaling US$85,836.

(b) Pursuant to the acquisition of Lexi, Altum made an interest free demand loan to Lexi in the principal amount of $500,000, which was extinguished upon the amalgamation of Lexi with Altum on August 2, 2019.

(c) As of March 31, 2020, Altum owed $1,451 (2019 - $30,768) to its Chief Executive Officer for the expenses incurred on behalf Altum, which is included in the due to related parties.

(d) As of March 31, 2020, Altum owed $192,301 (2019 - $112,741) to its Chief Operating Officer for service rendered, which is included in the accounts payable and accrued liabilities.

(e) As of March 31, 2020, Altum owed $1,569 (2019 - $2,165) to a business owned by its Chief Financial Officer for expenses paid on behalf of Altum, which is included in the accounts payable and accrued liabilities.

(f) As of March 31, 2020, Altum owed $237,548 (2019 - $102,025) to its Chief Medical Officer for service rendered, which is included in the accounts payable and accrued liabilities.

(g) As of March 31, 2020, Altum owed $28,539 (2019 - $122,997) to its two directors for service rendered, which is included in the accounts payable and accrued liabilities.

(h) As of March 31, 2020, Altum owed $50,583 (2019 - $50,583) to its Chief Executive Officer for due on demand, non-interest bearing loan advanced to Altum, which is included in the due to related parties.

(i) During the year ended March 31, 2020, Altum issued 45,706 common shares (2019 - 12,538) to its former Chair for services performed.

Remuneration of key management personnel was as follows:

	Year ended March 31, 2020 $	Year ended March 31, 2019 $
Wage expense - Chair	239,544	126,598
Wage expense – CEO	300,000	300,000
Wage expense – COO	359,316	237,589
Wage expense – CFO	144,000	144,000
Wage expense – Chief Medical Officer	359,316	265,660
Consulting fee - Chair	-	49,196
Director fees	73,308	74,500
Share-based payments	273,079	1,036,116
	1,748,543	2,233,659

Fourth Quarter

Net loss for the quarter ended March 31, 2020 was $2,561,253, which consisted of operating expense of $2,365,967 and other expense of $195,286. Significant costs incurred during the quarter included $1,112,448 on its research and development activities for its AP-001 and AP-002 programs, $239,298 on consulting fees and $393,542 on salaries and wages.

Proposed Transactions and Subsequent Events

Other than the Transaction which is more particularly described under *Item 2.4 - Fundamental Change*, there are no proposed transactions for Altum.

Critical Accounting Estimates

Not applicable to venture issuers.

Changes in Accounting Policies

Accounting Standards and Interpretations Adopted

IFRS 16, Leases ("**IFRS 16**")

Effective April 1, 2019 (hereafter referred to as the "date of initial application"), Altum adopted IFRS 16 Leases as issued by the IASB in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Altum elected to use the modified retrospective transition approach, which provides lessees a method for recording existing leases at adoption with no restatement of prior period financial information. Under this approach, a lease liability was recognized at April 1, 2019 in respect of leases previously classified as operating leases, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at transition. The associated right-of-use assets were measured at amounts equal to the respective lease liabilities, subject to certain adjustments allowed under IFRS 16.

In addition, Altum elected to utilize practical expedients permitted under the transition guidance within the new standard, which among other things, allowed Altum to apply a single discount rate to a portfolio of leases with reasonably similar characteristics, and rely on its assessment as to whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

• Leases of low value assets; and

• Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the interest rate implicit in the lease, or if that rate cannot be readily determined, Altum's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

• Amounts expected to be payable under any residual value guarantee;

• The exercise price of any purchase option granted if it is reasonable certain to assess that option;

• Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• Lease payments made at or before commencement of the lease;

• Initial direct costs incurred; and

• The amount of any provision recognized where Altum is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When Altum revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value.

As of the initial adoption date of April 1, 2019, Altum does not have any leases that are required to be recognized as assets and liabilities.

IFRIC 23 – Uncertainty over Income Tax Treatments ("**IFRIC 23**")

In June 2017, the IFRS Interpretation Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over income tax treatments. IFRIC 23 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted. The adoption of this standard did not have material impact to Altum's consolidated financial statements.

IFRS 9 – Financial Instruments (Amendments) ("**IFRS 9**")

In October 2017, the IASB issued amendments to IFRS 9, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board in November 2017, to address the classification of certain pre-payable financial assets. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation may be eligible to be measured at either amortized cost or fair value through other comprehensive income. This classification is subject to the assessment of the business model in which the particular financial asset is

held, as well as consideration of whether certain eligibility conditions are met. The amendments are effective for annual period beginning on or after January 1, 2019. The adoption of this standard did not have material impact on Altum's consolidated financial statements.

Accounting Standards and Interpretations Adopted Subsequent to January 31, 2020

IAS 1 Presentation of Financial Statements

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of April 1, 2020, Altum has adopted IAS 1 and has concluded that, based on its current operations, the adoption of IAS 1 had no significant impact on Altum's consolidated financial statements.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("**IAS 8**")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IAS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of April 1, 2020, Altum has adopted IAS 8 and has concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on Altum's consolidated financial statements.

Financial Instruments and Other Instruments

Altum's financial instruments include cash and cash equivalents, marketable security, due from related parties, accounts payable and accrued liabilities, warrant liabilities and due to related parties. The carrying amounts of cash and cash equivalents, due from related parties, accounts payable and accrued liabilities and due to related parties approximate their fair values because of the short-term nature of these instrument. Marketable security is recorded at fair value using the quoted market price. Warrant liabilities are at fair value using the Black-Scholes pricing model.

Additional Disclosure for Issuers without Significant Revenue

Other than the Transaction which is more particularly described under *Item 2.4 - Fundamental Change*, there are no proposed transactions for Altum.

Altum has not had a history of operations or earnings and the overall success of Altum will be affected by its current or future business activities.

Altum is exposed in varying degrees to a variety of financial instrument related risks, including liquidity risk and market risks with respect to its ability to raise capital through equity markets under acceptable terms and conditions. Management monitors its activities and various factors that could impact the risks in order to manage risks and make timely decisions.

For further discussion of financial risks, please refer to Note 15 of the consolidated financial statements for the year ended March 31, 2020.

Other Requirements

Summary of Outstanding Share Data as at August 26, 2020:

Authorized:	Unlimited common shares without par value
Issued and outstanding:	37,521,446 common shares

7. MARKET FOR SECURITIES

The Common Shares were listed on the CSE for trading on December 19, 2017 and are currently listed for trading under the symbol “BETR”. The Common Shares are also quoted on the OTCQB, listed for quotation on April 13, 2010, under the Symbol "BETRF".

The Altum Shares are not listed for trading on any stock exchange.

8. CONSOLIDATED CAPITALIZATION

Prior to completion of the Transaction, the outstanding capital of the Corporation consists of:

a) 18,217,295 Common Shares;

b) 36,667 Restricted Stock Units;

c) 75,000 Performance Stock Units;

d) 1,507,500 Options; and

e) 8,360,576 Warrants.

Prior to completion of the Transaction, the outstanding capital of Altum consists of:

a) 37,521,446 Altum Shares;

b) 1,764,881 Altum Options

c) 520,260 Altum Warrants.

Subsequent to the Transaction, the outstanding capital of the Resulting Issuer will consist of the following common shares, Restricted Stock Units, Performance Stock Units, Option and Warrants:

Security	Authorized	Outstanding (as of close of the Transaction)
Common shares (non-diluted basis)	Unlimited	36,434,591
Restricted Stock Units	4,752,381 (10% of outstanding common shares on a fully-diluted basis)	36,667
Performance Stock Units		75,000
Options		2,364,380 (comprised of 856,880 Altum Options)
Warrants	N/A	8,613,171 (comprised of 252,595 Altum Warrants)
Common shares (fully-diluted basis)	Unlimited	47,523,808

9. OPTIONS TO PURCHASE SECURITIES

Effective October 1, 2019, the Corporation adopted a long-term incentive plan. Under this plan, the Corporation may grant share purchase options, restricted stock units, performance stock units or deferred share units to its directors, officers, employees and consultants up to an amount as determined by the Corporation and will be no more than 10% of its outstanding common shares on a fully-diluted basis. The exercise price of the share purchase options will be determined by the Corporation and will be no less than market price on grant date.

The following table sets forth share purchase options of all present and past executive officers and directors of the Resulting Issuer:

Name	Type of Securities Reserved Under Option	Number of Securities Reserved Under Option	Exercise Price Per Security	Expiry Date
Ahmad Doroudian, Chief Executive Officer and Director	Resulting Issuer Shares	130,000 50,000 145,655(1)	US$7.00 $1.80 $3.41	2/22/2021 5/6/2025 6/30/2021
Robert Metcalfe, Director	Resulting Issuer Shares	10,000 20,000	$2.50 $1.80	1/20/2023 5/21/2025
Anthony Pullen, Director	Resulting Issuer Shares	50,000	$1.80	5/6/2025
Wolfgang Renz, Director	Resulting Issuer Shares	200,000 200,000	US$1.00 US$1.00	12/14/2020 12/14/2021
Hooshmand Sheshbaradaran, Chief Operating Officer	Resulting Issuer Shares	30,000 145,655(1)	$1.80 $3.41	5/6/2025 6/30/2021
Chris Lucky, past Chief Operating Officer	Resulting Issuer Shares	25,000	$3.90	7/1/2024
Angela Ogden, Chief Medical Officer	Resulting Issuer Shares	30,000 145,655(1)	$1.80 $3.41	5/6/2025 6/30/2021
Moira Ong, Chief Financial Officer and Corporate Secretary	Resulting Issuer Shares	100,000 40,000 145,655(1)	US$7.00 $1.80 $3.41	2/22/2021 5/6/2025 6/30/2021

(1) Options to be granted in exchange for Altum Options.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Securities

The Corporation

The Corporation is authorized to issue an unlimited number of Common Shares without par value and an unlimited number of preferred shares. As at the date of this Listing Statement there are 18,217,295 Common Shares issued and outstanding as fully paid and non-assessable shares. There are no preferred shares issued and outstanding. Holders of the Common Shares have the right to receive notice of, and vote upon matters at, shareholder meetings of the Corporation. Holders of Common Shares have the right to receive dividends as declared.

The Common Shares are not subject to any pre-emptive rights, conversion or exchange rights, or provisions providing for redemption, retraction, purchase for cancellation or surrender. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Altum

Altum is authorized to issue an unlimited number of Altum Shares,. As at the date of this Listing Statement, there are 37,521,446 Altum Shares issued and outstanding as fully paid and non-assessable shares. A further 1,764,881 and 520,260 Altum Shares have been reserved and allotted for issuance upon the due and proper exercise of the Altum Options and Altum Warrants, respectively.

10.2 -10.6 Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Corporation or Altum**.**

10.7 Prior Sales of Common Shares

The Corporation

The Common Shares of the Corporation are listed on the CSE under the ticker symbol “BETR”. The following tables set forth the issuances of Common Shares of the Corporation within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Number of Common Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration
August 7, 2020	358,232	$1.90	$680,640	Cash
August 7, 2020	258,333	$2.45	$632,916	Services
July 31, 2020	358,493	$1.90	$681,137	Cash
July 6, 2020	31,250	US$1.60	US$50,000	Services
March 31, 2020	2,872	$2.50	$7,180	Services
January 29, 2020	66,667	$1.20	$80,000	Services
October 21, 2019	37,500	$2.40	$90,000	Services

Altum

The following table sets forth the issuances of Altum Shares within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Number of Securities	Issue Price per Security	Aggregate Issue Price	Nature of Consideration
August 7, 2020	897,000	US$0.50(1)	US$448,500	Cash
August 7, 2020	56,250	$1.60(2)	$90,000	Cash
June 15, 2020	2,000,000	US$1.20	US$2,400,000	Cash
June 15, 2020	160,000	US$1.20	US$192,000	Services
March 15, 2020	2,000,000	US$1.20	US$2,400,000	Cash
March 15, 2020	160,000	US$1.20	US$192,000	Services
December 27, 2019	12,385	US$1.20	US$25,000	Services
September 27, 2019	1,000,000	US$1.20	US$1,200,000	Cash
September 27, 2019	80,000	US$1.20	US$96,000	Services
September 25, 2019	12,535	US$1.20	US$25,000	Services

(3) Relates to a private placement performed by Altum at a subscription price equal to the exercise price for outstanding Altum Warrants.
(4) Relates to issuance of shares for subscriptions made in 2019 at subscription price of $1.60.

10.8 Stock Exchange Price

The following table sets out the price ranges and volume traded or quoted on the CSE for the Corporation's Common Shares for the 12-month period prior to the date of this Listing Application. The common shares of Altum are not listed on any stock exchange.

Period	High ($)[1]	Low ($)[1]	Volume
July 2020	$2.90	$1.65	957,790
June 2020	$2.19	$1.30	838,596
May 2020	$3.00	$1.40	7,680,644
April 2020	$1.45	$0.60	2,921,971
March 2020	$1.05	$0.40	1,737,857
February 2020	$1.45	$0.50	2,115,341
January 2020	$1.50	$0.70	3,152,905
December 2019	$1.90	$1.15	2,281,762
November 2019	$1.55	$1.20	2,080,015
October 2019	$2.45	$1.25	3,075,593
September 2019	$3.70	$2.40	1,292,637
August 2019	$4.00	$2.90	1,337,568

1. Adjusted for the Corporation's ten (10) for one (1) stock consolidation on June 26, 2020.

11. ESCROWED SECURITIES

As required under the policies of the CSE, Principals of the Resulting Issuer will enter into an escrow agreement as if the Resulting Issuer was subject to the requirements of NP 46-201. The form of the escrow agreement must be as provided in NP 46-201. Escrowed Securities will be released on scheduled periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon listing followed by six subsequent releases of 15% every six months thereafter.

The table below includes the details of Escrowed Securities that will be held by Principals of the Resulting Issuer:

Name	Designation of Class Held in Escrow (1)	Number of Securities Held in Escrow	Percentage of Class
Ahmad Doroudian, Chief Executive Officer and Director	Common Shares	3,398,618(2)	9.3%
Hooshmand Sheshbaradaran, Chief Operating Officer	Common Shares	1,502,791	4.1%
Angela Ogden, Chief Medical Officer	Common Shares	231,198	0.6%
Moira Ong, Chief Financial Officer and Corporate Secretary	Common Shares	436,965	1.2%

(1) It is anticipated that National Securities Administrators Ltd. will be the depository for these shares.
(2) Includes 971,034 Common Shares that will be held by the spouse of Dr. Doroudian.

12. PRINCIPAL SHAREHOLDERS

12.1 -12.2 Principal Shareholders

To the knowledge of the directors and officers of each of the Corporation and Altum, following the Transaction, the following Persons will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting

rights attached to any class of voting securities of the Resulting Issuer:

Name and Municipality of Residence of Shareholder	Type of Ownership	Number and Percentage of Common Shares Owned prior to the Transaction	Number and Percentage of Common Shares Owned after giving effect to the Transaction and the Private Placement
Ahmad Doroudian, Vancouver, BC	Direct and Indirect	2,333,549 (12.8%)	5,732,167 (15.7%)

12.3 Voting Trusts

To the knowledge of the Corporation and Altum, no voting trust exists within the Corporation such that more than 10% of any class of voting securities of the Corporation are held, or are to be held, subject to any voting trust or other similar agreement.

12.4 Associates and Affiliates

To the knowledge of the Corporation none of the principal shareholders is an Associate or Affiliate of any other principal shareholder.

13. DIRECTORS AND OFFICERS

13.1 - 13.5 Directors and Officers

The Articles of the Corporation provide that the number of directors should not be fewer than three directors. Each director holds office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Corporation's Board currently consists of four (4) directors, of whom three (3) can be defined as independent (as defined in *National Instrument 52-110 – Audit Committees*). Upon completion of the Transaction, it is anticipated that the Resulting Issuer will have four (4) directors, three (3) of whom will be defined as independent. The Corporation, and the Resulting Issuer after giving effect to the Transaction, is a "Venture Issuer" as that term is defined in National Instrument 52-110 - "Audit Committees" and is relying upon the exemption set out in Section 6.1 of that instrument in respect of the composition of its audit committee and in respect of its reporting obligations under that instrument.

The following table lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer, their positions and offices to be held with the Resulting Issuer, and their principal occupations during the past five (5) years and the number of securities of the Resulting Issuer that are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each.

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years[3]	Director of the Resulting Issuer Since	Number and Percentage of Common Shares Beneficially Owned or Controlled Prior to the Transaction	Number and Percentage of Common Shares Beneficially Owned or Controlled After the Transaction
Ahmad Doroudian[1] Chief Executive Officer and Director	Executive	N/A	2,333,549 Shares (12.8%)[4] 180,000 Options 37,500 Warrants	5,732,167 Shares (15.7%)[4] 325,655 Options[5] 37,500 Warrants
Robert Metcalfe[1][2] Director	Lawyer	N/A	30,000 Shares (0.16%)[4] 30,000 Options	30,000 Shares (0.08%)[4] 30,000 Options
Anthony Pullen[1][2] Director	Investment Banker	N/A	50,000 Options	50,000 Options
Wolfgang Renz[1][2] Director	Doctor	N/A	36,500 Shares (0.20%)[4] 400,000 Options	36,500 Shares (0.1%)[4] 400,000 Options
Hooshmand Sheshbaradaran Chief Operating Officer	Executive	N/A	30,000 Options	1,502,791 Shares (4.12%)[4] 175,655 Options[5]
Angela Ogden Chief Medical Officer	Executive	N/A	30,000 Options	231,198 Shares (0.63%)[4] 175,655 Options[5]
Moira Ong Chief Financial Officer and Corporate Secretary	Executive	N/A	234,738 Shares (0.64%)[4] 140,000 Options	671,703 Shares (1.84%)[4] 285,655 Options[5]

(1) Members of Audit Committee
(2) Independent director
(3) Refer to section 3.11 Management for further details on principal occupations.
(4) Calculated on a non-fully diluted basis.
(5) 145,655 Options to be granted on close of the Transaction.

The audit committee of the Resulting Issuer will continue to be the same as that of the Corporation and the Resulting Issuer and will consist of Ahmad Doroudian, Robert Metcalfe, Anthony Pullen and Wolfgang Renz. The Resulting Issuer will continue to utilize the audit committee charter of the Corporation which was adopted by the board of the Corporation and which has been filed on SEDAR under the Corporation's profile at www.sedar.com.

13.6 - 13.9 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

Other than as disclosed herein, no proposed director, officer or shareholder holding a sufficient number of securities of the Resulting Issuer to materially effect control of the Resulting Issuer:

(a) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, including any personal holding company of such director, chief executive officer or chief financial officer that:

  (i) while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

  (ii) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days issued after the that person issued after the director, chief executive officer or chief financial officer ceased to be a director or executive officer and which resulted from an event that occurred while the person was acting in such capacity;

(b) is, at the date of this Listing Statement, or has been, within 10 years before the date of this Listing Statement, a director or executive officer of any company (including the Corporation and any personal holding company of such director or executive officer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) nor any personal holding company has, within 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person or their personal holding company.

No proposed director of the Resulting Issuer has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On March 7, 2014, the United States Securities and Exchange Commission declared the registration statements of Vansen Pharma Inc. ("**Vansen**") not effective due to inadequate

disclosures of financial information. On June 6, 2014, Vansen received a cease trade order from the British Columbia Securities Commission due to Vansen's inability to file its annual and interim financial statements. On these dates, Dr. Ahmad Doroudian served as director of Vansen. As of the date of this Listing Statement, the cease trade order from the British Columbia Securities Commission is still outstanding.

Mr. Robert Metcalfe was a director of Xinergy Ltd. ("Xinergy"), a U.S. producer of metallurgical and thermal coal in West Virginia. On April 6, 2015, as a result of the collapse of the entire coal industry in North America, Xinergy became the subject of a cease trade order and Xinergy filed voluntary petitions in the Western District of Virginia, Roanoke Division. Xinergy continued to operate while it went through an in-court voluntary reorganization plan, from which it has now successfully emerged as a fully operating private company.

In April 2018, Agility health Inc. ("Agility") failed to file its financial statements on time due to the disposition of its US operations and became subject to a cease trade order by the Ontario Securities Commission. During this time, Mr. Metcalfe served as an independent director of Agility. The cease trade order was lifted in July 2018 upon Agility's remediation of its filing defaults. Also during his tenure, the Officer of Inspector General ("OIG") brought forth an inspection of an acquisition by Agility of a clinic, which acquisition took place before Mr. Metcalfe's appointment as director. In August 2017, the matter was settled and the OIG's inspection was closed.

13.10 Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

13.11 Management

Brief descriptions of the biographies for all of the proposed officers and directors of the Resulting Issuer are set out below:

Ahmad Doroudian, Chief Executive Officer and Director (Age: 59)

Ahmad Doroudian is an accomplished executive with over 27 years of experience in management and development of private and publicly traded pharmaceutical companies. Dr. Doroudian is the founder of Altum Pharmaceuticals Inc., a private company engaged in the development of therapeutics within under-served areas in oncology. From 2009 to February 2014, he was the founder, Chief Executive Officer and Director of Merus Labs Inc., a publicly listed specialty pharmaceutical company (MSL: TSX and MSLI: NASDAQ) engaged in licensing and acquisition of legacy brands and innovative near-market products. From 2003 to 2009, he was involved in early stage financing of private and publicly listed companies. From 1994 to 2002, Dr. Doroudian was the founder and Chief Executive Officer of PanGeo (Pharmex Industries) where he assembled a team that completed over $100 MM in debt and equity and guided numerous acquisitions and licensing transactions. From 1990 to 1996, he

was manager of operations at Novapharm (Teva), in charge of management of manufacturing, supply chain and process development facilities in Vancouver, British Columbia. Dr. Doroudian holds an M.Sc. in Pharmaceutics (1991) and a PhD in Biopharmaceutics (Pharmacokinetics and drug metabolism) (1999) from the University of British Columbia. Dr. Doroudian is expected to devote 100% of his time to the Resulting Issuer's business.

Robert Metcalfe, Director (Age: 80)

Robert Metcalfe is a lawyer and has served as President, CEO, Lead Director, Chairman and Committee member on numerous publicly listed natural resource and industry company corporate boards in Canada, the USA, England, South America and Africa. He was a senior partner with the law firm Lang Michener LLP for 20 years. He is the former President and Chief Executive Officer of Armadale Properties and Counsel to all of the Armadale Group of Companies, with significant holdings across numerous industries including finance, construction of office buildings, airport ownership, management and refurbishing, land development, automotive dealerships as well as newspaper publishing, radio and television stations. Mr. Metcalfe was a director of Canada Lands Company Limited, one of the largest real estate corporations in Canada, and was a director and Chairman of the Board of CN Tower Limited, the tallest communications structure in the world. Throughout his career Mr. Metcalfe has served as a director of public and private corporations including publicly listed Radiant Energy Corp. (airplane de-icing company operating in the US), Alberta Oil Sands (Chairman of the Board); LeadFX (in Australia), Director and Chairman of the Board, and member of the Audit Committee; PetroMagdalena Inc. (oil and gas in Colombia, South America); LSC Lithium in Argentina SA and currently serves as director of the publicly listed companies Gran Colombia Gold Corp., (Lead Director and Chairman of the Corporate Governance Committee as well as a member of the Audit Committee); WPC Resources Limited (a gold mining company in Nunavut); As a director and shareholder, Mr. Metcalfe has been engaged in numerous acquisitions, divestitures, corporate reorganizations, financings and corporate improvements, as well as serving on numerous special committees across many sectors. He is a member of the Institute of Corporate Directors (1996) and a member in good standing of the Law Society of Upper Canada (1970). Mr. Metcalfe is expected to devote 10-20% of his time to the Resulting Issuer's business.

Anthony Pullen, Director (Age: 75)

Anthony Pullen is an investment banker in the healthcare and biotechnology industry sectors. In 1987, Tony was instrumental in the creation and funding of MDS Capital Corp., Canada's largest venture capital fund dedicated to the life sciences, now known as Lumira Capital where he served as a board member. From 2013 to 2019, Mr. Pullen was an investment banker in the healthcare and biotechnology industries with Dominick Capital Corp. and from 2006 to 2011, a partner in the corporate finance, healthcare and biotech sector at Paradigm Capital Inc. Prior to that, Mr. Pullen held senior positions at Yorkton Securities Inc. and Loewen, Ondaatje McCutcheon. Mr. Pullen obtained his Bachelor of Arts in Economics from York University in 1969. He is expected to devote 10-20% of his time to the Resulting Issuer's business.

Wolfgang Renz, Director (Age: 51)

Wolfgang Renz is President of International Business at Physicians Interactive. Formerly, Dr. Renz served as Corporate Vice President of Business Model & Healthcare Innovation at

Boehringer Ingelheim, one of the world's largest pharmaceutical companies. For over a decade, he has been involved in developing medicines and technology to help people lead healthier, more productive lives. At Boehringer Ingelheim, he led a team of specialists to find, test, and develop the disruptive technologies that will shape the way health care will be delivered in the future. In addition, he also serves as Adjunct Professor of Surgery at McGill University's Faculty of Medicine in Montreal, Canada. Prof. Renz holds a medical degree (1996) and a PhD (1998) from Freiburg University and is board certified in Germany in emergency medicine. Dr. Renz is expected to devote 10-20% of his time to the Resulting Issuer's business.

Hooshmand Sheshbaradaran, Chief Operating Officer (Age: 63)

Hooshmand Sheshbaradaran has over 20 years of experience in the pharmaceutical and biotechnology sectors, in drug development, marketing, business development, financing, and executive operations. Previously, Dr. Sheshbaradaran has held senior global marketing and business development executive positions in several leading pharmaceutical companies, including Global Director of Oncology Business Development at Roche and Global Director of Oncology, New Products Marketing at Pharmacia/Pfizer. He also has extensive small biotech experience, including holding positions such as Chief Business Officer at PsiOxus Therapeutics Ltd, Head of the US subsidiary of Zeneus Pharma Ltd. (acquired by Cephalon, Inc. in 2007), and co-founder and CEO of Niiki Pharma Inc (acquired by Intezyne Technologies in 2013). Dr. Sheshbaradaran has been involved in the development of several anti-cancer drugs, including Camptosar, Ellence, Emcyt, Sutent, and Vidaza. Dr. Sheshbaradaran holds a PhD in Virology (1985) from the Karolinska Institute, Stockholm. Dr. Sheshbaradaran is expected to devote 100% of his time to the Resulting Issuer's business.

Angela Ogden, Chief Medical Officer (Age: 62)

Angela Ogden is an effective pharmaceutical executive with extensive experience and a strong strategic view of both medical and commercial aspects of global drug development. Dr. Ogden is an oncologist with background in the conduct of Phase I, II, III and IV clinical trials obtained through a 10-year career in an academic oncology practice followed by a 20+ year career in the pharmaceutical industry. In the pharmaceutical setting, Dr. Ogden held leadership roles in both Clinical Development and in post-marketing Medical Affairs, resulting in a clear view of the global nature of drug development, approval and reimbursement in various regions of the world. Dr. Ogden joined Altum as Chief Medical Officer through its merger with Lexi Pharma Inc. in 2018. Prior to joining Lexi, Dr. Ogden lead broad-based development teams at Pharmacia, Bristol Myers Squibb, Johnson & Johnson, Abraxis Oncology, Allos, Niiki Pharma and BTG International and was active in co-promotion and co-development partnerships. During her tenure at these organizations, she was actively involved in the clinical development and market expansion of Zinecard, Epirubicin, Celebrex, Erbitux, Velcade, Abraxane, Folotyn, Varithena, CroFab, and TheraSphere, as well as the development of various pipeline products. Dr. Ogden obtained her MD at University of Louisville (Louisville, KY, USA) (1999) and was on the faculty at Baylor College of Medicine (Houston, TX, USA) (1988-1998). Dr. Ogden is expected to devote 100% of her time to the Resulting Issuer's business.

Moira Ong, Chief Financial Officer and Corporate Secretary (Age: 45)

Moira Ong is a Chartered Professional Accountant with over 20 years of experience in

accounting and consulting. Ms. Ong is the Chief Financial Officer of BetterLife Pharma Inc. and Altum Pharmaceuticals Inc. and was an officer in the finance capacity of Merus Labs International Inc. from March 2010 through December 2012. In addition to holding her Chartered Professional Accountant (CPA, CA) designation (June 1999), Ms. Ong is also a Chartered Financial Analyst (CFA) (September 2003). Ms. Ong is expected to devote 100% of her time to the Resulting Issuer's business.

14. CAPITALIZATION

14.1 The following charts are with respect to the Common Shares to be listed upon completion of the Transaction:

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float Total outstanding (A)	36,434,591	47,523,808	100%	100%
Held by Related Persons or employees of the Corporation or Related Person of the Corporation, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Corporation upon exercise or conversion of other securities held) (B)	8,204,358	9,684,479	23%	20%
Total Public Float (A-B)	28,230,233	37,839,329	77%	80%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control	6,317,547[(1)]	6,317,547[(1)]	17%	13%
Total Tradeable Float (A-C)	30,117,044	41,206,261	83%	87%

(1) Includes 5,569,572 of Escrowed Securities and 747,975 Common Shares that are, at the date of this Listing Statement, under the 4 month + 1 day hold.

Public Securityholders (Registered)

1. Class of Security

Size of Holding	Number of Holders	Total Number of Securities
1-99 securities	19	402
100-499 securities	2	450
500-999 securities	3	2,306
1,000-1,999 securities	9	14,283
2,000-2,999 securities	20	48,376
3,000-3,999 securities	10	37,243
4,000-4,999 securities	6	27,119
5,000 or more securities	162	36,304,412
Total	**231**	**36,434,591**

14.2 Convertible/Exchange Securities

The Corporation

Description of Security (include conversion/exercise terms, including conversion/exercise price)	Number of convertible/exchangeable securities	Number of listed securities issuable upon conversion/exchange
Warrants	8,360,576	8,360,576 Shares

Altum

Description of Security (include conversion/exercise terms, including conversion/exercise price) (1)	Number of convertible/exchangeable securities	Number of listed securities issuable upon conversion/exchange
Warrants	520,260	520,260 Altum Shares

(2) Prior to the completion of the Transaction.

14.3 Other Listed Securities

Neither the Corporation nor Altum has any other listed securities reserved for issuance that are not included in section 14.1 or 14.2.

15. EXECUTIVE COMPENSATION

The following table sets forth the anticipated compensation to be paid or awarded to the directors and the following executive officers of the Resulting Issuer. For historic information on compensation please refer to the Corporations's SEDAR profile at www.SEDAR.com::

Table of Compensation Excluding Compensation Securities						
Name & position	**Salary, Consulting Fee, Retainer or Commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of Perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Ahmad Doroudian, Chief Executive Officer	$300,000	TBD	TBD	TBD	TBD	$300,000
Hooshmand Sheshbaradaran, Chief Operating Officer	US$270,000	TBD	TBD	TBD	TBD	US$270,000
Angela Odgen, Chief Medical Officer	US$270,000	TBD	TBD	TBD	TBD	US$270,000
Moira Ong, Chief Financial Officer	$264,000	TBD	TBD	TBD	TBD	$264,000

The determination of director and NEO compensation and how and when such compensation is to be determined is subject to the consideration of the Resulting Issuer's board of directors. The executive officers of the Resulting Issuer will be eligible and entitled to the Resulting Issuer's long-term incentive plan and any other incentive compensation and equity participation that the Resulting Issuer may offer, subject to the consideration of the Resulting Issuer's board of directors.

Effective October 1, 2019, the Corporation adopted a long-term incentive plan. Under this plan, the Corporation may grant share purchase options, Restricted Stock Units, Performance Stock Units or deferred share units to its directors, officers, employees and consultants up to an amount as determined by the Corporation and will be no more than 10% of its outstanding common shares on a fully-diluted basis. The exercise price of the share purchase options will be determined by the Corporation and will be no less than market price on grant date. The long-term incentive plan for the Resulting Issuer will be that as adopted by the Corporation.

Compensation Securities							
Name and Position	**Type of Compensation Security**	**Number of Compensation Securities, Number of Underlying Securities and Percentage of Class**	**Date of Issue or Grant**	**Issue, Conversion or exercise Price ($)**	**Closing price of Security or Underlying Security and on Date of Grant ($)[1]**	**Closing Price of Security or Underlying Security at Year End ($)[1]**	**Expiry Date**
Ahmad Doroudian, Chief Executive Officer and Director	Stock Options	130,000 50,000 145,655[2]	2/23/2016 5/7/2020 7/1/2018	US$7.00 $1.80 $3.41	US$7.00 $1.80 N/A[2]	$1.35 $1.35 N/A[2]	2/22/2021 5/6/2025 6/30/2021
Robert Metcalfe, Director	Stock Options	10,000 20,000	1/21/2020 5/22/2020	$2.50 $1.80	$2.50 $1.80	$1.35 $1.35	1/20/2023 5/21/2025
Ralph Anthony Pullen, Director	Stock Options	50,000	5/7/2020	$1.80	$1.80	$1.35	5/6/2025
Wolfgang Renz, Director	Stock Options	200,000 200,000	12/15/15 12/15/16	US$1.00 US$1.00	US$9.90 US$1.13	$1.35 $1.35	12/14/2020 12/14/2021
Hooshmand Sheshbaradaran, Chief Operating Officer	Stock Options	30,000 145,655[2]	5/7/2020 7/1/2018	$1.80 $3.41	$1.80 N/A[2]	$1.35 N/A[2]	5/6/2025 6/30/2021
Angela Odgen, Chief Medical Officer	Stock Options	30,000 145,655[2]	5/7/2020 7/1/2018	$1.80 $3.41	$1.80 N/A[2]	$1.35 N/A[2]	5/6/2025 6/30/2021
Moira Ong, Chief Financial Officer	Stock Options	100,000 40,000 145,655[2]	2/23/2016 5/7/2020 7/1/2018	US$7.00 $1.80 $3.41	US$7.00 $1.80 N/A[2]	$1.35 $1.35 N/A[2]	2/22/2021 5/6/2025 6/30/2021

(5) Prices have been adjusted for the Corporation's ten (10) for one (1) stock consolidation on June 26, 2020.
(6) Options to be granted in exchange for Altum Options.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At any time since the beginning of the most recently completed financial years of the Corporation or Altum, no director, executive officer or other senior officer of the Corporation or Altum or person who acted in such capacity in the last financial year of the Corporation or Altum, or proposed director or officer of the Resulting Issuer or any Associate of any such director or officer is, or has been, indebted to the Corporation or Altum, as applicable, nor has any such persons indebtedness to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or Altum or a subsidiary thereof.

17. RISK FACTORS

17.1 Risks Related to the Operations of the Corporation

Risks Related to the Business

The COVID-19 pandemic and related government responses could have a material and

adverse effect on the Corporation's business, financial condition and results of operations.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Our business and financial condition may be adversely impacted by the effects of COVID-19 and other infectious diseases.

The extent to which COVID-19 and other infectious diseases may impact the Corporation's business, operations, financial condition and the market for the Corporation's securities will depend on future developments and government responses, which are highly uncertain and cannot be predicted. These include the duration, severity and scope of the outbreak and the actions taken by governmental entities to address and mitigate the pandemic. The Corporation's business and operations could be adversely affected by the continued global spread of COVID-19 and any government actions to slow the spread of the infectious disease. Areas that may be impacted include, but without limitation, workforce productivity and health, disruptions to supply chains, limitations on travel and ability to successfully commercialize The Corporation's product portfolios and deliver end products to customers.

Given the uncertainty and lack of predictability surrounding COVID-19, the Corporation is not able to predict the length and severity of impact to its business and operations. As a result, risks associated with COVID-19 may impact key estimates and assumptions used in the Corporation's consolidated financial statements.

There is substantial doubt as to whether the Corporation will continue operations. If the Corporation discontinues operations, you could lose your investment.

The Corporation's financial statements have been prepared on the going concern basis, which assumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. However, as at January 31, 2020, the Corporation has not earned any revenues and had an accumulated deficit of $54,660,516. The Corporation anticipates that it will incur increased expenses and there is a risk it will not realize sufficient revenues to offset those expenses. Its ability to continue operations is dependent on obtaining additional financing and generating future revenues, and no assurance can be given that it will successfully be able to do so. Accordingly, the Corporation's financial statements contain disclosure of management's determination that these factors raise substantial doubt about its ability to continue as a going concern. Importantly, the inclusion in its financial statements of a going concern opinion may negatively impact its ability to raise future financing and achieve future revenue. The threat of the Corporation's ability to continue as a going concern will be removed only when, in the opinion of its auditor, its revenues have reached a level that is able to sustain business operations.

If the Corporation is unable to obtain additional financing from outside sources and eventually generate enough revenues, it may be forced to sell a portion or all of its assets, or curtail or discontinue operations. If any of these happens, you could lose all or part of your investment. The Corporation's financial statements do not include any adjustments to its recorded assets or liabilities that might be necessary if it becomes unable to continue as a going concern.

The Corporation has incurred operating losses in each year since inception and may continue to incur substantial and increasing losses for the foreseeable future. It also has negative capital cash flows from operating activities. If the Corporation cannot generate sufficient revenues to operate profitably or with positive cash flow from operating activities, it

may suspend or cease operations.

The Corporation has not generated any revenue since inception on June 10, 2002 and it has incurred operating and net losses in each year of existence. The Corporation experienced a net loss of $19,588,762 for the year ended January 31, 2020, compared to a net loss of $9,254,790 for the year ended January 31, 2019. It expects to incur substantial and increasing losses for the foreseeable future as it researches, develops and commercializes its products. If its products do not achieve market acceptance, it may never generate any revenue. The Corporation also cannot assure you that it will be profitable even if it successfully commercializes its products. If it fails to generate sufficient revenues to operate profitability, or if it is unable to fund its continuing losses, you could lose all or part of your investment.

The Corporation will require substantial additional funds to complete its development and commercialization activities, and if such funds are not available it may need to significantly curtail or cease operations.

The Corporation will require substantial funds to develop, manufacture and market its products. If it does not raise sufficient funds, its plan of operation will be delayed until such time as it raises sufficient funds, provided it is able to do so. Further, the cost of carrying out its operating activities and development activities is not fixed, and its cash levels may at any time prove to be insufficient to finance them. The Corporation's financing needs may change substantially because a number of factors which are difficult to predict or which may be outside of its control. These include increased competition, the costs of licensing existing drugs and protecting rights to its proprietary technology and the time required to obtain required licenses.

It may not succeed in raising the additional funds that it require because such funds may not be available to it on acceptable terms, if at all. The Corporation intends to seek additional funding through strategic alliances or through public or private sales of its equity securities, and it may also obtain equipment leases and pursue opportunities to obtain debt financing in the future. If the Corporation is unable to obtain sufficient funding on a timely basis, it may be forced to significantly curtail or cease operations.

The Corporation's inability to complete its development projects in a timely manner could have a material adverse effect of its results of operations, financial condition and cash flows.

If the Corporation's projects are not completed in a timely fashion, it could experience:

- additional competition in the industry for our products; and
- delay in obtaining future inflow of cash from financial or partnership activities, any of which could have a material adverse effect of its results of operations, financial condition and cash flows.

Any products that it may develop as a pharmaceutical product will be subject to extensive governmental regulations relating to development activities, conduct of clinical trials, manufacturing and commercialization. In the United States, for example, the prospective products that the Corporation intends to develop and market are regulated by the FDA under its new drug development and review process. Before such products can be marketed, it must obtain clearance from the FDA by submitting an investigational new drug application, then by successfully completing human testing under three phases of clinical trials, and

finally by submitting a new drug application.

The time required to obtain approvals for its prospective products from the FDA and other agencies in foreign locales with similar processes is unpredictable. The Corporation expects to be able to accelerate the approval process and to increase the chances of approval by using existing and approved drugs as the basis for its own technology. However, it cannot guarantee that its expectations will be realized, and there is no assurance that it will ever receive regulatory approval to use its proprietary substances, methods and processes. If the Corporation does not obtain such regulatory approval, it may never become profitable.

The Corporation may not commence clinical testing for any of its prospective pharmaceutical products and the commercial value of any clinical study that it may conduct will depend significantly upon its choice of indication and its patient population selection. If it is unable to commence clinical testing or if it makes a poor choice in terms of clinical strategy, it may never achieve revenues.

In order to commence clinical testing, the Corporation must successfully complete and obtain positive scientific results from pre-clinical studies and, in the case of an existing drug that is is re-profiling for a new indication, adopt existing pre-clinical or early stage clinical studies to its own research. If it successfully completes any clinical study of its own, the commercial value of any such study will significantly depend upon our choice of indication and its patient population selection for that indication.

The Corporation will rely on third parties to conduct its research, development and manufacturing activities. If these third parties do not perform as contractually required, fail to meet its manufacturing requirements and applicable regulatory requirements or otherwise expected, it may not be able to commercialize its products, which may prevent it from becoming profitable.

The Corporation will rely on contract manufacturers as a source suppliers for its products.

Because of its planned reliance on contract manufacturers, the Corporation may also be exposed to additional risks, including those related to intellectual property and the failure of such manufacturers to comply with strictly-enforced regulatory requirements, manufacture components to its specifications, or deliver sufficient component quantities to it in a timely manner. For example, a contract manufacturer working on the Corporation's behalf may violate the intellectual property rights of a third party in manufacturing a component of one of its products, and if such a violation occurs without the Corporation's knowledge, it may be held vicariously liable for the acts of its contractor, incur related costs and court mandated damages, or become enjoined from selling products which violate those third-party intellectual property rights. Similarly, if a contract manufacturer working on the Corporation's behalf is found to be in violation of FDA or other national regulatory standards regarding the manufacture, packaging or labeling of any of its products, the Corporation could face any number of adverse consequences including costly regulatory investigations and fines, interruptions in the flow of its products or materials, product recalls, or liability to consumers regarding any of its products that do not meet such regulatory requirements. If any of these events occurs, if the Corporation's relationship with any of its potential contract manufacturers terminates, or if any such manufacturer is unable fulfill its obligations to the Corporation for any reason, its product development and commercialization efforts could suffer and it may never realize a profit.

If the Corporation is unable to establish a sales, marketing and distribution infrastructure or enter into collaborations with partners to perform these functions, it may not be successful in commercializing its product candidates.

In order to successfully commercialize any of its product candidates, the Corporation must either develop a satisfactory sales, marketing and distribution infrastructure or enter into collaborations with partners to perform these services for it. The Corporation will require substantial resources to create such an infrastructure, and it may never possess the resources to do so. For example, it may be unable to recruit and retain an adequate number of effective sales and marketing personnel or it may incur unforeseen costs and expenses in connection with developing the necessary infrastructure.

Although the Corporation plans to develop its own sales and marketing organizations in some markets, it intends to enter into partnering, co-promotion and other distribution arrangements to commercialize its products in most markets. The Corporation may not be able to enter into collaborations on acceptable terms, if at all, and it may face competition in its search for partners with whom it may collaborate. If the Corporation is not able to build a satisfactory sales, marketing and distribution infrastructure or collaborate with one or more partners to perform these functions, it may not be able to successfully commercialize its product candidates, which could cause it to cease operations.

The Corporation's product candidates may never gain market acceptance, which could prevent it from generating revenues.

The success of the Corporation's products will depend on their acceptance by customers and the public, among other things. Market acceptance of, and demand for, any product that it develops and commercializes will depend on many factors, including:

- the Corporation's ability to provide acceptable evidence of safety and efficacy;
- the effectiveness of its or its collaborators' sales, marketing and distribution strategy; and
- publicity concerning its products or competing products.

If the Corporation's product candidates fail to gain market acceptance, it may be unable to generate sufficient revenue to continue business.

The Corporation faces potential product liability exposure, and any claim brought against it may cause it to divert resources from normal operations or terminate selling, distributing and marketing any of its products. This may cause the Corporation to cease operations as it relates to that product.

The sale of any of the Corporation's products may expose it to product liability claims from consumers. Although the Corporation plans to obtain product liability insurance coverage with limits that it hopes will be customary and adequate to provide it with coverage for foreseeable risks, its insurance coverage may be insufficient to reimburse it for the actual expenses or losses it may suffer.

Even if the Corporation are able to successfully defend itself against any potential claims, it will likely incur substantial costs in the form of unanticipated expenses and negative publicity. This could result in decreased demand for its products, an impaired business reputation, revenue loss or an inability to continue commercializing its products. Any of these

consequences could cause is to cease operations.

The Corporation faces substantial competition in the cannabis industry, which could harm its business and its ability to operate profitably.

The Corporation's industry is highly competitive, and many of its potential competitors, either alone or together with their partners, have substantially greater financial resources, development programs, and regulatory experience, expertise in the protection of intellectual property rights, and manufacturing, distribution and sales and marketing capabilities than the Corporation. As a result, they may be able to:

- develop and market products that are faster to market and less expensive than the Corporation's products;
- commercialize competing products before the Corporation can launch any of its products;
- initiate or withstand substantial price competition more successfully than the Corporation;
- enjoy greater success in recruiting skilled workers from a limited pool of available talent; and
- more effectively negotiate third-party licenses and strategic alliances.

The manufacturing of all of the Corporation's products will be subject to ongoing regulatory requirements, and may therefore be the subject of regulatory or enforcement action. The associated costs could prevent it from achieving its goals or becoming profitable.

The Corporation's products, third-party manufacturing facilities and processes and advertising and promotional activities will be subject to significant review and ongoing and changing regulation by various regulatory agencies. The Corporation's failure to comply with any regulatory requirements may subject it to administrative and judicial sanctions, which may include warning letters, civil and criminal penalties, injunctions, product seizures or detention, product recalls, total or partial suspension of production, or the denial of pending product marketing applications.

Regulatory or enforcement actions could adversely affect the Corporation's ability to develop, market and sell its products successfully and harm its reputation, which could lead to reduced market demand for such products. Consequently, the costs associated with any such action could cause the Corporation's business to suffer and prevent it from achieving its goals or becoming profitable.

Since certain of the Corporation's directors are located outside of Canada, you may be limited in your ability to enforce Canadian civil actions against them for damages to the value of your investment.

The Corporation plans to indemnify its directors and officers against liability to the Corporation and its security holders, and such indemnification could increase operating costs.

The Corporation's Articles allow it to indemnify its directors and officers against claims associated with carrying out the duties of their offices. The Corporation's Articles also allow it to reimburse them for the costs of certain legal defenses. Insofar as indemnification for liabilities arising under relevant securities legislation may be permitted to its directors,

officers or control persons, certain securities regulations may deem that such indemnification is against public policy and is therefore unenforceable in that jurisdiction.

Since the Corporation's officers and directors are aware that they may be indemnified for carrying out the duties of their offices, they may be less motivated to meet the standards required by law to properly carry out such duties, which could increase operating costs. Further, if the Corporation's officers and directors file a claim against it for indemnification, the associated expenses could also increase operating costs.

Not all jurisdictions allow for the medicinal use of cannabis and those jurisdictions which allow it could reverse their position.

Certain jurisdictions currently allow the medicinal use of cannabis. Many other jurisdictions do not. There can be no assurance that additional jurisdictions will allow the medicinal use of cannabis or that those jurisdictions which currently allow it will continue to do so. If either of these events occur, then not only will the Corporation's growth prospects in this field be materially impacted, it may experience a declining market for our products.

Risks Related to the Corporation's Stock

Trading on the OTC Bulletin Board and the Canadian Securities Exchange (the "CSE") may be volatile and sporadic, which could depress the market price of the Corporation's common stock and make it difficult for its stockholders to resell their shares.

The Corporation's common stock is quoted on the OTCQB service of the Financial Industry Regulatory Authority and is traded on the CSE. Trading in stock quoted on the OTC Bulletin Board or listed on the CSE is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with the Corporation's operations or business prospects. This volatility could depress the market price of the Corporation's common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of their shares.

The Corporation's stock is a penny stock. Trading of the Corporation's stock may be restricted by the SEC's penny stock regulations and FINRA's sales practice requirements, which may limit a stockholder's ability to buy and sell the Corporation's stock.

The Corporation's stock is a penny stock. The Securities and Exchange Commission in the United States (the "SEC") has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. The Corporation's securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the

penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade the Corporation's securities. The Corporation believes that the penny stock rules discourage investor interest in, and limit the marketability of, its common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the Financial Industry Regulatory Authority believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The Financial Industry Regulatory Authority requirements make it more difficult for broker-dealers to recommend that their customers buy the Corporation's common stock, which may limit your ability to buy and sell the Corporation's stock.

You will experience dilution or subordinated stockholder rights, privileges and preferences as a result of the Corporation's financing efforts.

The Corporation must raise additional capital from external sources to carry out its business plan over the next two years. To do so, it may issue debt securities, equity securities or a combination of these securities; however, the Corporation may not be able to sell these securities, particularly under current market conditions. Even if the Corporation is successful in finding buyers for its securities, such buyers could demand high interest rates or require the Corporation to agree to onerous operating covenants, which could in turn harm its ability to operate its business by reducing its cash flow and restricting its operating activities. If the Corporation chooses to sell shares of its common stock, this will result in dilution to its existing stockholders. In addition, any shares of common stock it may issue may have rights, privileges and preferences superior to those of its current stockholders.

The Corporation does not intend to pay dividends and there will thus be fewer ways in which you are able to make a gain on your investment, if at all.

The Corporation has never paid dividends and do not intend to pay any dividends for the foreseeable future. To the extent that the Corporation may require additional funding currently not provided for in its financing plan, its funding sources may prohibit the declaration of dividends. Because the Corporation does not intend to pay dividends, any

gain on your investment will need to result from an appreciation in the price of its common stock. There will therefore be fewer ways in which you are able to make a gain on your investment, if at all. There is also no guarantee that your investment will appreciate.

Risks Related to the Corporation's Intellectual Property

If the Corporation is unable to maintain and enforce its proprietary intellectual property rights, it may not be able to operate profitably.

The Corporation's commercial success will depend, in part, on obtaining and maintaining patent protection, trade secret protection and regulatory protection of its technologies and patents as well as successfully defending third-party challenges to such technologies and patents. The Corporation will be able to protect its technologies and patents from use by third parties only to the extent that valid and enforceable patents, trade secrets or regulatory protection cover them and it has exclusive rights to use them. The ability of the Corporation's licensors, collaborators and suppliers to maintain their patent rights against third-party challenges to their validity, scope or enforceability will also play an important role in determining its future.

In addition, the Corporation's commercial success will depend, in part, on maintaining patent rights it has licensed and plans to license in the future, related to products it may market in the future. Since the Corporation will not fully control the patent prosecution of any licensed patent applications, it is possible that its licensors will not devote the same resources or attention to the prosecution of the licensed patent applications as it would if the Corporation controlled the prosecution of the applications ourselves. Consequently, the resulting patent protection, if any, may not be as strong or comprehensive as it would be had the Corporation done so.

The patent positions of biopharmaceutical companies can be highly uncertain and involve complex legal and factual questions that include unresolved principles and issues. No consistent policy regarding the breadth of claims allowed regarding such companies' patents has emerged to date in the United States, and the patent situation outside the United States is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the United States or other countries may diminish the value of the Corporation's intellectual property. Accordingly, it cannot predict with any certainty the range of claims that may be allowed or enforced concerning its patents or third-party patents.

The Corporation also relies on trade secrets to protect its technologies, especially where it does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. While the Corporation seeks to protect confidential information, in part, through confidentiality agreements with its consultants and scientific and other advisors, they may unintentionally or willfully disclose the Corporation's information to competitors. Enforcing a claim against a third party related to the illegal acquisition and use of trade secrets can be expensive and time consuming, and the outcome is often unpredictable. If the Corporation is not able to maintain patent or trade secret protection on its technologies and product candidates, then it may not be able to exclude competitors from developing or marketing competing products, and it may not be able to operate profitability.

If the Corporation is the subject of an intellectual property infringement claim, the cost of participating in any litigation could cause it to go out of business.

There has been, and the Corporation believes that there will continue to be, significant litigation and demands for licenses in its industry regarding patent and other intellectual property rights. Although the Corporation anticipates having a valid defense to any allegation that its current product candidates, production methods and other activities infringe the valid and enforceable intellectual property rights of any third parties, it cannot be certain that a third party will not challenge its position in the future. Other parties may own patent rights that it might infringe with its products or other activities, and the Corporation's competitors or other patent holders may assert that its products and the methods it employs are covered by their patents. These parties could bring claims against the Corporation that would cause it to incur substantial litigation expenses and, if successful, may require it to pay substantial damages. Some of the Corporation's potential competitors may be better able to sustain the costs of complex patent litigation, and depending on the circumstances, it could be forced to stop or delay research, development, manufacturing or sales activities. Any of these costs could cause the Corporation to go out of business.

The Corporation may in the future be required to license patent rights from third-party owners in order to develop its products candidates. If it cannot obtain those licenses or if third-party owners do not properly maintain or enforce the patents underlying such licenses, the Corporation may not be able to market or sell its planned products.

The Corporation has licensed patent-protected technologies with certain parties and it may also license other intellectual property from other third parties, if it believes it is necessary or useful to use additional third-party intellectual property to develop its products. Typically, the Corporation would seek to negotiate and obtain any required third party licenses immediately following the completion of preliminary research to establish a concept and plan of development for a new product candidate. The Corporation will also be required to pay license fees, certain milestones or royalties or both to obtain such licenses, and there is no guarantee that such licenses will be available on acceptable terms, if at all. Even if the Corporation is able to successfully obtain a license, certain rights may be non- or co-exclusive, and this would give its competitors access to some of the intellectual property as it, which could ultimately prevent it from commercializing a product.

Upon obtaining a license, the Corporation's business prospects will depend, in part, on the ability of its licensors to obtain, maintain and enforce patent protection on its licensed intellectual property. The Corporation's licensors may terminate its license, may not pursue and successfully prosecute any potential patent infringement claim, may fail to maintain their patent applications, or may pursue any litigation less aggressively than the Corporation would. Without protection for the intellectual property that it licenses, other companies may be able to offer substantially similar products for sale, and the Corporation may not be able to market or sell its planned products or generate any revenues.

17.2 Risks Related to the Operations of Altum

Risks Related to the Business

Altum has no sources of product revenue and it will not be able to maintain operations and research and development without sufficient funding.

Altum has no sources of product revenue and cannot predict when or if it will generate product revenue. Altum's ability to generate product revenue and ultimately become profitable depends upon its ability, alone or with partners, to successfully develop its product

candidates, obtain regulatory approval, and commercialize products, including any of the current product candidates, or other product candidates that may be developed, in-licensed or acquired in the future. It does not anticipate generating revenue from the sale of products for the foreseeable future. Altum expects research and development expenses to increase in connection with ongoing activities, particularly as drug candidates are advanced towards clinical trials.

Worldwide pandemics, such as the recent outbreak of the novel coronavirus COVID-19, may adversely impact multiple aspects of Altum's business.

Epidemics and/or pandemics, including the outbreak of COVID-19, which was declared a global pandemic by the World Health Organization in March 2020, unless contained, could cause a slowdown in global economic growth and have a material adverse effect on Altum's business, operations and financial condition.

The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating and supply chain delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect the ability to recruit patients into clinical trials, commodity prices, interest rates, credit ratings, credit risk and inflation.

Even though Altum is implementing business continuity measures to mitigate and reduce any potential impacts of COVID-19 on its business, operations, supply chain and financial condition, the spread of COVID-19 could have a material adverse impact on its workforce and continued operations. The continued spread of COVID-19 globally could adversely affect Altum's planned clinical trial operations, including its ability to initiate the trials in the expected timelines and recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19 if an outbreak occurs in their geographic location. Furthermore, the COVID-19 outbreak could result in delays in clinical trials due to prioritization of hospital resources toward the outbreak, restrictions in travel, potential unwillingness of patients to enroll in trials at this time, or the inability of patients to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services.

The full extent and impact of COVID-19 on Altum's operations cannot currently be ascertained as it depends upon future developments which cannot be predicted, and includes, among other matters, the duration of the outbreak, the severity of the virus and the ability to treat it, the ability to collect sufficient data to track the virus and the collective actions taken to curb the spread of the virus.

The continued spread of the virus could have a material adverse effect on the economies of the countries in which Altum operates. The continued adverse effects of the spread of COVID-19 if not contained, could have a material adverse effect on Altum's business, operations and financial condition.

Altum is highly dependent upon certain key personnel and their loss could adversely affect Altum's ability to achieve its business objectives.

The loss of Dr. Ahmad Doroudian, Chief Executive Officer, or other key members of the scientific and operating staff could harm Altum. Employment agreements exist with Mr. Doroudian and other staff although such employment agreements do not guarantee their retention. Altum also depends on scientific, manufacturing and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability. In addition, Altum believes that its future success will depend in large part upon its ability to attract and retain highly skilled scientific, managerial, medical, clinical, manufacturing and regulatory personnel. Agreements have been entered into with scientific, manufacturing and preclinical and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of business as well as with physicians and institutions. Notwithstanding these arrangements, there is significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. The loss of the services of any of the executive officers or other key personnel could potentially harm Altum's business, operating results or financial condition .

If Altum breaches any of the agreements under which it licenses rights to product candidates or technology from third parties, it can lose license rights that are important to its business. Altum's current license agreements may not provide an adequate remedy for breach by the licensor.

Altum is subject to a number of risks associated with its collaboration with the licensors, including the risk that the licensors may terminate the license agreement upon the occurrence of certain specified events. If Altum fails to comply with any obligations in its license agreements or otherwise breach this or similar agreements, the licensors or any future licensors may have the right to terminate the licenses in whole. Altum can also suffer the consequences of non-compliance or breaches by licensors in connection with license agreements. Such non-compliance or breaches by such third parties can in turn result in breaches or defaults under Altum's agreements with other collaboration partners, and Altum can be found liable for damages or lose certain rights, including rights to develop and/or commercialize a product or product candidate. Loss of Altum's rights to licensed intellectual property or any similar license granted to it in the future, or the exclusivity rights provided therein, can harm its financial condition and operating results.

Preclinical and clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results and Altum's product candidates may not have favorable results in later trials or in the commercial setting.

Preclinical and clinical testing is expensive and can take many years to complete, and the outcome is inherently uncertain. Failure can occur at any time during the preclinical testing and clinical trial process. The results of preclinical studies and early clinical trials may not be predictive of the results of later-stage clinical trials. Success in preclinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful, nor does it predict final results. Favorable results in early trials may not be repeated in later trials. There is no assurance the FDA, European Medicines Agency ("**EMA**") or other similar government bodies will view the results as Altum does or that any future trials of its proposed products for other indications will achieve positive results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials.

Altum will be required to demonstrate through larger-scale clinical trials that any potential future product is safe and effective for use in a diverse population before it can seek regulatory approvals for commercial sale of its products. There is typically an extremely high rate of attrition from the failure of product candidates proceeding through preclinical studies and clinical and post-approval trials. If Altum's drug candidates fail to demonstrate sufficient safety and efficacy in ongoing or future preclinical studies and clinical trials, its operations and financial condition will be adversely impacted.

If Altum is unable to enroll subjects in clinical trials, it will be unable to complete these trials on a timely basis.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors, including the size and nature of the patient population, the proximity of subjects to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, ability to obtain and maintain patient consents, risk that enrolled subjects will drop out before completion, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating. Furthermore, Altum relies on CROs and clinical trial sites to ensure the proper and timely conduct of its clinical trials, and while Altum has agreements governing committed activities, it has limited influence over their actual performance.

If Altum experiences delays in the completion or termination of any clinical trial of its proposed products or any future product candidates, the commercial prospects of its product candidates will be harmed and its ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing clinical trials will increase costs, slow down product candidate development and approval process and can shorten any periods during which Altum may have the exclusive right to commercialize its product candidates or allow its competitors to bring products to market before it does. Delays can further jeopardize Altum's ability to commence product sales, which will impair its ability to generate revenues and may harm the business, results of operations, financial condition and cash flows and future prospects. In addition, many of the factors that can cause a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of its proposed products or its future product candidates.

If Altum's competitors develop and market products that are more effective than Altum's existing product candidates or any products that it may develop, or obtain marketing approval before Altum does, Altum's products may be rendered obsolete or uncompetitive.

Technological competition from pharmaceutical companies, biotechnology companies and universities is intense and is expected to increase. Many of Altum's competitors and potential competitors have substantially greater product development capabilities and financial, scientific, marketing and human resources than Altum does. Altum's future success depends in part on its ability to maintain a competitive position, including the ability to further progress its portfolio candidates through the necessary preclinical and clinical trials towards regulatory approval for sale and commercialization. Other companies may succeed in commercializing products earlier than Altum is able to commercialize its products or they may succeed in developing products that are more effective. While Altum will seek to expand its technological capabilities in order to remain competitive, there can be no assurance that developments by others will not render its products non-competitive or

that Altum or its licensors will be able to keep pace with technological developments. Competitors have developed technologies that could be the basis for competitive products. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than Altum's products and may be more effective or less costly than Altum's products. In addition, other forms of medical treatment may offer competition to Altum's products. The success of Altum's competitors and their products and technologies relative to Altum's technological capabilities and competitiveness could have a material adverse effect on the future preclinical and clinical trials of Altum's products, including its ability to obtain the necessary regulatory approvals for the conduct of such trials .

Altum relies and will continue to rely on third parties to plan, conduct and monitor preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to Altum's business.

Altum relies and will continue to rely on third parties to conduct a significant portion of clinical development and planned preclinical trial activities. Preclinical activities include in vivo, or within the body, studies to specific disease models, pharmacology and toxicology studies, and test development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in Altum's relationship with third parties, or if these third parties are unable to provide quality services in a timely manner and at a feasible cost, any active development programs could face delays. Furthermore, if any of these third parties fails to perform as expected or if their work fails to meet regulatory requirements, testing could be delayed, cancelled or rendered ineffective.

Altum relies on contract manufacturers over whom it has limited control. If Altum is subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, its business operations could suffer significant harm.

Altum has limited manufacturing experience and rely on contract development and manufacturing organizations ("**CDMO**"), to manufacture its drug candidates for preclinical development and clinical trials. It relies on CDMOs for manufacturing, filling, packaging, storing and shipping of drug product in compliance with cGMP regulations, enforced by the FDA, applicable to its products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product. There can be no assurances that the CDMOs selected will be able to meet future timetables and requirements. If Altum is unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, it may delay the development of its product candidates. Furthermore, contract manufacturers must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. Altum's dependence upon third parties for the manufacturing of its products may adversely affect profit margins and its ability to develop and deliver products on a timely and competitive basis.

Altum's future success is dependent primarily on the regulatory approval of a single product.

Altum does not have any products that have gained regulatory approval. As a result, its near-term prospects, including its ability to finance operations and generate revenue, are substantially dependent on Altum's ability to obtain regulatory approval for, and, if approved, to successfully commercialize its drug candidates in a timely manner. Altum cannot commercialize its product candidates in the U.S. without first obtaining regulatory approval for the product from the FDA; similarly, it cannot commercialize its product candidates outside of the U.S. without obtaining regulatory approval from comparable foreign regulatory authorities. Although not within Altum's control, a governmental shutdown could result in significant delays in obtaining the necessary approvals and there can be no assurance regulatory approval will be granted. Before obtaining regulatory approvals for the commercial sale of its product candidates for a target indication, Altum must demonstrate with substantial evidence gathered in preclinical and clinical studies to the satisfaction of the relevant regulatory authorities, that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. Many of these factors are beyond Altum's control. If Altum, or its potential commercialization collaborators, are unable to successfully commercialize its drug candidates, Altum may not be able to earn sufficient revenues to continue its business .

Altum will be subject to extensive government regulation that will increase the cost and uncertainty associated with gaining final regulatory approval of its product candidates.

Securing final regulatory approval for the manufacture and sale of human therapeutic products in the U.S., Canada and other markets is a long and costly process that is controlled by that particular country's national regulatory agency. Approval in the U.S., Canada, or Europe does not assure approval by other national regulatory agencies, although often test results from one country may be used in applications for regulatory approval in another country. Other national regulatory agencies have similar regulatory approval processes, but each is different. Prior to obtaining final regulatory approval to market a drug product, every national regulatory agency has a variety of statutes and regulations which govern the principal development activities. These laws require controlled research and testing of products, government review and approval of a submission containing preclinical and clinical data establishing the safety and efficacy of the product for each use sought, approval of manufacturing facilities, including adherence to cGMP during production and storage, and control of marketing activities, including advertising and labelling. There can be no assurance that Altum's drug candidates will be successfully commercialized in any given country. There can be no assurance that Altum's licensed products will prove to be safe and effective in clinical trials under the standards of the regulations in the various jurisdictions or receive applicable regulatory approvals from applicable regulatory bodies.

Altum's products may become subject to unfavorable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, thereby having an adverse effect on its business.

Many countries require approval of the sale price of a drug before it can be marketed. In most cases, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. Although Altum intends to monitor these regulations, its programs are currently in the early stages of development and it will not be able to assess the impact of price regulations for a number of years. As a result, regulatory approval for a product in a particular country may be obtained,

but then be subject to price regulations that delay commercial launch of the product and negatively impact the revenues from the sale of the product in that country.

Altum's ability to commercialize any products successfully will also depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other third-party payors. Additionally, in the U.S., no uniform policy of coverage and reimbursement for products exists among third-party payors. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. In many jurisdictions, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. Obtaining coverage and reimbursement approval of a product from a government or other third-party payor is a time-consuming and costly process that could require Altum to provide to the payor supporting scientific, clinical and cost-effectiveness data for the use of its products. Delay in obtaining or providing of this data may delay or suspend reimbursement approval, negatively impacting the revenues from the sale of the product.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of Altum's products may have an adverse impact on future commercialization efforts.

From time to time, studies or clinical trials on various aspects of pharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the pharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to Altum's product candidates, the intended therapeutic target or the therapeutic areas in which Altum's product candidates compete, could adversely affect the ability to finance future development of its product candidates, and the business and financial results could be materially and adversely affected.

Altum faces the risk of product liability claims, which could exceed its insurance coverage and produce recalls, each of which could deplete cash resources.

In human trials, Altum will be exposed to the risk of product liability claims alleging that use of its product candidates cause an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing or sale of product candidates and may be made directly by patients involved in clinical trials of product candidates, by consumers or healthcare providers or by individuals, or organizations or companies selling the products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product candidate moves through the development pipeline to commercialization. There can be no assurance that Altum's insurance coverage is or will continue to be adequate or available at a cost acceptable to it or at all. Altum may choose or find it necessary under its collaborative agreements to increase the insurance coverage in the future but may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of the coverage, require payment of a substantial monetary award from Altum's cash resources and have a material adverse effect on the business,

financial condition and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about the products and business, inhibit or prevent commercialization of other products and product candidates or negatively impact existing or future collaborations. Altum may not achieve its publicly announced milestones according to schedule, or at all.

From time to time, Altum may announce the timing of certain events expected to occur, such as the anticipated timing of results from clinical trials. These statements are forward-looking and are based on Altum's best estimates at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the availability of financing, the ability to recruit patients in a clinical trial in a timely manner, the nature of results obtained during a clinical trial or during a research phase, problems with a CDMO or a contract research organization ("**CRO**"), or any other event having the effect of delaying the publicly announced timeline. Altum undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on Altum's business plan, financial condition or operating results.

Changes in government regulations, although beyond Altum's control, could have an adverse effect on its business.

Altum depends upon the validity of its licenses and access to the data for the timely completion of clinical research. Any changes in the drug development regulatory environment or shifts in political attitudes of a government are beyond its control and may adversely affect its business. Altum's business may also be affected in varying degrees by such factors as government regulations with respect to intellectual property, regulation or export controls. Such changes remain beyond its control and the effect of any such changes cannot be predicted. These factors could have a material adverse effect on Altum's ability to further develop its product candidates.

Altum's discovery and development processes may involve the use of companion diagnostics or biomarkers.

If Altum is unable to successfully develop companion diagnostics or biomarkers for its therapeutic product candidates, or experience significant delays in doing so, it may not achieve marketing approval or realize the full commercial potential of its therapeutic product candidates.

Altum may develop companion diagnostics or biomarkers for its therapeutic product candidates. It is expected that, at least in some cases, regulatory authorities may require the development and regulatory approval of a companion diagnostic or biomarkers as a condition to approving a therapeutic product candidate. Altum has limited experience and capabilities in developing or commercializing diagnostics or biomarkers and plan to rely in large part on third parties to perform these functions. Altum does not currently have any agreement in place with any third party to develop or commercialize companion diagnostics

or biomarkers for any of its therapeutic product candidates.

Companion diagnostics or biomarkers are subject to regulation by the FDA, Health Canada and comparable foreign regulatory authorities and may require separate regulatory approval or clearance prior to commercialization. If Altum, or any third parties that it engages to assist, are unable to successfully develop companion diagnostics or biomarkers for Altum's therapeutic product candidates, or experience delays in doing so, Altum's business may be substantially harmed.

Significant disruption in availability of key components for ongoing preclinical and clinical studies could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates.

Altum relies on third parties to supply ingredients and excipients for the manufacture and formulation of its drug candidates. Each of the suppliers of these components in turn need to comply with regulatory requirements. Any significant disruption in supplier relationships could harm Altum's business. Any significant delay in the supply of a component, for a potential ongoing clinical study could considerably delay initiation and completion of potential clinical trials, product testing and regulatory approval of potential product candidates. If Altum or its suppliers are unable to purchase these components after regulatory approval has been obtained for the product candidates, or the suppliers decide not to manufacture these components or provide support for any of the components, clinical trials or the commercial launch of that product candidate would be delayed or there would be a shortage in supply, which would impair Altum's ability to generate revenues from the sale of the product candidates.

Altum's competitors could develop alternative methods for the target indications for its product candidates.

Although Altum has significant patent protection, it is possible that other companies could develop alternative methods that would be competitive to its technology.

Altum's products or technologies may need to be used in connection with third-party technologies or products.

It is not uncommon that drugs are used in combination with other drugs, devices, or therapies. Should this be the case for Altum's technology it could have an impact on future drug development and commercialization efforts.

Altum could be adversely impacted by unauthorized actions or the distribution of inaccurate information.

Altum faces the risk that parties take unauthorized actions that negatively impact it. This includes the risk of rumours or distribution of inaccurate information on unregulated online blogs, bulletin boards, and social media, as well as the risk that individuals or organizations access and use Altum's technology without authorization or consent and in ways that are not yet understood and/or approved, resulting in negative consequences to Altum's reputation and/or perception of the technology.

<u>Risks Related to Intellectual Property and Litigation</u>

Altum's success depends upon its ability to protect its intellectual property and its

proprietary technology.

Altum's success depends, in part, on its ability and its licensors' ability to obtain and maintain patents, maintain trade secrets protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent our rights. The patent position of pharmaceutical and biotechnology firms is uncertain and involves complex legal and financial questions for which, in some cases, certain important legal principles remain unresolved. There can be no assurance that the patent applications made in respect of Altum's owned or licensed products will result in the issuance of patents, that the term of a patent will be extendable after it expires in due course, that the licensors or the institutions that they represent will develop additional proprietary products that are patentable, that any patent issued to the licensors or to Altum will provide Altum with any competitive advantages, that the patents of others will not impede Altum's ability to do business or that third parties will not be able to circumvent or successfully challenge the patents obtained in respect of the licensed products. The cost of obtaining and maintaining patents is high. Furthermore, there can be no assurance that others will not independently develop similar products which duplicate any of the licensed products or, if patents are issued, design around the patent for the product. There can be no assurance that Altum's processes or products or those of its licensors do not or will not infringe upon the patents of third parties or that the scope of its patents or those of its licensors will successfully prevent third parties from developing similar and competitive products.

Much of our know-how and technology may not be patentable, though it may constitute trade secrets. There can be no assurance, however, that Altum will be able to meaningfully protect its trade secrets. To help protect Altum's intellectual property rights and proprietary technology, Altum requires employees, consultants, advisors, CROs, CDMOs and collaborators to enter into confidentiality agreements. There can be no assurance that these agreements will provide meaningful protection for its intellectual property rights or other proprietary information in the event of any unauthorized use or disclosure.

Altum's potential involvement in intellectual property litigation could negatively affect its business.

Altum's future success and competitive position depend in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to us will not be challenged. Altum's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes are infringing Altum's rights and by defending claims brought by others who believe that Altum is infringing their rights. In addition, enforcement of Altum's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, Altum's involvement in intellectual property litigation could have a material adverse effect on its ability to out-license any products that are the subject of such litigation. In addition, Altum's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use or licensing of related intellectual property and divert the efforts of its valuable technical and management personnel from their principal responsibilities, whether or not such litigation is resolved in its favour.

Altum's reliance on third parties requires it to share its trade secrets, which increases the

possibility that a competitor will discover them.

Because Altum relies on third parties to conduct research and develop its products, Altum must share trade secrets with them. Altum seeks to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of Altum's collaborators, advisors, employees and consultants to publish data potentially relating to its trade secrets. Altum's academic collaborators typically have rights to publish data, provided that Altum is notified in advance and may delay publication for a specified period of time in order to secure its intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by Altum, although in some cases Altum may share these rights with other parties. Altum also conducts joint research and development programs which may require it to share trade secrets under the terms of research and development collaboration or similar agreements. Despite its efforts to protect its trade secrets, Altum's competitors may discover its trade secrets, either through breach of these agreements, independent development or publication of information including its trade secrets in cases where it does not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of Altum's trade secrets may impair its competitive position and could have a material adverse effect on Altum's business and financial condition.

Product liability claims are an inherent risk of Altum's business and, moving forward, if Altum's clinical trial and product liability insurance prove inadequate, product liability claims may harm its business.

Human therapeutic products involve an inherent risk of product liability claims and associated adverse publicity. There can be no assurance that Altum will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive, difficult to obtain and may not be available in the future on acceptable terms, or at all. An inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could have a material adverse effect on Altum's business by preventing or inhibiting the commercialization of its products, licensed and owned, if a product is withdrawn or a product liability claim is brought against Altum.

Other Risks

Altum will have significant additional future capital needs and there is uncertainty as to its ability to raise additional funding.

Altum will require significant additional capital resources to expand its business, in particular the further development of its proposed products. Advancing its product candidates or the acquisition and development of any new products or product candidates will require considerable resources and additional access to capital markets. In addition, Altum's future cash requirements may vary materially from those now expected.

Altum can potentially seek additional funding through corporate collaborations and licensing arrangements, through public or private equity or debt financing, or through other transactions. However, if clinical trial results are neutral or unfavourable, or if capital market

conditions in general, or with respect to life sciences companies such as BetterLife, are unfavourable, Altum's ability to obtain significant additional funding on acceptable terms, if at all, will be negatively affected. Additional financing that Altum may pursue may involve the sale of Altum Shares or financial instruments that are exchangeable for, or convertible into, the Altum Shares, which could result in significant dilution to its shareholders. If sufficient capital is not available, Altum may be required to delay the implementation of its business strategy, which could have a material adverse effect on its business, financial condition, prospects or results of operations.

The liquidity of the Altum Shares is limited which can result in a reduction in Altum's ability to raise capital. As a significant portion of Altum's operations will probably be financed through the sale of equity securities, a decline in the price of the Altum Shares could be especially detrimental to liquidity.

Altum's shareholders may experience significant dilution from future sales of its securities.

Altum anticipates that it will need to raise additional capital in the future. The sale of additional equity, including warrants, subscription receipts or debt securities, if convertible into equity, will result in dilution to its existing shareholders. As a result, its net loss per share could increase in future periods. The perceived risk of dilution may negatively impact the price of the Altum Shares and may cause its shareholders to sell their shares, which would contribute to a decline in the price of the Altum Shares.

The price of the Altum Shares may be subject to fluctuation in the future based on market conditions.

The market prices for the securities of biotechnology companies, including Altum's, have historically been highly volatile. The market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of any particular company. In addition, because of the nature of Altum;s business, certain factors, such as its announcements, competition from new therapeutic products or technological innovations, government regulations, fluctuations in operating results, results of clinical trials, public concern regarding the safety of drugs generally, general market conditions and developments in patent and proprietary rights, can have an adverse impact on the market price of the Altum Shares. Any negative change in the public's perception of Altum's prospects could cause the price of the Altum Shares to decrease dramatically.

Furthermore, any negative change in the public's perception of the prospects of biotechnology companies in general or the market in general could depress share price regardless of Altum's results. Volatility or depression in the capital markets, particularly with respect to biotechnology stocks, could also affect Altum's ability to raise additional capital.

Altum may pursue other business opportunities in order to develop its business and/or products.

From time to time, Altum may pursue opportunities for further research and development of other products. Altum's success in these activities will depend on its ability to identify suitable technical experts, market needs, and effectively execute any such research and development opportunities. Any research and development would be accompanied by risks as a result of the use of business efforts and funds. In the event that Altum chooses to raise debt capital to finance any such research or development opportunities, its leverage will be

increased. There can be no assurance that Altum would be successful in overcoming these risks or any other problems encountered in connection with any research or development opportunities.

Generally, a litigation risk exists for any company that may compromise its ability to conduct Altum's business.

All industries are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on Altum's business, prospects, financial condition and results of operations.

Altum's success depends on its ability to effectively manage its growth.

Altum may be subject to growth-related risks, including pressure on its internal systems and controls. Altum's ability to manage its growth effectively will require it to continue to implement and improve operational and financial systems and to expand, train and manage its employee base. Inability to deal with this growth could have a material adverse impact on its business, operations and prospects. Altum may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for its personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, Altum will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that Altum will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support its operations or that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

It may be difficult for non-Canadian investors to obtain and enforce judgments against Altum because of its Canadian incorporation and presence.

Altum is a corporation existing under the laws of Canada. Several of its directors and officers, and several of the experts are residents of Canada, and all or a substantial portion of their assets, and a substantial portion of Altum's assets, are located outside the U.S. Consequently, it may be difficult for holders of Altum's securities who reside in the U.S. to effect service within the U.S. upon those directors and officers, and the experts who are not residents of the U.S.. It may also be difficult for holders of Altum's securities who reside in the U.S. to realize in the U.S. upon judgments of courts of the U.S. predicated upon Altum's civil liability and the civil liability of its directors, officers and experts under the U.S. federal securities laws. Investors should not assume that Canadian courts would (i) enforce judgments of U.S. courts obtained in actions against Altum or such directors, officers or experts predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or "blue sky" laws of any state or jurisdiction of the U.S. or (ii) enforce, in original actions, liabilities against Altum or such directors, officers or experts predicated upon the U.S. federal securities laws or any securities or "blue sky" laws of any state or jurisdiction of the U.S.. In addition, the protections afforded by Canadian securities laws may not be available to investors in the U.S.

Significant disruptions of information technology systems or security breaches could adversely affect Altum's business.

Altum is increasingly dependent upon information technology systems, infrastructure and data to operate its business. In the ordinary course of business, Altum collects, stores and transmits large amounts of confidential information (including, among other things, trade secrets or other intellectual property, proprietary business information and personal information). It is critical that Altum does so in a secure manner to maintain the confidentiality and integrity of such confidential information. Altum also has outsourced elements of its operations to third parties, and as a result it manages a number of third-party vendors who may or could have access to its confidential information. The size and complexity of its information technology systems, and those of third-party vendors with whom Altum contracts, and the large amounts of confidential information stored on those systems, make such systems vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by employees, third-party vendors, and/or business partners, or from cyberattacks by malicious third parties. Cyberattacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information.

Altum has never paid dividends on the Altum Shares and it does not anticipate paying any dividends in the foreseeable future. Consequently, any gains from an investment in the Altum Shares will likely depend on whether the price of the Altum Shares increases.

Altum has not paid dividends on the Altum Shares to date and it currently intend to retain future earnings, if any, to fund the development and growth of the business. As a result, capital appreciation, if any, of the Altum Shares will be the shareholders' sole source of gain for the foreseeable future. Consequently, in the foreseeable future, shareholders will likely only experience a gain from their investment in the Altum Shares if the price of the Altum Shares increases.

18. PROMOTERS

18.1 – 18.3 – Promoter Consideration

Dr. Doroudian can be considered a promoter of the Resulting Issuer in that he took part in founding and organizing the business of Altum and substantially reorganizing the business of the Corporation. For a description of the securities owned by Dr. Doroudian see "Item 12 - Principal Shareholders".

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

In November 2019, the Corporation's former Chief Executive Officer filed an originating application with the Superior Court in the province of Quebec for damages stemming from a termination of employment. The former Chief Executive Officer is seeking payment of amounts totaling approximately $1 million, exercisability of his stock options until the original expiry dates, issuance of six (6) hundred thousand stock options and an order that the Corporation not issue further common shares. The Corporation believes the claim is unfounded and intends to vigorously defend these claims.

In January 2020, an injunction was filed against the Corporation in the Superior Court of Quebec by Bio V Pharma Inc. ("**BioV**") seeking provisional orders in respect of the premises sub-leased at 285 Kesmark Street, Dollard-des-Ormeaux, Quebec, Canada, H9B 3J1 and damages of approximately $395,000, which the Corporation intends on defending. The Corporation and BioV have, without prejudice or admission, settled the provisional injunction portion of the application while reserving their respective rights on interlocutory injunction and on the merits of the application.

19.2 Regulatory Actions

The Corporation is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Corporation entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Corporation's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Transactions with related parties for the Corporation and Altum have been noted elsewhere in this Listing Statement.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of the Corporation are MNP LLP, Chartered Professional Accountants at its office located at 50 Burnhamthorpe Road West, #900, Mississauga, Ontario, L5B 3C2.

The auditors of Altum are MNP LLP, Chartered Professional Accountants, at its office located at 2200-1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Corporation is National Securities Administrators Ltd., at its office located at 702-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

22. MATERIAL CONTRACTS

22.1 Material Contracts of the Corporation

During the course of the two years prior to the date of the Listing Statement, the Corporation and Altum have entered into the following material contracts, other than contracts entered into in the ordinary course of business:

(a) the AP-003 Agreement (see *Item 2.4 – Fundamental Change*);
(b) the Amalgamation Agreement (see *Item 2.4 – Fundamental Change*); and
(c) the Escrow Agreement (see *Item 11 – Escrow*).

22.2 Special Agreements

This section is not applicable to the Corporation or Altum.

23. INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Corporation or of an Associate or Affiliate of the Corporation and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the corporation or of an Associate or Affiliate of the Corporation and no such person is a promoter of the corporation or an Associate or Affiliate of the Corporation. MNP LLP, Chartered Professional Accountants, is independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario. MNP LLP, Chartered Professional Accountants, is independent of the Corporation and Altum in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Corporation, Altum, or their respective securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Corporation and its respective securities.

25. FINANCIAL STATEMENTS

25.1 Financial Statements of the Corporation and Altum

Schedule “A” contains a pro forma financial statement of the Resulting Issuer as at April 30, 2020 after giving effect to the Transaction as if it had been completed on April 30, 2020 and for the three months ended April 30, 2020 and for the year ended January 31, 2020 after giving effect to the Transaction as if it had been completed on February 1, 2019.

Schedule “B” contains the unaudited interim financial statements of the Corporation for the three month period ended April 30, 2020 and the audited financial statements of the Corporation for the years ended January 31, 2020 and 2019 and for the years ended January 31, 2019 and 2018.

Schedule “C” contains the audited financial statements of Altum for the years ended March 31, 2020 and 2019 and for the years ended March 31, 2019 and 2018.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, BetterLife Pharma Inc., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to BetterLife Pharma Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 26th day of August, 2020.

Chief Executive Officer

Chief Financial Officer

Director

Promoter

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to Altum Pharmaceuticals Inc.. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 26th day of August, 2020.

Chief Executive Officer and Director

Promoter

SCHEDULE “A”

PRO FORMA FINANCIAL STATEMENTS

(*See attached*)

BETTERLIFE PHARMA INC.

UNAUDITED PRO-FORMA FINANCIAL STATEMENTS

(Prepared by Management)
(Expressed in Canadian Dollars)

BETTERLIFE PHARMA INC.

Unaudited Pro Forma Consolidated Statement of Financial Position
As at April 30, 2020

	BetterLife Pharma Inc. $	Altum Pharmaceuticals Inc. $	Adjustments $	Notes	Total $
Assets					
Current assets					
Cash	1,137,958	355,455	(100,000)	3(a)	2,654,255
			1,260,842	3(b)	
Cash – restricted	600,000	–	–		600,000
Amounts receivable	138,068	63,741	–		201,809
Marketable security	–	172,500	–		172,500
Inventory	84,659	–	–		84,659
Prepaids and other current assets	92,961	288,916	–		381,877
Total current assets	2,053,646	880,612	1,160,842		4,095,100
Deposits	177,300	–	–		177,300
Property and equipment, net	539,123	52,234	–		591,357
Intangible assets, net	845,722	9,127,189	16,970,057	3(a)	26,942,968
Right-of-use assets	3,172,330	–	–		3,172,330
Investment in subsidiary	–	–	24,357,416	3(a)	–
			(24,357,416)	3(d)	
Total assets	6,788,121	10,060,035	18,130,899		34,979,055
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	647,955	2,620,642	–		3,268,597
Due to related parties	3,538	52,034	–		55,572
Lease liability	6,150	–	–		6,150
Total current liabilities	657,643	2,672,676	–		3,330,319
Warrant liabilities	–	728,544	(728,544)	3(a)	–
Lease liability	3,275,085	–	–		3,275,085
Total liabilities	3,932,728	3,401,220	(728,544)		6,605,404
Shareholders' Equity					
Common shares	37,521,602	25,900,342	23,682,484	3(a)	62,441,887
			1,260,842	3(b)	
			(23,040)	3(b)	
			2,739,887	3(c)	
			(28,640,229)	3(d)	
Common shares to be issued	–	2,739,887	(2,739,887)	3(c)	–
Reserves	19,834,688	2,066,342	574,932	3(a)	20,432,661
			23,040	3(b)	
			(2,066,342)	3(d)	
Accumulated other comprehensive	94,323	13,671	(13,671)	3(d)	94,323
Accumulated deficit	(54,595,220)	(24,061,427)	24,061,427	3(d)	(54,595,221)
Total shareholders' equity	2,855,393	6,658,815	18,859,443		28,373,651
Total liabilities and shareholders' equity	6,788,121	10,060,035	18,130,899		34,979,055

BETTERLIFE PHARMA INC.

Unaudited Pro Forma Consolidated Statement of Loss
For the Three Months Ended April 30, 2020

	BetterLife Pharma Inc. $	Altum Pharmaceuticals Inc. $	Adjustments $	Notes	Total $
Revenue	–	–	–		–
Expenses					
Amortization and depreciation of equipment and intangible assets	46,145	288,005	(288,005) 709,183	3(e) 3(e)	755,328
Amortization of right-of-use assets	18,827	–	–		18,827
Consulting fees	141,881	239,298	–		381,179
Foreign exchange (gain) loss	(46,585)	99,639	–		53,054
General and administrative	100,049	65,942	–		165,991
Lease liability expense	167,358	–	–		167,358
Professional fees	384,477	107,223	–		491,700
Research and development	31,771	1,112,448	–		1,144,219
Shares issued for services	–	59,870	–		59,870
Wages, salaries and employment expenses	452,610	393,542	–		846,152
Total expenses	1,296,533	2,365,967	421,178		4,083,678
Loss from operations	(1,296,533)	(2,365,967)	(421,178)		(4,083,678)
Other income (expenses)					
Change in unrealized gains/losses on marketable security	–	(184,000)	–		(184,000)
Change in unrealized gains/losses on warrant liabilities	–	(9,337)	9,337	3(f)	–
Gain on abandonment of assets	1,481,829	–	–		1,481,829
Other income (expense)	–	(1,949)	–		(1,949)
Settlement of legal claim	(120,000)	–	–		(120,000)
Total other income (expenses)	1,361,829	(195,286)	9,337		1,175,880
Net income (loss)	65,296	(2,561,253)	(411,354)		(2,907,798)
Net loss per share, basic and diluted					($0.08)
Weighted average shares outstanding, basic and diluted				3(g)	35,426,387

BETTERLIFE PHARMA INC.

Unaudited Pro Forma Consolidated Statement of Loss
For the Year Ended January 31, 2020

	BetterLife Pharma Inc. $	Altum Pharmaceuticals Inc. $	Adjustments $	Notes	Total $
Revenue	–	–	–		–
Expenses					
Amortization and depreciation of equipment and intangible assets	985,895	1,137,388	(1,137,388) 2,836,734	3(e) 3(e)	3,822,629
Amortization of right-of-use assets	361,502	–	–		361,502
Consulting fees	1,608,692	1,460,361	–		3,069,053
Finders fee expense	100,000	–	–		100,000
Foreign exchange (gain) loss	38,057	(129,461)	–		(91,404)
General and administrative	923,877	450,740	–		1,374,617
Lease liability expense	347,445	–	–		347,445
Licensing fees	40,029	–	–		40,029
Professional fees	1,707,892	342,040	–		2,049,932
Promotion and marketing	96,641	–	–		96,641
Repairs and maintenance	45,875	–	–		45,875
Research and development	63,767	4,238,313	–		4,302,080
Shares issued for services	–	630,879	–		630,879
Wages, salaries and employment expenses	3,016,626	1,568,740	–		4,585,366
Loss on impairment of intangible asset	6,625,246	–	–		6,625,246
Loss on impairment of abandoned assets	1,303,278	–	–		1,303,278
Loss on impairment and write-offs of inventory and other	1,466,377	–	–		1,466,377
Total expenses	18,731,199	9,699,000	1,699,346		30,129,545
Loss from operations	(18,731,199)	(9,699,000)	(1,699,346)		(30,129,545)
Other income (expenses)					
Accretion expense on convertible debentures	(380,754)	–	–		(380,754)
Change in unrealized gains/losses on marketable security	–	(345,982)	–		(345,982)
Change in unrealized gains/losses on warrant liabilities	–	96,393	(96,393)	3(f)	–
Interest income	4,479	2,854	–		7,333
Interest expense	(48,024)	(6,094)	–		(54,118)
Loss on impairment of equipment	(3,901)	–			(3,901)
Loss on impairment of loan receivable	(213,085)	–			(213,085)
Other income	48,382	66,260	–		114,642
Realized gain on disposal of marketable security	–	27,482	–		27,482
Settlement of legal claim	(264,660)	–			(264,660)
Total other income (expenses)	(857,563)	(159,087)	(96,393)		(1,113,043)
Net loss	(19,588,762)	(9,858,087)	(1,795,739)		(31,242,588)
Net loss per share, basic and diluted					($0.94)
Weighted average shares outstanding, basic and diluted				3(g)	33,253,204

1. AMALGAMATION AGREEMENT

On July 3, 2020, BetterLife Pharma Inc. ("BetterLife") and Altum Pharmaceuticals Inc. ("Altum") signed an amalgamation agreement pursuant to which Altum will be amalgamated with 12167573 Canada Ltd., a wholly-owned subsidiary of BetterLife (the "Amalgamation"). Upon the Amalgamation, BetterLife will issue such number of common shares equal to 100% of its outstanding common shares to shareholders of Altum such that, immediately upon completion of the Amalgamation, shareholders of Altum, in the aggregate, will hold an equal number of common shares of BetterLife as the shareholders of BetterLife hold in the aggregate. In addition, each of Altum's stock options will be exchanged for such number of BetterLife stock options as is determined using the share exchange ratio determined by reference to the exchange of Altum's common shares for common shares of BetterLife.

2. BASIS OF PREPARATION

The accompanying unaudited pro-forma consolidated financial statements of BetterLife have been prepared by management in accordance with International Financial Reporting Standards from information derived from the consolidated financial statements of BetterLife and the financial statements of Altum, together with other information available to BetterLife. The unaudited pro-forma consolidated financial statements have been prepared for inclusion in the Form 2A dated August 26, 2020. The acquisition is subject to a number of conditions including, among other things, regulatory approval. In the opinion of management, the pro-forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro-forma consolidated statement of financial position of BetterLife has been compiled from and includes the unaudited interim consolidated statement of financial position of BetterLife as at April 30, 2020 and the audited consolidated statement of financial position of Altum as at March 31, 2020. The unaudited pro-forma consolidated statement of financial position has been prepared as if the transactions described in Note 3 had occurred on April 30, 2020.

The unaudited pro-forma consolidated statements of loss of BetterLife for the three months ended April 30, 2020 have been compiled from and includes the unaudited interim consolidated statement of loss of BetterLife for the three months ended April 30, 2020 and the unaudited interim consolidated statement of loss of Altum for the three months ended March 31, 2020. The unaudited pro-forma consolidated statements of loss of BetterLife for the year ended January 31, 2020 have been compiled from and include the audited consolidated statement of loss of BetterLife for the year ended January 31, 2020 and the unaudited consolidated statement of loss of Altum for the 12 months ended December 31, 2019. The unaudited pro-forma consolidated statements of loss have been prepared as if the transactions described in Note 3 had occurred on February 1, 2019.

The unaudited pro-forma consolidated financial statements are not intended to reflect the financial position and results of operations of BetterLife which would have actually resulted had the proposed transactions described in Note 3 and other pro-forma adjustments occurred as assumed. Further, this unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position or results of operations that may be attained in the future. The unaudited pro-forma consolidated financial statements should be read in conjunction with the financial statements disclosed above.

3. UNAUDITED PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position gives effect to the completion of the Amalgamation as if it had occurred on the date presented, April 30, 2020.

(a) The Amalgmation has been evaluated in accordance with IFRS 3, Business Combinations. Upon closing, shareholders of Altum will own 50% and shareholders of BetterLife will own 50% of the combined entity. The Board of Directors of BetterLife will be responsible for providing strategic direction and oversight of the combined entity and, as a result, BetterLife has been identified as the acquirer.

The Amalgamation has also been evaluated to discern whether the assets and operations of Altum meet the definition of a business. BetterLife concluded that Altum does not have a sufficient number of key and substantive processes in place to develop inputs into outputs. The Amalgamation has been accounted for as an asset acquisition.

The acquisition of Altum is summarized as follows:

Purchase price:	
Common shares issued	18,217,295
Share price at April 30, 2020	$1.30
	$23,682,484
Replacement stock options	574,932
Estimated transaction costs[(1)]	100,000
Total consideration	$24,357,416
Allocation of consideration to net assets acquired:	
Cash	$355,455
Amounts receivable	63,741
Marketable security	172,500
Prepaids and other current assets	288,916
Property and equipment	52,234
Intangible assets	26,097,246
Accounts payable and accrued liabilities	(2,620,642)
Due to related parties	(52,034)
Warrant liabilities[(2)]	-
	$24,357,416

(1) Fair values of replacement stock options have been estimated using the Black-Scholes option pricing model and the following assumptions:

Risk free interest rate	0.29% to 0.31%
Dividend yield	nil%
Expected life (years)	1.17 to 2.83 years
Expected volatility	90%

(2) Warrant liabilities in Altum relate to warrants with exercise prices in US dollars. These warrants will have expired prior to the close of the Amalgamation.

3. UNAUDITED PRO FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

Altum's pipeline of intangible assets includes the following:

AP-003: Altum's current lead product AP-003, is a patent pending proprietary Interferon α2b ("IFN α2b") inhalation formulation. In recent studies IFN α2b has been shown to be effective in slowing viral replication. In the study published Friday May 15, 2020 in Frontiers of Immunology titled "Interferon-a2b Treatment for COVID-19", the authors examined the course of disease in a cohort of 77 individuals with confirmed COVID-19 admitted to Union Hospital, Tongii Medical College, Wuhan, China, between January 16 and February 20, 2020. To the knowledge of the authors the findings presented in the study were the first to suggest therapeutic efficacy of IFN-a2b in COVID-19 disease. Altum is planning a randomized, double-blind, placebo-controlled trial of AP-003 in early stage COVID-19 patients to start in the near future.

AP-002: AP-002 is an oral gallium-based novel small molecule. AP-002 has US IND approved and has started Phase 1-2 in October 2019 in the US in cancer patients with advanced or recurrent solid tumours.

AP-001: AP-001 is a topical IFN α2b product for the treatment of Human Papiloma Virus ("HPV") infection that can cause cervical cancer. In 2017, Altum acquired the BiPhasix™ platform from Helix Biopharma. The BiPhasix™ technology is a novel encapsulation and delivery platform technology. BiPhasix-encapsulated interferon IFN α2b for use in treatment of HPV-cervical dysplasia. AP-001 has completed Phase 2.

(b) The following private placement has been completed by BetterLife to fund Altum's development projects in anticipation of the Amalgamation: BetterLife issued 716,725 units for gross proceeds of $1,361,777. Each unit consisted of one common share and one half of one share purchase warrant, with each whole warrant entitling the warrant-holder to purchase a common share at $2.30 per share for a period of two years. Pursuant to the private placement, 54,321 share purchase warrants were issued as agent warrants and agents' fee of $72,435 was paid. The fair value of agent warrants have been estimated, using the Black-Scholes model, to be $38,849.

(c) Subsequent to Altum's March 31, 2020 year end, Altum issued common shares for subscriptions received. Common shares to be issued have been reclassified to common shares.

(d) Upon consolidation of BetterLife and Altum, an adjustment is required to eliminate share capital, reserves and pre-acquisition deficit of Altum.

(e) Amortization of intangibles in Altum have been adjusted with amortization of the fair values of intangible assets acquired pursuant to the Amalgamation.

(f) Altum's warrants with US dollar exercise prices will have expired prior to the close of the Amalgamation. Therefore, there will be no change in unrealized gains/losses on warrant liabilities.

(g) The weighted average shares outstanding have been calculated as follows:

	Three Months Ended April 30, 2020	Year Ended January 31, 2020
Weighted average shares outstanding, basic and diluted, for BetterLife	17,209,092	15,035,909
Common shares issued pursuant to the Amalgamation	18,217,295	18,217,295
	35,426,387	33,253,204

SCHEDULE “B”

FINANCIAL STATEMENTS OF BETTERLIFE PHARMA INC.

- Audited Financial Statements for the years ended January 31, 2020 and 2019 and for the years ended January 31, 2019 and 2018.
- Unaudited Interim Financial Statements for the three months ended April 30, 2020.

(*See attached*)

BETTERLIFE PHARMA INC.

(formerly Pivot Pharmaceuticals Inc.)

Consolidated Financial Statements

February 1, 2018, January 31, 2019 and January 31, 2020

(Expressed in Canadian dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of BetterLife Pharma Inc. (formerly Pivot Pharmaceuticals Inc.)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position as at January 31, 2020, January 31, 2019 and February 1, 2018 (effective date of transition to IFRS), and the consolidated statements of comprehensive loss, consolidated statements of shareholders' equity, and consolidated statements of cash flows for the years ended January 31, 2020 and January 31, 2019, and a summary of significant accounting policies (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of January 31, 2020, January 31, 2019 and February 1, 2018 (effective date of transition to IFRS), and the consolidated financial performance and its consolidated cash flows for each of the years in the two-year period ended January 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty

Change in Accounting Principles

Without qualifying our opinion on the consolidated financial statements, we draw attention to Note 26 to the consolidated financial statements, which indicates that the Company has retrospectively adopted International Financial Reporting Standards as issued by the International Accounting Standards Board. Comparative figures, which were previously presented in accordance with United States generally accepted accounting principles (U.S. GAAP), have been adjusted as necessary.

As discussed in Note 3 to the financial statements, effective February 1, 2019, the Company adopted IFRS 16 (Leases) using the full retrospective approach.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

MNP LLP

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2019.

MNP LLP

Chartered Professional Accountants

June 1, 2020

BETTERLIFE PHARMA INC. (formerly Pivot Pharmaceuticals Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	January 31, 2020 $	January 31, 2019 $	February 1, 2018 $
Assets		(Note 26)	(Note 26)
Current assets			
Cash	2,681,704	74,800	79,304
Cash – restricted (Note 6)	600,000	–	–
Amounts receivable	137,367	44,489	5,122
Prepaids and other current assets	61,467	98,131	99,051
Total current assets	3,480,538	217,420	183,477
Deposits	177,300	–	–
Property and equipment, net (Note 7)	540,245	4,162	–
Intangible assets, net (Note 8)	801,058	8,349,822	288,349
Right-of-use assets (Note 9)	3,251,638	1,735,346	–
Total assets	8,250,779	10,306,750	471,826
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	890,138	637,299	267,892
Due to related parties (Note 17)	1,788	330,483	12,421
Convertible debentures, net (Note 10)	–	3,476,690	–
Promissory note (Note 11)	–	–	247,305
Acquisition obligation (Note 4(b))	–	432,923	–
Deferred revenue	–	157,728	–
Lease liability (Note 9)	68,138	367,629	–
Total current liabilities	960,064	5,402,752	527,618
Lease liability (Note 9)	4,634,154	1,408,486	–
Total liabilities	5,594,218	6,811,238	527,618
Shareholders' Equity			
Common shares (Note 12)	37,519,448	21,395,999	10,047,733
Common shares issuable	–	10,000	–
Reserves (Notes 13 and 14)	19,625,602	17,038,202	15,713,439
Accumulated other comprehensive income	172,027	123,065	–
Accumulated deficit	(54,660,516)	(35,071,754)	(25,816,964)
Total shareholders' equity	2,656,561	3,495,512	(55,792)
Total liabilities and shareholders' equity	8,250,779	10,306,750	471,826

Nature of operations and going concern (Note 1), commitments and contingencies (Note 20) and events after the reporting date (Note 25)

Approved on behalf of the Board of Directors

"Ahmad Doroudian" Director

"Ralph Anthony Pullen" Director

(The accompanying notes are an integral part of these consolidated financial statements)

BETTERLIFE PHARMA INC. (formerly Pivot Pharmaceuticals Inc.)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Years Ended	
	January 31, 2020 $	January 31, 2019 $
Revenue	–	(Note 26) –
Expenses		
Amortization and depreciation of equipment and intangible assets (Notes 7 and 8)	985,895	900,651
Consulting fees	1,608,692	1,022,055
Due diligence costs	–	251,674
Finders fee expense	100,000	100,000
Foreign exchange loss	38,057	24,208
General and administrative	923,877	1,297,802
Amortization of right-of-use assets (Note 9)	361,502	235,586
Lease liability expense (Note 9)	347,445	155,049
Licensing fees	40,029	79,008
Professional fees	1,707,892	930,879
Promotion and marketing	96,641	11,076
Repairs and maintenance	45,875	301
Research and development	63,767	364,784
Wages, salaries and employment expenses	3,016,626	1,527,023
Loss on impairment of intangible asset (Note 8)	6,625,246	–
Loss on impairment of abandoned assets (Notes 5 and 9)	1,303,278	–
Loss on impairments and write-offs of inventory and other (Note 16)	1,466,377	8,856
Total expenses	18,731,199	6,908,952
Loss from operations	(18,731,199)	(6,908,952)
Other (expenses) income		
Accretion expense on convertible debentures	(380,754)	(1,078,141)
Gain on repayment of promissory note	–	8,890
Interest expense	(48,024)	(4,862)
Interest income	4,479	4,196
Loss on extinguishment of convertible debentures (Note 10)	–	(1,240,773)
Loss on impairment of equipment (Note 7)	(3,901)	–
Loss on impairment of loan receivable (Note 16)	(213,085)	–
Other	48,382	(35,148)
Settlement of legal claim (Notes 5 and 25(a))	(264,660)	–
Total other income (expenses)	(857,563)	(2,345,838)
Net loss	(19,588,762)	(9,254,790)
Other comprehensive income		
Foreign currency translation adjustment of foreign operations	48,962	123,065
Net comprehensive loss	(19,539,800)	(9,131,725)
Net loss per share, basic and diluted	(0.13)	(0.10)
Weighted average shares outstanding – basic and diluted	150,359,090	90,201,387

(The accompanying notes are an integral part of these consolidated financial statements)

BETTERLIFE PHARMA INC. (formerly Pivot Pharmaceuticals Inc.)

Consolidated Statements of Shareholders' Equity

(Expressed in Canadian dollars)

	Common Shares		Common Shares		Accumulated other comprehensive income - Foreign Currency Translation		
	Shares #	Amount $	Issuable $	Reserves $	$	Deficit $	Total $
Balance – February 1, 2018	82,373,559	10,047,733	–	15,713,439	–	(25,816,964)	(55,792)
Common shares issued for services (Notes 12(j) and 12(k))	1,197,869	663,435	10,000	–	–	–	673,435
Common shares issued for settlement of convertible debenture (Notes 10 and 12(l))	3,750,000	1,668,226	–	932,631	–	–	2,600,857
Common shares issued for asset acquisition (Notes 4(b) and 12(h))	5,000,000	6,650,000	–	–	–	–	6,650,000
Common shares issued for asset acquisition (Notes 4(a) and 12(i))	500,000	830,000	–	–	–	–	830,000
Common shares and warrants issued for cash (Note 12(m))	4,078,250	1,536,605	–	–	–	–	1,536,605
Warrants issued for finder's fee	–	–	–	174,813	–	–	174,813
Beneficial conversion feature	–	–	–	185,753			185,753
Share-based payments	–	–	–	31,566	–	–	31,566
Foreign currency translation adjustment of foreign operations	–	–	–	–	123,065	–	123,065
Net loss	–	–	–	–	–	(9,254,790)	(9,254,790)
Balance – January 31, 2019	96,899,678	21,395,999	10,000	17,038,202	123,065	(35,071,754)	3,495,512
Common shares issued for services (Notes 12(a) and 12(c))	1,237,896	215,129	(10,000)	–	–	–	205,129
Common shares issued for settlement of accounts payable and accrued liabilities (Note 12(b))	1,690,323	338,065	–	–	–	–	338,065
Common shares issued for conversion of debentures (Notes 10 and 12(g))	595,238	261,821	–	(11,821)	–	–	250,000
Common shares and warrants issued for cash (Notes 12(d) and 12(e))	66,950,000	16,390,000	–	–	–	–	16,390,000
Common shares and warrants issued as share issue costs (Notes 12(d) and 12(f))	4,708,000	(1,081,566)	–	1,001,566	–	–	(80,000)
Share-based payments (Notes 13 and 14)	–	–	–	1,597,655	–	–	1,597,655
Foreign currency translation adjustment of foreign operations	–	–	–	–	48,962	–	48,962
Net loss	–	–	–	–	–	(19,588,762)	(19,588,762)
Balance – January 31, 2020	172,081,135	37,519,448	–	19,625,602	172,027	(54,660,516)	2,656,561

(The accompanying notes are an integral part of these consolidated financial statements)

BETTERLIFE PHARMA INC. (formerly Pivot Pharmaceuticals Inc.)

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years Ended	
	January 31, 2020 $	January 31, 2019 $
Operating activities		(Note 26)
Net loss	(19,588,762)	(9,254,790)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation of equipment and intangible assets	985,895	900,651
Common shares issued for services	185,129	673,435
Foreign exchange loss	(11,085)	(29,737)
Gain on repayment of promissory note	–	(8,890)
Interest accretion	294,000	638,134
Amortization of right-of-use assets	421,984	235,586
Loss on extinguishment of convertible debentures	–	1,240,773
Loss on impairment of abandoned assets	1,303,278	–
Loss on impairment of equipment	3,901	–
Loss on impairment of intangible asset	6,625,246	–
Share-based compensation	1,597,655	31,566
Changes in working capital accounts:		
Amounts receivable	(92,879)	(39,368)
Prepaids and other current assets	10,415	1,181
Deposit	(177,300)	–
Accounts payable and accrued liabilities	1,050,328	429,204
Due to related parties	(329,446)	317,279
Deferred revenue	(159,000)	156,408
Net cash used in operating activities	(7,880,641)	(4,708,568)
Investing activities		
Cash acquired through acquisition	–	2,779
Purchase of intangible assets	–	(847,161)
Acquisition obligation	(432,923)	–
Purchase of property and equipment	(542,742)	–
Loans receivable, net	(165,428)	–
Net cash used in investing activities	(1,141,093)	(844,382)
Financing activities		
(Repayment of) / proceeds from convertible debenture, net	(3,250,000)	4,559,206
Payment for debt modification	(250,000)	–
Proceeds from issuance of common shares and warrants, net	16,310,000	1,539,315
Lease payments	(559,580)	(282,095)
Repayment of promissory note	(24,000)	(247,305)
Repayment of loan payable	–	(20,757)
Net cash provided by financing activities	12,226,420	5,548,364
Effects of exchange rate changes on cash	2,218	82
Net change in cash	3,206,904	(4,504)
Cash – beginning of period	74,800	79,304
Cash – end of period	3,281,704	74,800

Supplemental cash flow disclosures (Note 15)

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Operations and Going Concern

BetterLife Pharma Inc. (the "Company") was incorporated in British Columbia under the Business Corporations Act on June 10, 2002. On December 5, 2019, the Company changed its name from Pivot Pharmaceuticals Inc. to BetterLife Pharma Inc. The Company is a biopharmaceutical company engaged in the development and commercialization of patented, differentiated and premium quality nutraceuticals and pharmaceuticals.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, no adjustments to the carrying value of the assets and liabilities have been made in these audited consolidated financial statements should the Company no longer be able to continue as a going concern. Any such adjustments could be material. As at January 31, 2020, the Company has not earned any revenue and has an accumulated deficit of $54,660,516. The continued operations of the Company are dependent on its ability to generate future cash flows through additional financing or commercialization, which have been impacted as a result of the global outbreak of coronavirus ("COVID-19") (Note 2(d)). Management intends to continue to pursue additional financing through issuances of equity. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. In addition, the Company continues procurement of its products set to launch in the US and anticipates its US launch to continue once the current pandemic situation improves. These events or conditions indicate that a material uncertainty exists that casts substantial doubts on the company's ability to continue as a going concern.

The head office and principal address of the Company is located at 1275 West 6th Avenue, #300, Vancouver, BC, Canada, V6H 1A6.

2. Significant Accounting Policies

(a) Basis of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

The preparation of these consolidated financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under United States Generally Accepted Accounting Principles ("U.S. GAAP"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. They also have been applied in preparing an opening IFRS statement of financial position as at February 1, 2018 for the purposes of the transition to IFRS, as required by IFRS 1 "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1"). The impact of the transition from U.S. GAAP to IFRS is explained in Note 26.

These consolidated financial statements have been prepared in accordance with the accounting policies presented below and are based on IFRS and IFRIC interpretations issued and effective as of January 31, 2020.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on June 1, 2020.

2. Significant Accounting Policies (continued)

(b) Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for cash and financial instruments classified as fair value through profit or loss that have been measured at fair value, and are presented in Canadian dollars.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consolidating entities include:

	% of ownership	Jurisdiction
BetterLife Pharma Inc. (formerly Pivot Pharmaceuticals Inc.)	Parent	Canada
Pivot Pharmaceuticals Manufacturing Corp.	100%	Canada
Pivot Green Stream Health Solutions Inc. (dissolved January 2020)	100%	Canada
BetterLife Pharma US Inc.	100%	U.S.A.
Pivot Naturals, LLC	100%	U.S.A.
Thrudermic, LLC	100%	U.S.A.
Pivot Europe Pharmaceuticals AG	100%	Lichtenstein

(d) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. 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.

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

2. Significant Accounting Policies (continued)

Estimated useful life of long-lived assets

Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Impairment of long-lived assets

Property and equipment and definite lived intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Indefinite lived Intangible assets, including goodwill, are tested for impairment annually. For the purposes of measuring recoverable values, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest levels for which there are separately identifiable cash flows. The determination of individual CGUs is based on management's judgement regarding shared infrastructure, geographical proximity and similar exposure to market risk. The recoverable value is the greater of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Business combinations

Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. As outlined in IFRS 3 Business Combinations, the components of a business must include inputs, processes and outputs.

Determination of share-based payments

The estimation of share-based payments (including warrants and stock options) requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of share prices of similar companies over the period of the expected life of the applicable warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

2. Significant Accounting Policies (continued)

Leases

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Going concern

The global outbreak of coronavirus ("COVID-19") has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. federal, provincial/state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition. Refer to Note 1 for additional factors impacting going concern assessment done by management.

(e) Investments in Joint Arrangements

These consolidated financial statements incorporate the Company's share of the results of its joint venture, Pivot-Cartagena Joint Venture Inc. using the equity method of accounting (Note 19). Investments in joint ventures are recognized initially at cost and adjusted thereafter to include the Company's share of income or loss and comprehensive income on an after-tax basis. Dividends or distributions received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investments.

Investments are reviewed for impairment at each reporting period by comparing recoverable amount to carrying amount when there is an indication of impairment.

(f) Foreign Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the parent entity, BetterLife Pharma Inc. (formerly Pivot Pharmaceuticals Inc.), and its wholly-owned subsidiaries, Pivot Pharmaceuticals Manufacturing Corp. and Pivot Green Stream Health Solutions Inc., is the Canadian dollar. The functional currency of the wholly-owned U.S. subsidiaries, BetterLife Pharma US Inc., Pivot Naturals, LLC and Thrudermic, LLC, is the U.S. dollar. The functional currency of the wholly-owned European subsidiary, Pivot Europe Pharmaceuticals AG, is Swiss Francs.

2. Significant Accounting Policies (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the financial position date. The resulting exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities denominated in other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of transaction.

Foreign operations

For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the period. All resulting exchange differences are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as foreign currency translation adjustment.

(g) Financial Instruments

Financial instruments - classification and measurement

Financial Assets

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

• Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's cash and amounts receivable are classified in this category.

• Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

• Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI.

2. Significant Accounting Policies (continued)

Financial Liabilities
All financial liabilities are initially recognized at fair value plus or minus transactions costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL. The Company's accounts payable and accrued liabilities, due to related parties, convertible debentures and promissory notes are measured at amortized cost.

Financial instruments - impairment of financial assets
The Company recognizes 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 has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the consolidated statements of 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.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

a. Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
b. Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
c. Level 3 – inputs for the asset or liability are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At January 31, 2020, January 31, 2019 and February 1, 2018, cash was measured and recognized in the consolidated statement of financial position using Level 1 inputs in the fair value hierarchy. At January 31, 2020, January 31, 2019 and February 1, 2018, there were no financial assets or liabilities measured and recognized in the consolidated statement of financial position at fair value that would have been categorized as Level 3 in the fair value hierarchy above.

(h) Cash and Cash Equivalents

Cash in the consolidated statement of financial position is comprised of cash and short-term deposits which have an original maturity of three months or less or are readily convertible into a known amount of cash. At January 31, 2020, January 31, 2019 and February 1, 2018, the Company had no cash equivalents.

2. Significant Accounting Policies (continued)

(i) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the straight-line method to depreciate the cost of property and equipment the useful lives for which an asset is expected to be available for use as follows:

Computer equipment	2 years
Equipment	5 years
Leasehold improvements	5 to 10 years
Security system	5 years

(j) Intangible Assets

Intangible assets consist of costs incurred to acquire license, patents and unpatented technology. Intangible assets are considered finite live assets and recorded at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset. Amortization is recorded using the straight-line method and is intended to amortize the intangible assets over their estimated useful lives:

License	5 years
Patents	10 years
Unpatented technology	10 years

(k) Impairment of Long-lived Assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any). The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is determined to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2. Significant Accounting Policies (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(m) Equity

Common shares
Common shares represent the amount received on the issue of common shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If common shares are issued when stock options and warrants are exercised, the common shares account also comprised the compensation costs previously recorded as reserves. In addition, if common shares were issued as consideration for the acquisition of a form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements
Proceeds from unit placements are allocated between common shares and share purchase warrants issued using the residual method. Proceeds are first allocated to common shares according to the quoted price of existing common shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Other elements of equity
Reserves include charges related to stock options and share purchase warrants until such stock options and share purchase warrants are exercised.

(n) Share-based Payments

The Company grants share purchase options, restricted stock units (“RSUs”), performance stock units (“PSUs”) and deferred share units (“DSUs”) under its Long-term Incentive Plan described in Note 14 to employees, consultants, directors and others providing similar services.

The fair value of share purchase options granted is measured at the grant date using an option pricing model. Subsequently, the fair value of share purchase options ultimately expected to vest is charged to operations over the vesting period. Share purchase options granted to third parties in exchange for goods or services are measured at the fair value of the goods or services received and charged to operations over the vesting period.

2. Significant Accounting Policies (continued)

The fair values of RSUs, PSUs and DSUs granted are measured at grant dates share prices and the expense is allocated over the vesting period based on the best available estimate of the number of RSUs, PSUs and DSUs expected to vest. Non-market vesting conditions are included in assumptions about the number of RSUs, PSUs and DSUs that are expected to be issued or paid. Estimates are subsequently revised if there was any indication that the number of RSUs, PSUs or DSUs expected to vest differed from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of RSUs, PSUs or DSUs that are ultimately issued or paid are different to that estimated on vesting. The accumulated charges related to RSUs, PSUs and DSUs recorded in reserves are transferred to common shares on issuance of common shares in payment of vested RSUs, PSUs and DSUs.

(o) Comprehensive Income (Loss)

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are measured at FVOCI will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the consolidated statement of financial position. Certain gains and losses on the translation of amounts between the functional and presentation currency of the Company are included in other comprehensive income or loss.

(p) Loss Per Share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(q) Research and Development Costs

Research costs are expensed in the period that they are incurred. Development costs are capitalized, to the extent they increase the future economic benefit embodied in the specific asset, to intangible assets.

(r) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. Significant Accounting Policies (continued)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(s) 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 and 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.

(t) Segment Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the Chief Executive Officer and the Board of Directors. The allocation of resources between the different operating segments and the assessment of the performance of the operating segments is the responsibility of the Chief Executive Officer.

The Company has determined that it has only one operating segment: development and commercialization of patented, differentiated and premium quality nutraceuticals and pharmaceuticals.

3. New Accounting Pronouncements

The Company has adopted the following new accounting standards and interpretations effective February 1, 2019, unless otherwise noted. These changes were made in accordance with the applicable transitional provisions.

3. New Accounting Pronouncements (continued)

(a) IFRS 16 – Leases ("IFRS 16")

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. On February 1, 2019, the Company adopted IFRS 16 and applied IFRS 16 retrospectively to each prior reporting period presented.

In accordance with IFRS 16, the Company determines if an arrangement is a lease at inception based on whether there is an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from the use of the asset and whether the Company has the right to direct the use of the asset. The Company has operating leases, on office and facility spaces, and no financing leases. Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. See Note 9 for further disclosures and detail regarding the Company's operating leases.

For leases with terms greater than twelve (12) months, the Company records the related ROU asset and lease obligation at the present value of lease payments over the term. Leases may include fixed rental escalation clauses, renewal options and / or termination options that are factored into the determination of lease payments when appropriate. The Company's leases do not provide a readily determinable implicit rate; therefore, an estimate of the Company's incremental borrowing rate is used to discount the lease payments based on information available at the lease commencement date. The discount rate used was 14.4%.

The adoption of IFRS 16 resulted in the recognition of ROU assets of $1,974,759 and lease liabilities of $1,906,403 in July 2018.

The following new accounting standards and interpretations have been adopted by the Company subsequent to January 31, 2020.

(b) IAS 1 – Presentation of Financial Statements ("IAS 1")

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

3. New Accounting Pronouncements (continued)

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of February 1, 2020, the Company has adopted IAS 1 and has concluded that, based on its current operations, the adoption of IAS 1 had no significant impact on the Company's consolidated financial statements.

(c) IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IAS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of February 1, 2020, the Company has adopted IAS 8 and has concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on the Company's consolidated financial statements.

4. Asset Acquisitions

(a) Thrudermic Transdermal Nanotechnology

On March 2, 2018, the Company entered into an exchange agreement with Thrudermic, LLC ("Thrudermic") and the members of Thrudermic whereby the Company paid US$1.00 for the issued and outstanding units of Thrudermic and issued 500,000 common shares (Note 12(i)) to the members of Thrudermic for their intellectual property portfolio, including unpatented technology, goodwill and know-how in connection with the Thrudermic Transdermal Nanotechnology.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Thrudermic met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition at a cost of $830,000 (Note 8).

(Expressed in Canadian dollars)

4. Asset Acquisitions (continued)

(b) Ready-to-Infuse Cannabis Patents ("RTIC Patents")

On February 28, 2018, the Company completed the acquisition of Pivot Naturals, LLC (previously ERS Holdings, LLC) ("Pivot Naturals") pursuant to an exchange agreement dated as of February 10, 2018. As consideration for the purchase, the Company paid $430,420 (US$333,333) in cash on closing, issued 5,000,000 common shares (Note 12(h)) and will pay an additional US$333,333 six (6) and twelve (12) months after closing. On September 28, 2018, a payment of $429,370 (US$326,666), representing a portion of the payment due six (6) months after closing, was made. The Company extended the payment date for the payment due twelve (12) months after closing from February 28, 2019 to May 31, 2019. As consideration for the extension, the Company issued 60,515 common shares (Note 12(c)) and paid $14,266 (US$10,832) in cash. On May 17, 2019, all outstanding consideration related to the purchase of Pivot Naturals was made.

Pursuant to the acquisition of Pivot Naturals, the Company acquired a patented technology called "RTIC" Ready-To-Infuse-Cannabis, relating to the transformation of cannabis oil into powder for infusion into a variety of products. If certain conditions are met, the Company may be obligated to pay royalties on future annual net sales utilizing the RTIC Patents.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Pivot Naturals met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition.

The consideration transferred, assets acquired and liabilities assumed recognized are as follows:

Consideration paid:	$
Cash paid	430,420
Cash to be paid	778,662
Common shares issued	6,650,000
Transaction costs	154,951
Total purchase price	8,014,033

Net assets acquired:	$
Cash	2,779
Equipment	5,213
Ready-to-infuse cannabis ("RTIC") patents	8,008,411
Accounts payable and accrued liabilities	(2,370)
Net value of business purchased	8,014,033

4. Asset Acquisitions (continued)

(c) Solmic Patents ("Solmic Patents")

On October 22, 2019, the Company entered into a contract to acquire SolMic AG ("Solmic AG"). Consideration for the acquisition included CHF 10,000 to be paid in cash (paid in March 2020). In connection with the acquisition, the Company entered into an assignment agreement to assign a patented technology called "Solmic" for payments totalling EUR 50,000, of which EUR 11,900 deposit was paid in January 2020, recorded in prepaids and other assets, and the remainder balance remitted in March 2020.

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Solmic AG met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company will account for this transaction as an asset acquisition. No asset was recognized at January 31, 2020 because the Company did not have title to the assets yet. The assignment of the patent technology was completed subsequent to year-end.

5. Asset Abandonment

During the year, the Company's board and management decided to forego its US cannabis operations that were initially intended to be held in Pivot Naturals. The Company is focusing its efforts on manufacturing and distributing hemp and non-hemp-based CBD products to states where regulations permit and on commercializing AP-003 (Note 25(f)). Due to the change in the strategic direction of the Company, management determined that several assets initially held for US operations purposes had a recoverable value of $nil and were, therefore, impaired for a total amount of $1,303,278 in its consolidated statements of comprehensive loss (2019 - $nil). The main asset impaired relates to the right-of-use asset previously recognized relating to the lease on 3595 Cadillac Avenue.

Pursuant to a Settlement Agreement and Release Agreement signed on February 13, 2020 (see Note 25(a)), in April 2020, 100% of the Company's membership interest in Pivot Naturals LLC was assigned to Goodbuzz Inc.

6. Cash - Restricted

Restricted cash includes cash held at the Supreme Court of British Columbia pursuant to the claim from Green Stream Botanicals Corp. ("GSB") (Note 20(a)).

(Expressed in Canadian dollars)

7. Equipment

Cost	Computer Equipment $	Equipment $	Leasehold Improvements $	Security System $	Total $
Balance, February 1, 2018	–	–	–	–	–
Exchange agreement (Note 4(b))	–	5,213	–	–	5,213
Effect of foreign exchange rate changes	–	94	–	–	94
Balance, January 31, 2019	–	5,307	–	–	5,307
Additions	7,349	65,698	200,084	269,611	542,742
Impairment	–	(5,213)	–	–	(5,213)
Effect of foreign exchange rate changes	–	(94)	–	–	(94)
Balance, January 31, 2020	7,349	65,698	200,084	269,611	542,742
Accumulated Depreciation					
Balance, February 1, 2018	–	–	–	–	–
Depreciation	–	1,135	–	–	1,135
Effect of foreign exchange rate changes	–	10	–	–	10
Balance, January 31, 2019	–	1,145	–	–	1,145
Depreciation	306	2,615	–	–	2,921
Impairment	–	(1,312)	–	–	(1,312)
Effect of foreign exchange rate changes	–	(257)	–	–	(257)
Balance, January 31, 2020	306	2,191	–	–	2,497
Net book value, January 31, 2020	7,043	63,507	200,084	269,611	540,245
Net book value, January 31, 2019	–	4,162	–	–	4,162
Net book value, February 1, 2018	–	–	–	–	–

During the year ended January 31, 2020, the Company impaired lab equipment and recorded a loss on impairment of $3,901 (2018 - $nil) in its consolidated statements of comprehensive loss.

(Expressed in Canadian dollars)

8. Intangible Assets

Cost	BiPhasix License $	Thrudermic Non-Patented Technology $	RTIC Patents $	Total $
Balance, February 1, 2018	319,174	–	–	319,174
Exchange agreements (Notes 4(a) and 4(b))	–	830,000	8,008,411	8,838,411
Effect of foreign exchange rate changes	–	–	128,866	128,866
Balance, January 31, 2019	319,174	830,000	8,137,277	9,286,451
Impairment	–	–	(8,202,900)	(8,202,900)
Effect of foreign exchange rate changes	–	–	65,623	65,623
Balance, January 31, 2020	319,174	830,000	–	1,149,174
Accumulated Amortization and Impairment Losses				
Balance, February 1, 2018	30,825	–	–	30,825
Amortization	79,793	74,325	745,398	899,516
Effect of foreign exchange rate changes	–	–	6,288	6,288
Balance, January 31, 2019	110,618	74,325	751,686	936,629
Amortization	80,173	83,000	820,290	983,463
Impairment	–	–	(1,577,654)	(1,577,654)
Effect of foreign exchange rate changes	–	–	5,678	5,678
Balance, January 31, 2020	190,791	157,325	–	348,116
Net book value, January 31, 2020	128,383	672,675	–	801,058
Net book value, January 31, 2019	208,556	755,675	7,385,591	8,349,822
Net book value, February 1, 2018	288,349	–	–	288,349

The Company performed an assessment to determine if there were any indications of impairment of its intangible assets and concluded that factors indicated impairment within its RTIC Patents. With the assignment of Pivot Naturals (Notes 5 and 25(a)), the Company exited the cannabis industry in California. As a result of the exit, the Company has reduced its expectations of cash flows from the use of the RTIC Patents. The Company recorded an impairment loss on its RTIC Patents (Note 4(b)) of $6,625,246.

Weighted average life remaining on intangible assets is 7.1 years.

8. Intangible Assets (continued)

BiPhasix License

On September 12, 2017, the Company entered into a licensing agreement with Altum Pharmaceuticals Inc. ("Altum"), a party related, at that date, by way of common officers (Note 17), whereby the Company acquired worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of cannabinoids, cannabidiol and tetrahydrocannabinol products. Consideration included:

1) Issuance of 2,500,000 common shares on September 12, 2017 valued at $319,174, which was recorded as an intangible asset with a corresponding credit to common shares;

2) Issuance of 2,500,000 common shares of the Company upon Health Canada Natural Product Number approval (not yet issued as of the date of this report);

3) Royalties on annual gross sales; and

4) For pharmaceutical products, milestone payments payable upon first Investigative New Drug Approval, upon positive outcome of Phase II trial in first indication, and upon New Drug Application approval. As of January 31, 2020, no milestones have been achieved.

9. Operating Leases

All the operating leases of the Company relate to building leases.

On October 31, 2019, the Company entered into a lease agreement, effective November 1, 2019 and expiring on April 30, 2025, for 285-295 Kesmark Street in Quebec, Canada and a sub-lease agreement, effective November 1, 2019, as sub-lessor of 285 Kesmark Street. Until October 31, 2019, the Company was a sub-lessee of 295 Kesmark Street and this sub-lease agreement terminated effective November 1, 2019. During the year ended January 31, 2020, the Company wrote-off its security deposit under the original sub-lease agreement. An impairment of $24,454 (2019 - $nil) has been included in the Company's consolidated statements of comprehensive loss.

As of January 31, 2020, the Company is also a lessee in a lease at 3595 Cadillac Avenue in California, U.S.A, with expiry of July 14, 2023 and which has been assigned subsequent to January 31, 2020 together with the assignment of Pivot Naturals. The related ROU asset was impaired at January 31, 2020 upon management's decision to exit the US cannabis market (Note 5).

(Expressed in Canadian dollars)

9. Operating Leases (continued)

	Right-of-use Assets $
Balance, February 1, 2018	–
Adoption of IFRS 16 (Note 3(a))	1,974,759
Amortization	(235,587)
Effect of foreign exchange rate changes	(3,826)
Balance, January 31, 2019	1,735,346
Additions	3,330,947
Disposal – ROU asset	(466,839)
Disposal – Accumulated amortization on ROU asset	339,519
Impairment of ROU asset	(1,276,779)
Amortization on ROU asset	(421,984)
Effect of foreign exchange rate changes	11,428
Balance, January 31, 2020	3,251,638

The Company disposed of ROU asset net of accumulated amortization of $127,320 related to termination of its sub-lease on 295 Kesmark Street on October 31, 2019. During the year ended January 31, 2020, the Company recorded $60,482 (2019 - $nil) of sub-lease income related to the sub-lease of 285 Kesmark Street, which has been offset against amortization on ROU asset in the consolidated statements of comprehensive loss.

	Lease Liability $	Current $	Long-term $
Balance, February 1, 2018	–		
Adoption of IFRS 16 (Note 3(c))	1,906,403		
Lease liability expense	155,051		
Lease payments	(282,095)		
Effect of foreign exchange rate changes	(3,244)		
Balance, January 31, 2019	1,776,115	(367,629)	1,408,488
Additions	3,246,553		
Disposal	(118,200)		
Lease liability expense	347,446		
Lease payments	(559,580)		
Effect of foreign exchange rate changes	9,958		
Balance, January 31, 2020	4,702,292	(68,138)	4,634,154

(Expressed in Canadian dollars)

9. Operating Leases (continued)

The table below summarizes the remaining expected lease payments under operating leases as of January 31, 2020:

Fiscal Years	$
2021	741,318
2022	781,611
2023	832,880
2024	884,399
2025	936,179
Thereafter	5,030,874
Less: imputed interest	(4,504,969)
Present value of operating lease liabilities	4,702,292

10. Convertible Debenture

	January 31, 2020 $	January 31, 2019 $	February 1, 2018 $
March 2, 2018 note	–	3,476,690	–
	–	3,476,690	–

On March 2, 2018, the Company issued convertible debentures with two non-related parties totaling $5,000,000. The debentures were secured under a General Security Agreement, bore interest at 10% per annum payable quarterly and matured on March 2, 2019. The notes were convertible into common shares at a conversion price equal to $1.74 per common share. The Company issued 172,413 share purchase warrants with an exercise price of $1.74 and three year expiry as finder's fee for the convertible debentures. The effective interest rate had been determined as 29% per annum after deducting all the loan discounts.

On October 22, 2018, $1,500,000 of the convertible debentures were settled through the issuance of 3,750,000 units of the Company with each unit consisting of one common share and one share purchase warrant with an exercise price of $0.60 and three year expiry. The common shares issued were valued at $0.43 per share and warrants issued were valued at $0.26 per warrant for total value of $2,600,856. The fair value of warrants was calculated using volatility of 110%, interest-free rate of 2.30%, nil expected dividend yield and expected life of 3 years. The Company considered the settlement to be an extinguishment of the $1,500,000 of the convertible debentures and recorded a loss on extinguishment of debentures of $1,240,773 during the year ended January 31, 2019.

On October 22, 2018, the Company modified the conversion price on the remainder of the convertible debentures, totaling $3,500,000, to $0.42 per common share. The Company did not consider the modification to be an extinguishment of the $3,500,000 of the convertible debentures.

(Expressed in Canadian dollars)

10. Convertible Debenture (continued)

On March 2, 2019, the Company repaid $750,000 of the convertible debentures and extended the maturity of the remainder of the convertible debentures to June 2, 2019 for an extension fee of $250,000. The Company considered the extension to be a modification of the convertible debentures. The effective interest rate for the remaining terms of the convertible debentures had been determined as 46% per annum.

On May 16, 2019, the Company issued 595,238 common shares pursuant to the conversion of $250,000 of the Company convertible debentures (Note 12(g)). On the same date, the Company repaid the remaining principal amount of the convertible debentures of $2,500,000. Interest accretion expense on convertible debentures for the years ended January 31, 2020 and 2019 was $380,754 and $1,078,141, respectively.

11. Promissory Note

	January 31, 2020 $	January 31, 2019 $	February 1, 2018 $
Principal (Note 11(a))	–	–	247,305

(a) Promissory Note – Former Chief Executive Officer

On September 11, 2017, the Company completed an exchange agreement whereby the Company exchanged with its past Chief Executive Officer 100% of its common shares of its wholly-owned subsidiary, IndUS Pharmaceuticals, Inc. (“IndUS”), for 3,800,000 common shares of the Company. Pursuant to the exchange agreement, the Company provided its former Chief Executive Officer a promissory note in the amount of $242,560 (US$200,000) in discharge of all obligations with respect to the former Chief Executive Officer’s accrued salary totaling $324,141 through September 11, 2017.

The promissory note bore interest at 8% per annum. Principal and accrued interest were due on the earlier of: 1) 30 days after the completion of a financing of at least $2,000,000 and (ii) September 10, 2027, provided that if repayment occurs prior to the second anniversary date, all interest will be waived. On March 2, 2018, the Company issued senior secured convertible debentures for gross proceeds of $5,000,000 (Note 10). Accordingly, accrued interest being waived, principal was due and repaid on March 30, 2018.

(b) Promissory Note – Altum

On February 16, 2018, the Company issued a promissory note of up to $520,000, bearing interest at 10% per annum to Altum, a party related, at that date, by way of common officers, and maturing on May 15, 2018. On February 19 and March 1, 2018, $250,000 and $252,464 were advanced to the Company. On March 2, 2018, the Company repaid the principal amount and accrued interest on the note totaling $503,285.

11. Promissory Note (continued)

(c) Promissory Note – Third Party

On March 5, 2019, the Company issued a promissory note of $300,000, bearing interest at 10% per annum and maturing on September 5, 2019. Pursuant to the issuance of this promissory note, the Company issued 100,000 common shares as a loan origination fee (Note 12(a)) and incurred cash finders' fee of $24,000.

Interest expense for the years ended January 31, 2020 and 2019 was $7,159 and $nil, respectively. On May 31, 2019, the Company repaid the principal amount and accrued interest on the promissory note totaling $307,159.

12. Common Shares

Unlimited number of common shares without par value

During the year ended January 31, 2020:

(a) In March 2019, the Company issued 100,000 common shares, with fair value totalling $20,000, to a third party as a loan origination fee (Note 11(c)). During the year ended January 31, 2020, the Company issued 1,035,714 common shares, with fair value totalling $170,000, to third parties for services provided. Fair values of services were determined using the fair values of the common shares issued as values of services provided could not be estimated reliably. The Company also issued 41,667 common shares, with fair value totalling $10,000, to a past director and officer for services provided.

(b) On March 23, 2019, the Company issued 1,000,000 common shares to a third party for settlement of accounts payable and 690,323 common shares to directors and officers to settle outstanding compensation. Losses on settlement of $60,000 and $34,315 have been recorded within consulting fees and wages, salaries and employment expenses, respectively, in the consolidated statements of comprehensive loss.

(c) On April 8, 2019, the Company issued 60,515 common shares as an extension fee for an outstanding obligation (Note 4(b)).

(d) On April 8, 2019, a private placement was closed for an aggregate of 6,950,000 units, consisting of one common share and one share purchase warrant, at price of $0.20 per unit, for gross proceeds of $1,390,000. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.30 per share and has an expiry term of three (3) years. Finders' fees consisted of cash payments of $80,000 and issuance of 508,000 common shares and 108,000 share purchase warrants entitling the holders to purchase one common share at a price of $0.30 per share and with an expiry term of three (3) years. The residual method was used to allocate the proceeds between the common shares and the warrants which resulted in a value of $nil allocated to the warrants.

12. Common Shares (continued)

(e) On May 15, 2019, the first tranche of a private placement was closed for an aggregate of 46,132,000 units, consisting of one common share and one share purchase warrant, at price of $0.25 per unit, for gross proceeds of $11,533,000. On May 30, 2019, the last tranche of this private placement was closed for an aggregate of 13,868,000 units, consisting of one common share and one share purchase warrant, at price of $0.25 per unit, for gross proceeds of $3,467,000. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.35 per share and has an expiry term of two (2) years. The residual method was used to allocate the proceeds between the common shares and the warrants which resulted in a value of $nil allocated to the warrants.

(f) Pursuant to the private placement on May 15, 2019 (Note 12(e)), the Company issued 4,200,000 units, consisting of one common share and one share purchase warrant entitling the holder to purchase one common share at a price of $0.35 per share and with an expiry term of two (2) years, as share issuance costs. Fair values of services were determined using the fair values of the common shares issued, being $0.445 per share, as values of services provided could not be estimated reliably. The Company used the Black-Scholes option pricing model in order to value the warrants (refer to Note 13).

(g) On May 16, 2019, the Company issued 595,238 common shares pursuant to the conversion of $250,000 of the Company's convertible debentures (Note 10).

During the year ended January 31, 2019:

(h) On February 28, 2018, 5,000,000 common shares, with fair value of $6,650,000, were issued pursuant to the exchange agreement with Pivot Naturals and the members of Pivot Naturals (Note 4(b)).

(i) On March 2, 2018, 500,000 common shares, with fair value of $830,000, were issued pursuant to the exchange agreement with Thrudermic and the members of Thrudermic (Note 4(a)).

(j) During the year ended January 31, 2019, the Company issued 920,178 common shares, with fair value totaling $508,938, to third parties for services rendered. 35,714 common shares, with fair value of $10,000, remain to be issued as at January 31, 2019 and were issued on March 23, 2019. Fair values of services were determined using the fair values of the common shares issued as values of services provided could not be estimated reliably.

(k) During the year ended January 31, 2019, the Company issued 277,691 common shares, with fair value totaling $154,497, as compensation pursuant to employment agreements entered into as part of the acquisitions of the Thrudermic (Note 4(a)) and Pivot Naturals (Note 4(b)).

(l) On October 22, 2018, 3,750,000 units of the Company, with each unit consisting of one common share and one share purchase warrant with an exercise price of $0.60 and three year expiry, were issued pursuant to settlement of $1,500,000 of convertible debentures (Note 10).

(m) In October and November 2018, 4,078,250 units of the Company, with each unit consisting of one common share and one share purchase warrant with an exercise price of $0.60 and three year expiry, were issued for subscription proceeds of $1,631,300. Pursuant to the private placement, the Company paid finders' fee of $88,104 in cash and issued 220,260 share purchase warrants with an exercise price of $0.60 and three year expiry. Other share issue costs totaled $6,591.

(Expressed in Canadian dollars)

13. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, February 1, 2018	265,125	0.45
Granted	8,220,923	0.62
Balance, January 31, 2019	8,486,048	0.62
Granted (Notes 12(d), 12(e) and 12(f))	71,258,000	0.35
Expired	(265,125)	(0.45)
Balance, January 31, 2020	79,478,923	0.38

As at January 31, 2020, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date
172,413	1.74	March 1, 2021
3,353,250	0.60	September 21, 2021
8,000	0.60	October 1, 2021
907,260	0.60	October 18, 2021
3,780,000	0.60	October 22, 2021
7,058,000	0.30	March 16, 2022
46,132,000	0.35	May 14, 2021
18,068,000	0.35	May 29, 2021
79,478,923		

The fair value of warrants issued pursuant to the private placement on May 15, 2019 (Note 12(e)) was estimated using the Black-Scholes option pricing model and the following assumptions:

- Date of grant: May 30, 2019
- Risk free interest rate: 1.48%
- Volatility: 85%
- Market price of common shares on grant date: $0.445
- Expected dividends: Nil%
- Expected life: Two (2) years
- Exercise price: $0.35

(Expressed in Canadian dollars)

14. Long-term Incentive Plans

Effective October 1, 2019, the Company adopted a long-term incentive plan. Under this plan, the Company may grant share purchase options, RSUs, PSUs or deferred share units to its directors, officers, employees and consultants up to an amount as determined by the Company and will be no more than 10% of its outstanding common shares on a fully-diluted basis. The exercise price of the share purchase options will be determined by the Company and will be no less than market price on grant date.

(a) Restricted Stock Units

The following table summarizes the continuity of the Company's RSUs:

	Number of RSUs
Outstanding, January 31, 2019 and February 1, 2018	–
Granted (Note 17(a))	2,750,000
Outstanding, January 31, 2020	2,750,000

The fair value of share-based payment expense was determined using market value of the share price on grant date. RSUs are settled by delivery of a notice of settlement by the RSU holder or, if no notice of settlement is delivered, on the last vesting date. At January 31, 2020, 83,334 RSUs were vested (January 31, 2019 and February 1, 2018 – nil). For the years ended January 31, 2020 and 2019, share-based payments related to RSUs totaling $171,011 and $nil, respectively, have been recorded in salaries, wages and employment expenses in the Company's consolidated statements of comprehensive loss.

(b) Performance Stock Units

The following table summarizes the continuity of the Company's performance stock units ("PSUs"):

	Number of RSUs
Outstanding, January 31, 2019 and February 1, 2018	–
Granted (Notes 17(a))	750,000
Outstanding, January 31, 2020	750,000

The fair value of share-based payment expense was estimated as follows: 1) Non-market performance conditions were determined using market value of the share price on grant date, and 2) Market-based performance conditions were determined using the Monte Carlo pricing model and the following assumptions:

- Date of grant: November 14, 2019
- Risk free interest rate: 1.57%
- Volatility: 90%
- Market price of common shares on grant date: $0.135
- Expected dividends: Nil%
- Expiry date: 3 years
- Volume weighted average price: $0.35

(Expressed in Canadian dollars)

14. Long-term Incentive Plans (continued)

PSUs vest as follows: 250,000 PSUs vest on November 14, 2019, 250,000 PSUs vest upon financing greater than $2,500,000 (non-market performance condition) and 250,000 PSUs vest on the date the Company's volume weighted average price for five consecutive trading days is greater than or equal to $0.35 (market-based performance condition).

During the year ended January 31, 2020, vesting provisions of PSUs were amended to the following: 187,500 PSUs vest on November 14, 2019, 281,500 PSUs vest upon financing greater than $2,500,000 obtained before July 30, 2020 and 281,500 PSUs vest on March 31, 2021.

PSUs are settled by delivery of a notice of settlement by the PSU holder. At January 31, 2020, 187,500 PSUs were vested (January 31, 2019 and February 1, 2018 – nil). For the years ended January 31, 2020 and 2019, share-based payments related to PSUs totaling $61,013 and $nil, respectively, have been recorded in salaries, wages and employment expenses in the Company's consolidated statements of comprehensive loss.

(c) Share Purchase Options

The following table summarizes the continuity of the Company's share purchase options:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding, February 1, 2018	13,620,833	0.46	3.26
Granted	300,000	1.25	4.32
Forfeited	(229,000)	(0.43)	–
Outstanding, January 31, 2019	13,691,833	0.46	3.26
Granted (Notes 17(a))	8,075,000	0.32	4.38
Forfeited/cancelled (Note 17(a))	(7,041,833)	(0.50)	–
Outstanding, January 31, 2020	14,725,000	0.38	3.08

(Expressed in Canadian dollars)

14. Long-term Incentive Plans (continued)

Additional information regarding share purchase options as of January 31, 2020, is as follows:

Options Outstanding	Options Exercisable	Exercise Price $	Expiry Date
2,000,000	2,000,000	0.14	December 14, 2020
2,550,000	2,550,000	0.97	February 22, 2021
2,000,000	2,000,000	0.13	December 14, 2021
100,000	100,000	0.50	November 14, 2022
2,700,000	2,025,000	0.40	June 11, 2024
750,000	562,500	0.39	July 1, 2024
1,100,000	154,169	0.32	September 3, 2024
100,000	50,000	0.26	September 29, 2024
150,000	75,000	0.16	October 15, 2024
150,000	75,000	0.25	October 15, 2024
75,000	–	0.15	November 3, 2024
2,650,000	950,000	0.25	November 13, 2024
200,000	50,000	0.25	December 26, 2024
100,000	–	0.25	January 20, 2023
100,000	–	0.25	January 21, 2025
14,725,000	10,591,669		

The fair value of share-based payment expense was estimated using the Black-Scholes option pricing model and the following assumptions:

- Dates of grant: June 12, 2019 to January 22, 2020
- Risk free interest rate: 1.40% to 1.46%
- Volatility: 93% to 112%
- Market price of common shares on grant date: $0.11 to $0.40
- Expected dividends: Nil%
- Expected life: Three (3) to five (5) years
- Exercise price: $0.15 to $0.40

Fair values of the options at each measurement date ranged between $0.04 to $0.32. As the Company does not have sufficient historical share price information, expected volatilities were determined using historical volatilities of comparable companies. For the years ended January 31, 2020 and 2019, share-based payments related to share purchase options totaling $1,365,631 and $31,566, respectively, have been recorded in the Company's consolidated statements of comprehensive loss. $347,218 of share-based payment expense have yet to be recognized and will be recognized in future periods.

(Expressed in Canadian dollars)

15. Supplemental Cash Flow Disclosures

	January 31, 2020 $	January 31, 2019 $
Components of cash:		
Cash	2,681,704	74,800
Cash – restricted	600,000	–
	3,281,704	74,800

	January 31, 2020 $	January 31, 2019 $
Supplemental disclosures:		
Interest paid	415,964	473,849
Income tax paid	–	–
Non-cash investing and financing activities:		
Common shares issued/issuable for services	185,129	673,435
Common shares issued for settlement of accounts payable	338,064	–
Common shares issued for loan origination fees	20,000	–
Common shares issued for conversion of debentures	261,821	–
Common shares issued for intangible assets	–	7,480,000
Common shares issued as share issue costs	1,996,000	–
Units issued for settlement of convertible debentures	–	1,668,226
Warrants issued for finder's fee	1,001,565	174,813
Beneficial conversion feature related to convertible debentures	–	185,753

16. Loss on Impairments and Write-off of Inventory and Other

(a) On September 19, 2019, the Company entered into a loan agreement with principal amount of €150,000, term of six months and interest rate of 18% per annum. On January 31, 2020, the Company impaired the loan receivable and accrued interest. The carrying amount of the loan principal and accrued interest as at January 31, 2020 is $nil (January 31, 2019 and February 1, 2018 - $nil and $nil, respectively). A loss on impairment of $176,452 has been included in the consolidated statements of comprehensive loss for the year ended January 31, 2020 (2019 - $nil).

(b) In February 2020, the Company terminated the acquisition of IAMHEALTH CBD UG ("IAH") (Note 25(c)). The Company impaired an advance made to IAH and recorded a loss on impairment of $36,635 in its consolidated statements of comprehensive loss (2019 - $nil).

(c) In May 2019, the Company advanced $1,441,600 to SolMic GmbH ("Solmic GmbH"), a Dusseldorf, Germany based developer and manufacturer of nutraceuticals, cosmeceuticals, and pharmaceuticals for its initial production order for micellized cannabinoid solution. Solmic GmbH entered into insolvency proceedings and has been restructured. As management does not expect that the Company will be able to recover its payments that had been classified as prepaid inventory and prepaid expense, the Company recorded write-offs of $480,480 and $961,120, respectively, in its consolidated statements of comprehensive loss as at January 31, 2020 (2019 - $nil).

(Expressed in Canadian dollars)

17. Related Party Transactions

(a) Key Management and Director Compensation

During the year ended January 31, 2020, compensation of key management and directors, including former key management and directors, of the Company totaled $1,509,822 (2019 - $1,072,373), and consisted of salaries and consulting fees paid in cash and common shares issued. The Company granted 6,950,000 share purchase options, 2,750,000 RSUs and 750,000 PSUs during the year ended January 31, 2020 (2018 –nil, nil and nil, respectively) valued at $1,488,857 to key management and directors. Key management includes those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

As at January 31, 2020, the Company owed $16,647 to key management and directors (January 31, 2019 - $281,587; February 1, 2018 - $12,421).

(b) Other Related Party Transactions

On September 12, 2017, the Company entered into a licensing agreement with Altum, a party related, at that date, by way of common officers, whereby the Company acquired worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of cannabinoids, cannabidiol and tetrahydrocannabinol products (Note 8). As at January 31, 2020, the Company owed Altum $nil (January 31, 2019 - $48,896; February 1, 2018 - $6,562) for expenses paid on behalf of the Company.

18. Income Tax

The income tax benefit differs from the amount computed by applying federal and provincial/state statutory rates to net loss before income taxes for the years ended January 31, 2020 and 2019, respectively, as a result of the following:

	January 31, 2020 $	January 31, 2019 $
Net loss before taxes	(19,588,762)	(9,254,790)
Statutory rate	27.00%	27.00%
Expected tax recovery	(5,288,966)	(2,498,793)
Foreign tax rate differences	(36,227)	(23,235)
Permanent differences and other	194,935	130,163
Change in deferred tax assets not recognized	5,130,258	2,391,865
Income tax provision	–	–

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes.

(Expressed in Canadian dollars)

18. Income Tax (continued)

Deferred tax assets (liabilities) and unrecognized deductible temporary differences at January 31, 2020 and 2019 are comprised of the following:

	2020 $	2019 $
Right-of-use assets - CDA	(877,943)	(85,941)
Lease liability - CDA	886,753	85,201
Right-of-use assets – USA	–	(396,773)
Lease liability - USA	–	397,939
Non-capital loss – CDA	8,150	740
Equipment - CDA	(16,960)	–
Equipment – USA	(17,781)	(1,166)
Tax loss carryforwards - USA	17,781	–
Net deferred tax asset (liability)	-	-

	2020 $	2019 $
Tax loss carryforwards - CDA	24,293,651	14,909,045
Tax loss carryforwards - USA	10,303,206	1,884,739
Tax loss carryforwards – Other	400,570	–
Intangible assets - CDA	119,978	53,954
Intangible assets - USA	–	299,235
Equipment - CDA	–	343
Lease liability - USA	1,418,024	39,346
Financing costs - CDA	3,568,281	1,478,132
Capital loss – CDA	568,786	-
Total unrecognized deductible temporary differences	40,672,496	18,664,794

The Company has non-capital loss carryforwards, for which no deferred tax asset has been recognized of approximately $24,293,651 (2019: $14,909,045) which may be carried forwards to apply against future income for Canadian income tax purpose, subject to the final determination by tax authorities, expiring in the following years:

Expiry Date	Non-Capital Loss $
2029	125,962
2030	77,975
2031	139,450
2032	657,883
2034	687,128
2035	1,457,190
2036	4,637,504
2037	1,267,151
2038	887,990
2039	5,061,569
2040	9,293,849
	24,293,651

18. Income Tax (continued)

As at January 31, 2020, the Company's US net operating loss carryforwards total $10,303,206 (2019 - $1,884,739). These losses can be carried forward indefinitely. As at January 31, 2020, the Company's Liechtenstein net operating loss carryforwards total $400,570 (2019 - $nil). These losses can be carried forward indefinitely, but the carryover is limited to 70% of taxable net gain.

19. Joint Venture

On December 17, 2018, the Company entered into a joint venture arrangement whereby the Company holds 50% of the issued and outstanding shares of Pivot-Cartagena JV. Pivot-Cartagena JV will develop and commercialize cannabis-infused non-alcoholic beverages using the industry expertise of its joint venture partner. The Company and its joint venture partner each have 50% interest in the net assets and net income or loss of Pivot-Cartagena JV.

As of January 31, 2020, the Company has not made any investment related to Pivot-Cartagena JV. During the years ended January 31, 2020 and 2019, there were no balances or transactions related to Pivot-Cartagena JV.

20. Commitments and Contingencies

(a) In September 2019, the Company was served with a claim from Green Stream Botanicals Corp. ("GSB") for a finder's fee in the amount of $600,000 in relation to the non-brokered private placements totaling $15 million (Note 12(e)). The Company believes no service was performed by GSB and intends to vigorously defend these claims. The Company has not accrued this amount as of January 31, 2020 as management is not able to assess the likelihood of payment.

(b) In November 2019, the Company's former Chief Executive Officer filed an originating application with the Superior Court in the province of Quebec for damages stemming from a termination of employment. The former Chief Executive Officer is seeking payment of amounts totaling approximately $1 million, exercisability of his stock options until the original expiry dates, issuance of six (6) million stock options and an order that the Company not issue further common shares. The Company believes the claim is unfounded and intends to vigorously defend these claims. The Company has not accrued any amounts as of January 31, 2020 as management is not able to assess the likelihood of payment.

(c) In January 2020, an injunction was filed against the Company in the Superior Court of Quebec by Bio V Pharma Inc. ("BioV") seeking provisional orders in respect of the premises sub-leased at 285 Kesmark Street (Note 9) and damages of approximately $395,000, which the Company intends on defending. The Company and BioV have, without prejudice or admission, settled the provisional injunction portion of the application while reserving their respective rights on interlocutory injunction and on the merits of the application. The Company has not accrued this amount as of January 31, 2020 as management is not able to assess the likelihood of payment.

(Expressed in Canadian dollars)

21. Operating Segment

The Company operates in one industry segment, development and commercialization of patented, differentiated and premium quality nutraceuticals and pharmaceuticals, within three geographical areas, Canada, U.S and the E.U.

	Canada $	U.S. $	E.U. $	Total $
Year ended January 31, 2020				
Revenue	–	–	–	–
Net loss	9,601,318	9,586,874	400,570	19,588,762
Year ended January 31, 2019				
Revenue	–	–	–	–
Net loss	6,938,926	2,315,864	–	9,254,790
As at January 31, 2020				
Total assets	8,068,874	68,875	113,030	8,250,779
Total liabilities	4,130,536	1,451,065	12,617	5,594,218
As at January 31, 2019				
Total assets	1,468,408	8,838,342	–	10,306,750
Total liabilities	5,010,499	1,800,739	–	6,811,238
As at February 1, 2018				
Total assets	471,826	–	–	471,826
Total liabilities	527,618	–	–	527,618

22. Fair Value Measurements

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of the significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3: unobservable inputs for the assets or liabilities.

The Company does not have any financial instruments measured using Level 3 inputs. The carrying amounts of cash, amounts receivable from its sub-lease of 285 Kesmark Street (Note 9), accounts payable and accrued liabilities, convertible debentures, promissory note and acquisition obligation are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

23. Management of Financial Risk

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and currency risk.

(a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through reputable financial institutions in Canada and the U.S. The Company's amounts receivable consists of receivables from its sub-lease of 285 Kesmark Street (Note 9). The carrying amount of cash and amounts receivable represent the maximum exposure to credit risk. As at January 31, 2020, this amounted to $3,303,002 (January 31, 2019 - $74,800; February 1, 2018 - $79,304).

(b) Interest rate risk

Interest rate risk is the risk that fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure (Note 24). Accounts payable and accrued liabilities, due to related parties and the current portion of lease liabilities are due within the current operating period.

(d) Currency risk

Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. A 5% change in exchange rates will decrease the Company's loss by approximately $1,400. The Company does not invest in derivatives to mitigate these risks.

24. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the dedevelopment and commercialization of patented, differentiated and premium quality nutraceuticals and pharmaceuticals, and to maintain a flexible capital structure. The Company considers its capital to be its shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets. To maintain or adjust its capital structure, the Company may issue new common shares or debenture, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing development efforts, the Company does not pay out dividends. There are no external restrictions on the Company's capital.

25. Events After the Reporting Date

(a) On February 13, 2020, the Company signed a Settlement Agreement and Release Agreement ("Settlement Agreement") with two of its former employees in Pivot Naturals to settle the following legal matters:

- A demand for arbitration filed by these former employees before the American Arbitration Association ("AAA") alleging claims for breach of the written employment contracts, fraud, illegal retaliation in violation of California's whistleblower statute and tortious discharge in violation of public policy seeking, among other things, recovery of damages for breach of employment contracts, including recovery of severance amounts, damages for breach of alleged option rights, waiting time penalties, as well as other general and punitive damages on the tort claims; and
- A suit filed in British Columbia by the Company against the former employees for declaratory relief and related matters concerning control and use of the Company's assets.

Consideration for the Settlement Agreement included:

- Assignment of Pivot Naturals to Goodbuzz Inc. ("Goodbuzz") as follows: 1) 80% on the initial closing date ("Initial Closing Date"), and 2) 20% on a second closing date which is the earlier of April 30, 2020 and a date upon with certain conditions are met ("Second Closing Date").
- $264,660 (US$200,000) payment to be made as follows: 1) $165,413 (US$125,000) upon Initial Closing Date (completed in February 2020), and 2) $99,247 (US$75,000) upon Second Closing Date (completed in April 2020). The Company has recorded a loss on settlement of legal claim of $264,660 in the consolidated statements of comprehensive loss and a corresponding accrual included in accounts payable and accrued liabilities in the consolidated statement of financial position as at January 31, 2020.
- Payment of the monthly lease due on the lease at 3595 Cadillac Avenue in California, U.S.A. for the months of February, March and April 2020 (completed in February 2020).

(b) In March 2020, the Company made all payments required to complete the acquisition of Solmic AG and the Solmic Patents (Note 4(c)).

(c) In February 2020, the Company terminated the acquisition of IAH, a corporation incorporated under the laws of Germany, for which consideration would have included the issuance of 517,817 common shares of the Company. No common shares were issued in conjunction with the acquisition.

(d) On March 31, 2020, the Company issued 28,716 common shares pursuant to the termination of an employment agreement. The Company had recorded accrued liabilities totaling $10,000 related to this common share issuance as at January 31, 2020.

(e) In May 2020, the Company acquired 100% of the outstanding common shares of Opes Pharmaceuticals Inc. ("Opes") from Altum. Subsequent to the acquisition, Opes was renamed Blife Therapeutics Inc.

25. Events After the Reporting Date (continued)

(f) On May 6, 2020, the Company entered into binding letter of intent to acquire worldwide rights (other than in Greater China, Japan and ASEAN countries) to commercialize and sell AP-003, a potential COVID-19 treatment, from Altum (the "Transaction"). Altum is currently preparing protocol and application to conduct clinical trials in Australia. Under the terms of the Transaction, on closing the Company will issue 10,000,000 common shares to Altum and grant to Altum 5,000,000 warrants to acquire an equivalent number of common shares at a price of $0.19 per common share. The warrants will have a term of two years and are only exercisable upon successful completion of the clinical trials. In addition, subject to the satisfaction of certain conditions precedent, upon registration of the proposed product in a major market, the Company will pay $5,000,000 in cash to Altum and Altum will be entitled to a tiered royalty equal to 7% of net sales on the first US$50,000,000 in a calendar year and a reduced royalty equal to 5% of net sales in any calendar year that are in excess of US$50,000,000. Closing is contingent on, among other things, the Company undertaking an equity financing of at least US$5,000,000 and Altum obtaining an exclusive license with respect to certain intellectual property from a Canadian governmental research and technology organization.

(g) On May 7, 2020, the Company amended the exercise price of the following outstanding warrants that were issued pursuant to private placements completed in 2019: 13.868 million warrants issued on May 30, 2019 and expiring on May 29, 2021 (Note 12(e)), 46.132 million warrants issued on May 15, 2019 and expiring on May 14, 2021 (Note 12(e)) and 6.95 million warrants issued on April 8, 2019 and expiring on March 16, 2022 (Note 12(d)). The exercise prices of these warrants have been amended to $0.25 per warrant.

(h) In May 2020, the Company granted 2,900,000 stock options to directors, officers, consultants and key members of the Altum clinical trial team (Note 25(f)) with exercise prices between $0.18 and $0.255 and terms of five years. The Company also issued 200,000 RSUs with vesting over two years to an advisor.

(i) In May 2020, the Company issued a promissory note of US$200,000 to Altum, of which US$189,500 was advanced, to advance on clinical activities related to the clinical trials (Note 25(f)). The promissory note is due on the earlier of (i) June 15, 2020, (ii) the termination of the Transaction (Note 25(f)) or (iii) the second business day following the date that the Company demands repayment. If the Transaction is completed in accordance with its terms, the promissory note is non-interest bearing and the amounts outstanding shall offset (reduce) the amounts payable by the Company under the Transaction. If the Transaction is not completed in accordance with its terms or if the Transaction is terminated, Altum shall pay to the Company interest on the outstanding principal amount and on the amount of overdue interest thereon from time to time at the rate of 10% per annum.

(j) In May 2020, the Company secured "hard" lock-up agreements from shareholders of Altum representing 67.45% of the outstanding common shares of Altum. The Company intends to approach Altum to discuss a merger transaction to take place by way of a plan of arrangement. Pursuant to the terms of the proposed acquisition, the Company would issue 4.582 common shares for each Altum common share.

26. Transition to IFRS

The accounting policies set out in Note 2 have been consistently applied in preparing the consolidated financial statements as at January 31, 2019 and for the year ended January 31, 2019 and in the preparation of an opening IFRS statement of financial position at February 1, 2018 ("Transition Date").

In preparing its opening and comparative IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with U.S. GAAP ("U.S. GAAP"). Explanations of how the transition from U.S. GAAP to IFRS has affected the Company's equity and its comprehensive income (loss) are set out in the following reconciliations and the notes that accompany them.

The changes made to the consolidated statements of income (loss), comprehensive income (loss) and the consolidated statements of financial position have resulted in reclassification of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been prepared.

Pursuant to IFRS 1, the Company has applied IFRS on a retrospective basis, subject to the following relevant mandatory exceptions and voluntary exemptions to retrospective application of IFRS.

The Company has applied the following mandatory exceptions in its first IFRS financial statements:

Estimates
In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless there is objective evidence that those estimates were made in error. The Company's IFRS estimates as at the Transition Date are consistent with its U.S. GAAP estimates as at that date.

In accordance with IFRS 1, the Company has applied the following voluntary exemptions in the conversion from U.S. GAAP to IFRS:

Business combinations
IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to apply IFRS 3 to only those business combinations that occurred on or after the Transition Date and such business combinations have not been restated. As a result of this election, no adjustments were required to the Company's consolidated statement of financial position as at the Transition Date.

Share-based payment transactions
IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to the Transition Date.

The Company has not elected to adopt the remaining voluntary exemptions under IFRS 1 or has determined that they do not apply to the Company.

In addition, the Company adopted IFRS 9 effective February 1, 2018.

(Expressed in Canadian dollars)

26. Transition to IFRS (continued)

Reconciliation of equity

	January 31, 2019 $	February 1, 2018 $
Equity under U.S. GAAP	3,509,632	(55,792)
IFRS adjustments to equity:		
Leases (Note 26(a))	(65,223)	–
Convertible debentures (Note 26(b))	51,103	–
Total IFRS adjustments to equity	(14,120)	–
Total equity under IFRS	3,495,512	(55,792)

Reconciliation of comprehensive loss

	Year Ended January 31, 2019 $
Comprehensive loss under U.S. GAAP	9,022,942
IFRS adjustments to comprehensive loss:	
Leases (Note 26(a))	65,223
Convertible debentures (Note 26(b))	43,560
Total IFRS adjustments to comprehensive loss	108,783
Comprehensive loss under IFRS	9,131,725

Notes to the reconciliations

The following notes should be read in conjunction with the accounting policies contained in Note 2.

(a) Leases

Under U.S. GAAP, the Company adopted ASC 842, Leases, using the modified retrospective transition approach, which applies the provisions of the new guidance at the effective date without adjusting the comparative periods presented. Under IFRS, the Company is required to recognize ROU assets and lease liabilities as at its Transition Date.

(b) Convertible debentures

Under U.S. GAAP, the Company classified the balance of its convertible debentures as liabilities. The Company evaluated its convertible debentures under IFRS and determined that a residual amount is required to be assigned to an equity component.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **January 31, 2019**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [ ] to [ ]

Commission file number **333-161157**

PIVOT PHARMACEUTICALS INC.

(Exact name of registrant as specified in its charter)

British Columbia	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1275 West 6th Avenue, Vancouver, British Columbia	**V6H 1A6**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(514) 943-1899**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
N/A	**N/A**

Securities registered pursuant to Section 12(g) of the Act:

N/A

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act

Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of Common Stock held by non-affiliates of the Registrant on July 31, 2018 was $35,707,403 based on a $0.47 average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

106,244,230 common shares as of May 2, 2019

DOCUMENTS INCORPORATED BY REFERENCE

None.

TABLE OF CONTENTS

PART I

Item 1. Business

This annual report of Pivot Pharmaceuticals Inc. for the year ended January 31, 2019 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. To the extent that such statements are not recitations of historical fact, such statements constitute forward looking statements which, by definition involve risks and uncertainties. In particular, statements under the Sections; Description of Business, Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward looking statements. Where in any forward looking statements, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.

The following are factors that could cause actual results or events to differ materially from those anticipated, and include but are not limited to: general economic, financial and business conditions; changes in and compliance with governmental regulations; changes in tax laws; and the cost and effects of legal proceedings.

You should not rely on forward looking statements in this annual report. This annual report contains forward looking statements that involve risks and uncertainties. We use words such as "anticipates," "believes," "plans," "expects," "future," "intends," and similar expressions to identify these forward-looking statements. Prospective investors should not place undue reliance on these forward looking statements, which apply only as of the date of this annual report. Our actual results could differ materially from those anticipated in these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in Canadian Dollars (CDN) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in CDN dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this annual report, the terms "we", "us", "our" and "our company" mean Pivot Pharmaceuticals Inc., unless otherwise indicated.

General Overview

We are an early stage pharmaceutical company. We were incorporated in the Province of British Columbia, Canada under the name "649186 B.C. Ltd.", on June 10, 2002. On September 9, 2003, we changed our name to "Xerxes Health Corp." and on June 26, 2007, we changed our name to "Neurokine Pharmaceuticals Inc.".

Effective June 4, 2014, we filed with the British Columbia Registrar of Companies a Form 11, Notice of Alteration, wherein we increased our authorized share capital from 500,000,000 common shares without par value to an unlimited number of common shares without par value. The increase of authorized capital was approved by our stockholders at the annual and special meeting held on June 3, 2014.

On September 26, 2014, our company held a special meeting of stockholders to approve the removal of our company's Pre-Existing Company Provisions, the cancellation of our current Articles and the adoption of new Articles and to approve a reverse stock split on the basis of up to one new common stock for every 100 old common stock.

Effective October 8, 2014, we filed with the British Columbia Registrar of Companies a Form 11, Notice of Alteration, wherein we removed our Pre-Existing Company Provisions.

Effective April 7, 2015, we filed with the British Columbia Registrar of Companies a Form 11, Notice of Alteration, wherein we changed our name to "Pivot Pharmaceuticals Inc.".

Effective at the opening of trading on April 20, 2015, as approved by FINRA, our company effected a reverse stock split of our issued and outstanding common shares on the basis of 10 old common stock for 1 new common stock.

On November 20, 2015, we completed the acquisition of IndUS Pharmaceuticals, Inc. ("IndUS"), a Delaware corporation, pursuant to an Agreement and Plan of Merger and Acquisition Agreement dated as of November 4, 2015 among our company, Pivot Pharma U.S. Inc., our wholly owned subsidiary, IndUS and Sindu Research Laboratories Pvt Ltd. As consideration for the purchase, we issued 4,512,500 shares of common stock on November 23, 2015 and 237,500 shares of common stock on December 4, 2015 and granted 41,833 stock options pursuant to the Agreement and Plan of Merger. As part of the acquisition, we appointed Dr. Pravin Chaturvedi as our new Chief Executive Officer and Director. On September 11, 2017, we completed an exchange agreement whereby we exchanged with Dr. Chaturvedi 100% of its shares of common stock of IndUS and IndUS net liabilities for 3,800,000 shares of common stock of Pivot, upon which Dr. Chaturvedi resigned as Chief Executive Officer and Director.

On September 12, 2017, we entered into a licensing agreement with Altum Pharmaceuticals Inc. ("Altum") whereby we were granted worldwide rights to BiPhasix Transdermal Drug Delivery Technology ("BiPhasix Technology") for the delivery and commercialization of cannabinoids, cannabidiol ("CBD"), and tetrahydrocannabinol ("THC") based products. Financial consideration included:

- Issuance of 2,500,000 shares of common stock on effective date of agreement
- Issuance of 2,500,000 shares of common stock of Pivot upon Health Canada Natural Product Number ("NPN") approval;
- Royalties on annual gross sales; and
- For pharmaceutical products, milestone payments payable upon first Investigative New Drug Approval, upon positive outcome of Phase II trial in first indication, and upon New Drug Application approval.

On December 19, 2017, we commenced trading on the Canadian Securities Exchange under the symbol "PVOT".

On February 28, 2018, we completed the acquisition of Pivot Naturals, LLC (previously ERS Holdings, LLC) ("Pivot Naturals") pursuant to an Exchange Agreement dated as of February 10, 2018 among Pivot Pharmaceuticals Inc. ("Pivot"), Pivot Naturals and the members of Pivot Naturals. As consideration for the purchase, we paid US$333,333 in cash on closing and will pay an additional US$333,333 six (6) and twelve (12) months after closing for total cash payment of US$1 million. The payment due six (6) months after closing was paid in September 2018. The payment due twelve (12) months after closing has been extended to May 31, 2019 for an extension fee of 2.5% per month payable in cash and/or shares of common stock. In addition, we also issued 5,000,000 shares of our common stock and will pay royalties on future net sales. Pivot Naturals has developed a patented technology called "RTIC" Ready-To-Infuse-Cannabis, relating to the transformation of cannabis oil into powder for infusion into a variety of food and beverage products such as capsules, K-Cups, stick packs, baked mixes, liquid shots, protein shakes, topicals, lotions, and bottled beverages.

On March 2, 2018, we completed the acquisition of Thrudermic, LLC ("Thrudermic") and worldwide rights to Thrudermic's patented Transdermal Nanotechnology for the development and commercialization of transdermal cannabinoids pursuant to an Exchange Agreement dated as of March 2, 2018 among Pivot, Dr. Joseph Borovsky, Dr. Leonid Lurya and Thrudermic. As consideration for the purchase, we paid $1 in cash on closing and issued 500,000 shares of our common stock.

On August 7, 2018, we entered into a licensing agreement with Formulex Pharma Innovations (formerly Solubest Ltd.) ("Formulex") whereby we acquired worldwide rights for the use, development and commercialization of its patented Solumer™ Oral Drug Delivery Technology ("Solumer™") for the improved bioavailability, delivery and commercialization of CBD, THC and other biocannabis-based products. Financial consideration included:

- Royalties on net sales;
- Monthly license fee from execution of the agreement until commercialization;
- Monthly development fee of licensed products; and
- Milestone payments upon commercialization and aggregate net sales of $5,000,000.

On December 17, 2018, we entered into a joint venture arrangement whereby we hold 50% of the issued and outstanding shares of Pivot-Cartagena Joint Venture Inc. ("Pivot-Cartagena JV"). Pivot-Cartagena JV will develop and commercialize cannabis-

infused non-alcoholic beverages combining the industry expertise of Licorera del Sur with our patented Solumer™ and RTIC™ powderization technologies.

Our principal executive office is located at 1275 West 6th Avenue, Vancouver, B.C. Canada V6H 1A6. Our telephone number is (514) 943-1899.

Our Current Business

We are a bio-cannabis consumer products company engaged in the commercialization of patented, science-based, premium health and wellness products. We have invested in the acquisition and licensing of patented drug delivery technologies and have developed and tested differentiated cannabis formulations using pharmaceutical grade CBD and THC isolates as active ingredients. Working with our network of pharmaceutical product experts, we have created a catalogue of bioavailable, stable cannabis products. Our products will be manufactured at current Good Manufacturing Practices ("GMP") accredited facilities in Canada, California, Vermont and Germany. Our products will initially be marketed under our "Pivot Naturals" brand and distributed globally through established wholesale, retail, e-commerce and government partners.

Our premium branded product line includes tablets, capsules and soft gels, bulk powder, stick packs, infused beverages, oral solutions, lotions, creams, gels, gums, mints, candies, intimate lubricant and pet supplements.

Our strategic priorities are to:

1. Continue to build our industry leading portfolio of patented drug delivery technologies;
2. Commercialize our bio-cannabis product lines;
3. Secure global distribution channels for our product lines; and
4. Establish partnerships with large and specialty pharmaceutical companies and/or biotechnology companies to collaboratively develop and/or commercialize certain products in our portfolio.

Our Research and Development Strategies

Our management team has implemented a business-minded and cost-conscious approach to product research and development by focusing on development of bio-cannabis nutraceuticals and selling the finished products into markets where regulations permit. We will use contract development and manufacturing organizations on a fee for service basis to perform any research or development that is required.

Our Platform Technologies

BiPhasix Transdermal Drug Delivery Technology (Topical Platform)

We have acquired worldwide rights from Altum Pharmaceuticals Inc. for its patented topical transdermal drug delivery technology platform, or BiPhasix, which we will use for the delivery and commercialization of cannabinoid, CBD and THC-based products. The BiPhasix technology has the potential to deliver drugs less invasively than by injections. It also has the potential to topically deliver therapeutic amounts of drugs with better absorption rates, where creams, ointments or conventional liposomes have not been effective.

Thrudermic Transdermal Nanotechnology (Topical Platform)

We have acquired the worldwide rights to Thrudermic's patented Transdermal Nanotechnology for the development and commercialization of transdermal cannabinoids. Developed in Israel, the Thrudermic lipid-based nano dispersion technology for topical cannabinoids uses FDA approved materials. The technology has the ability to specifically formulate individual drugs to control and prolong drug release while maintaining steady therapeutic concentrations, The technology can handle water soluble and water insoluble drugs with no change to the skin morphology, no sensitivity to the digestive system, no pain from injections and no observed adverse reactions.

Solmic Solubilization Drug Delivery Technology (Oral Platform)

We will enter into purchase agreements with Solmic GmbH ("Solmic") for the purchase of Solmic's oral 1% Micelle solution. Subject to meeting annual minimum order quantities, we will receive worldwide exclusive rights to this product, made with patented Micelle technology.

Ready-To-Infuse Cannabis Technology

Pivot's patented Ready-To-Infuse-Cannabis ("RTIC") process technology creates precise and repeatable dosing of cannabis by transforming concentrated cannabis oil into a stable, emulsifiable, odorless and flavorless powder form. The derived powder may then be encapsulated and infused for use in beverages, edibles, lotions and additional health and personal care products. The RTIC process is conducive for manufacturing of a wide array of products.

Solumer Drug Delivery Technology (Oral Platform)

We have acquired the worldwide rights to Formulex's Solumer Technology for the oral delivery of cannabinoids, such as CBD and THC, with improved bioavailability. The Solumer Technology allows to convert the cannabinoids to powder for tablets and capsules and the powder can be dispersed in liquids to give a clear solution that is colorless, and flavorless for beverage applications.

Our Pharmaceutical Product Development

In addition to our bio-cannabis nutraceutical product pipeline, we have the opportunity develop a pharmaceutical pipeline in the future, financing permitting.

PRODUCT	DELIVERY TECHNOLOGY	INDICATION	GLOBAL MARKET SIZE (1)
PGS-N001	Solmic Solubilisate / Oral or RTIC/Solumer Tablet	Cancer supportive care (CINV) (chemo-induced nausea and vomiting)	>$1B
PGS-N002	Solmic Solubilisate / Oral	Restless leg syndrome	>$2B
PGS-N003	Solmic Solubilisate / Oral or RTIC/Solumer Tablet	Pain and inflammation (for opioid withdrawal)	>$15B
PGS-N004	Solmic Solubilisate / Oral	Cancer supportive care (mucositis relief)	>$12B
PGS-N005	BiPhasix/Thrudermic / Topical	Female sexual dysfunction (HSDD) (hypoactive sexual desire disorder)	>$6B
PGS-N006	BiPhasix/Thrudermic / Topical	Pain and inflammation (joints/opioid withdrawal)	>$20B
PGS-N007	BiPhasix/Thrudermic / Topical	Dermatology (skin irritation/redness/ itching)	>$13B
PGS-N008	BiPhasix/Thrudermic / Topical	Eye disease (glaucoma, intra-ocular pressure)	>$3B
PGS-N009	Thrudermic / Topical	Pain and inflammation (opioid withdrawal)	>$15B
PGS-N010	Solmic Solubilisate / Oral or RTIC/Solumer	Migraine (nausea, vomiting, dizziness, sensitivity to light, sounds and smells)	>$10B

(1) Derived from IMS data

We have no plans to initiate any clinical trials of our pharmaceutical pipeline at this time.

Licensing

Health Canada - Standard Processor and Sale for Medical Purposes Licensing

The Cannabis Act and its Regulations provide, among other things, the framework for legal access to cannabis and control and regulate its production, distribution and sale. The oversight of the cannabis supply chain is a shared responsibility across federal and provincial and territorial governments, municipalities, industry and other stakeholders. One of Health Canada's responsibilities is to provide the licensing and oversight framework for legal production of cannabis. Under this framework, a person is required to obtain a license issued by Health Canada in order to conduct various activities with cannabis. Applicants and license holders are responsible for compliance with the Cannabis Act and its Regulations as well as compliance with other applicable federal, provincial and territorial legislation and municipal by-laws.

The Cannabis Act establishes that an application for a license must be submitted to Health Canada in the form and manner specified by the Minister of Health and must include the information required by the Minister. We have applied for a Standard Processor and Sale for Medical Purposes license from Health Canada. Initially, we applied for a Health Canada Dealer's License in March 2018 but transitioned to a Standard Processor license upon the introduction of the Cannabis Act in October 2018. We are currently awaiting Health Canada's approval of the aforementioned license.

Manufacturing

Canada

We will manufacture our products at a 50,000 square foot facility located in Dollard-des-Ormeaux, Quebec. Half of this facility is operated by our contract manufacturer, Bio V Pharma Inc. ("Bio V"). On a fee-for-service basis, Bio V will manufacture products for our Canadian and international customers. The other half of the building will be operated by us, which focus will be on the manufacturing of edibles, including but not limited to cannabis-infused beverages. This facility at Dollard-des-Ormeax will fall under our pending Health Canada Standard Processor and Sale for Medical Purposes license.

In addition, we also recently executed a letter of intent with Pharmascience Inc. ("Pharmascience"), a large generics manufacturer located in Quebec, Canada. Upon completion of a definitive agreement, Pharmascience will provide contract development and manufacturing services to Pivot on a fee-for-service basis.

United States

We have leased a 6,000 square foot facility in Costa Mesa's "Measure X" zone which will serve as our manufacturing hub for the California market. The California Department of Public Health has issued our wholly-owned subsidiary, Pivot Naturals, a Temporary Manufacturing License for adult and medicinal use cannabis products (Type N:Infusion). In addition, the Bureau of Cannabis Control (California) has issued Pivot Naturals a Temporary Adult-Use and Medicinal - Distributor-Transport Only License.

We plan on relying on contract manufacturers to produce sufficient quantities for large-scale commercialization. These contract manufacturers will be subject to extensive government regulations. Regulatory authorities in the markets that we intend to serve require that drugs be manufactured, packaged and labeled in conformity with current GMP as set by the FDA. In this regard, we plan to engage only contract manufacturers who have the capability to manufacture products in compliance with current GMP in bulk quantities for commercialization. We also intend to safeguard our intellectual property when working with contract manufacturers by working only with manufacturers who in our estimation have a strong track record of safeguarding confidential information and who are willing to enter into agreements with us that impose upon them strict intellectual property protection measures.

Sales, Marketing and Distribution

We continue to build and expand our global sales, marketing and distribution channels. Upon receipt of our Standard Processor and Medical Sales license, we will seek supply agreements with individual Canadian provincial authorities to serve our Canadian customers. In the European Union, we will supplement existing distribution relationships, such as our relationship with S.T.U. GmbH, to increase our customer base. In California, we will engage wholesale distributors to bring our products to customers. In addition, we have executed an agreement with Shopify Inc. to develop our e-commerce solution for the Canadian market. As regulations evolve and more countries legalize the use of cannabis, we will continue to add to our sales and distribution channels.

Competition

The burgeoning cannabis industry has and will continue to attract many new entrants. We believe that we will be able to differentiate ourselves in the cannabis market by developing products that are IP-protected, bioavailable and stable. Most products currently on the market are of inferior quality and have poor bioavailability. Once consumers become educated on different product attributes, we believe they will likely seek out products, such as ours, that offer science-based solutions.

Our success will depend in part on our ability to protect our products and product candidates by obtaining and maintaining a strong proprietary position both in the United States and in other countries. To develop and maintain our proprietary position, we will rely on patent protection, regulatory protection, trade secrets, know-how, continuing technological innovations and licensing opportunities.

It is our policy to require our employees, consultants, contractors, or scientific and other advisors, to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information developed or made known to the individual during the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. These agreements provide that all inventions related to our business that are conceived by the individual during our relationship shall be our exclusive property. There can be no assurance, however, that these agreements will provide meaningful protection or adequate remedies for our trade secrets in the event of unauthorized use or disclosure of such information.

Government Regulations

Our current and future operations and research and development activities are or will be subject to various laws and regulations in the countries in which we conduct or plan to conduct our business, including but not limited to the United States, Canada, United Kingdom and potentially certain member countries from the European Union. These laws and regulations govern the research, development, sale and marketing of cannabis products, taxes, labor standards, occupational health and safety, toxic substances, chemical products and materials, waste management and other matters relating to the pharmaceutical industry. We may require permits, registrations or other authorizations to maintain our operations and to carry out our future research and development activities, and these permits, registrations or authorizations will be subject to revocation, modification and renewal.

Governmental authorities have the power to enforce compliance with lease conditions, regulatory requirements and the provisions of required permits, registrations or other authorizations, and violators may be subject to civil and criminal penalties including fines, injunctions, or both. The failure to obtain or maintain a required permit may also result in the imposition of civil and criminal penalties, and third parties may have the right to sue to enforce compliance.

We expect to be able to comply with all applicable laws and regulations and do not believe that such compliance will have a material adverse effect on our competitive position. We have obtained and intend to obtain all permits, licenses and approvals required by all applicable regulatory agencies to maintain our current operations and to carry out our future research and development activities. We are not aware of any material violations of permits, licenses or approvals issued with respect to our operations, and we believe that we will continue to comply with all applicable laws and regulations.

Subsidiaries

We own 100% of the outstanding common stock of Pivot Green Stream Health Solutions Inc., Pivot Naturals, LLC and Thrudermic, LLC.

Employees and Consultants

As of May 2, 2019, we have employment contracts with our chief executive officer, chief financial officer. We currently engage independent contractors in the areas of legal and auditing services.

REPORTS TO SECURITY HOLDERS

We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission and our filings are available to the public over the internet at the Securities and Exchange Commission's website at http://www.sec.gov. The public may read and copy any materials filed by us with the Securities and Exchange

Commission at the Securities and Exchange Commission's Public Reference Room at 100 F Street N.E. Washington D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-732-0330. The SEC also maintains an Internet site that contains reports, proxy and formation statements, and other information regarding issuers that file electronically with the SEC, at http://www.sec.gov.

Item 1A. Risk Factors

There is substantial doubt as to whether we will continue operations. If we discontinue operations, you could lose your investment.

Our financial statements have been prepared on the going concern basis, which assumes that we will be able to realize our assets and discharge our liabilities in the normal course of business. However, as at January 31, 2019, we have not earned any revenues and had an accumulated deficit of $34,963,335. We anticipate that we will incur increased expenses and there is a risk we will not realize sufficient revenues to offset those expenses. Our ability to continue our operations is dependent on obtaining additional financing and generating future revenues, and no assurance can be given that we will successfully be able to do so. Accordingly, our financial statements contain disclosure of management's determination that these factors raise substantial doubt about our ability to continue as a going concern. Importantly, the inclusion in our financial statements of a going concern opinion may negatively impact our ability to raise future financing and achieve future revenue. The threat of our ability to continue as a going concern will be removed only when, in the opinion of our auditor, our revenues have reached a level that is able to sustain our business operations.

If we are unable to obtain additional financing from outside sources and eventually generate enough revenues, we may be forced to sell a portion or all of our assets, or curtail or discontinue our operations. If any of these happens, you could lose all or part of your investment. Our financial statements do not include any adjustments to our recorded assets or liabilities that might be necessary if we become unable to continue as a going concern.

We have incurred operating losses in each year since our inception and we may continue to incur substantial and increasing losses for the foreseeable future. We also have negative capital cash flows from operating activities. If we cannot generate sufficient revenues to operate profitably or with positive cash flow from operating activities, we may suspend or cease our operations.

We have not generated any revenue since our inception on June 10, 2002 and we have incurred operating and net losses in each year of our existence. We experienced a net loss of $9,146,371 for the year ended January 31, 2019, compared to a net loss of $42,354 for the year ended January 31, 2018. We expect to incur substantial and increasing losses for the foreseeable future as we develop and commercialize our products. If our products do not achieve market acceptance, we may never generate any revenue. We also cannot assure you that we will be profitable even if we successfully commercialize our products. If we fail to generate sufficient revenues to operate profitability, or if we are unable to fund our continuing losses, you could lose all or part of your investment.

We will require substantial additional funds to complete our development and commercialization activities, and if such funds are not available we may need to significantly curtail or cease our operations.

We will require substantial funds to develop, manufacture and market our products. Based on our planned development and commercialization activities, we anticipate that we will require funds of approximately $12.25 million to proceed with completing the development and commercialization of our products. If we do not raise sufficient funds, our plan of operation will be delayed until such time as we raise sufficient funds, provided we are able to do so. Further, the cost of carrying out our operating activities and development activities is not fixed, and our cash levels may at any time prove to be insufficient to finance them. Our financing needs may change substantially because a number of factors which are difficult to predict or which may be outside of our control. These include increased competition, the costs of licensing existing drugs and protecting rights to our proprietary technology and the time required to obtain required licenses.

We may not succeed in raising the additional funds that we require because such funds may not be available to us on acceptable terms, if at all. We intend to seek additional funding through strategic alliances or through public or private sales of our equity securities, and we may also obtain equipment leases and pursue opportunities to obtain debt financing in the future. If we are unable to obtain sufficient funding on a timely basis, we may be forced to significantly curtail or cease our operations.

Our inability to complete our development projects in a timely manner could have a material adverse effect of our results of operations, financial condition and cash flows.

If our projects are not completed in a timely fashion, our Company could experience:

- additional competition in the industry for our products; and
- delay in obtaining future inflow of cash from financial or partnership activities, any of which could have a material adverse effect of our results of operations, financial condition and cash flows.

Any products that we may develop as a pharmaceutical product will be subject to extensive governmental regulations relating to development activities, conduct of clinical trials, manufacturing and commercialization. In the United States, for example, the prospective therapeutic products that we intend to develop and market are regulated by the FDA under its new drug development and review process. Before such therapeutic products can be marketed, we must obtain clearance from the FDA by submitting an investigational new drug application, then by successfully completing human testing under three phases of clinical trials, and finally by submitting a new drug application.

The time required to obtain approvals for our prospective therapeutic products from the FDA and other agencies in foreign locales with similar processes is unpredictable. We expect to be able to accelerate the approval process and to increase the chances of approval by using existing and approved drugs as the basis for our own technology. However, we cannot guarantee that our expectations will be realized, and there is no assurance that we will ever receive regulatory approval to use our proprietary substances, methods and processes. If we do not obtain such regulatory approval, we may never become profitable.

We may not commence clinical testing for any of our prospective pharmaceutical products and the commercial value of any clinical study that we may conduct will depend significantly upon our choice of indication and our patient population selection. If we are unable to commence clinical testing or if we make a poor choice in terms of clinical strategy, we may never achieve revenues.

In order to commence clinical testing, we must successfully complete and obtain positive scientific results from pre-clinical studies and, in the case of an existing drug that we are re-profiling for a new indication, adopt existing pre-clinical or early stage clinical studies to our own research. If we successfully complete any clinical study of our own, the commercial value of any such study will significantly depend upon our choice of indication and our patient population selection for that indication.

We will rely on third parties to conduct our development and manufacturing activities. If these third parties do not perform as contractually required or otherwise expected we may not be able to commercialize our products, which may prevent us from becoming profitable.

If we are unable to establish a sales, marketing and distribution infrastructure or enter into collaborations with partners to perform these functions, we may not be successful in commercializing our product candidates.

In order to successfully commercialize any of our product candidates, we must either develop a satisfactory sales, marketing and distribution infrastructure or enter into collaborations with partners to perform these services for us. We will require substantial resources to create such an infrastructure, and we may never possess the resources to do so. For example, we may be unable to recruit and retain an adequate number of effective sales and marketing personnel or we may incur unforeseen costs and expenses in connection with developing the necessary infrastructure.

Although we plan to develop our own sales and marketing organizations in some markets, we intend to enter into partnering, co-promotion and other distribution arrangements to commercialize our products in most markets. We may not be able to enter into collaborations on acceptable terms, if at all, and we may face competition in our search for partners with whom we may collaborate. If we are not able to build a satisfactory sales, marketing and distribution infrastructure or collaborate with one or more partners to perform these functions, we may not be able to successfully commercialize our product candidates, which could cause us to cease our operations.

Our product candidates may never gain market acceptance, which could prevent us from generating revenues.

The success of our products will depend on their acceptance by customers and the public, among other things. Market acceptance of, and demand for, any product that we develop and commercialize will depend on many factors, including:

- our ability to provide acceptable evidence of safety and efficacy;
- the effectiveness of our or our collaborators' sales, marketing and distribution strategy; and
- publicity concerning our products or competing products.

If our product candidates fail to gain market acceptance, we may be unable to generate sufficient revenue to continue our business.

We will depend on other parties to manufacture our product candidates. If these parties fail to meet our manufacturing requirements and applicable regulatory requirements, our product development and commercialization efforts could suffer and we may never realize a profit.

We will rely on contract manufacturers as a source suppliers for our products.

Because of our planned reliance on contract manufacturers, we may also be exposed to additional risks, including those related to intellectual property and the failure of such manufacturers to comply with strictly-enforced regulatory requirements, manufacture components to our specifications, or deliver sufficient component quantities to us in a timely manner. For example, a contract manufacturer working on our behalf may violate the intellectual property rights of a third party in manufacturing a component of one of our products, and if such a violation occurs without our knowledge, we may be held vicariously liable for the acts of our contractor, incur related costs and court mandated damages, or become enjoined from selling products which violate those third-party intellectual property rights. Similarly, if a contract manufacturer working on our behalf is found to be in violation of FDA or other national regulatory standards regarding the manufacture, packaging or labeling of any of our products, we could face any number of adverse consequences including costly regulatory investigations and fines, interruptions in the flow of our products or materials, product recalls, or liability to consumers regarding any of our products that do not meet such regulatory requirements. If any of these events occurs, if our relationship with any of our potential contract manufacturers terminates, or if any such manufacturer is unable fulfill its obligations to us for any reason, our product development and commercialization efforts could suffer and we may never realize a profit.

We face potential product liability exposure, and any claim brought against us may cause us to divert resources from our normal operations or terminate selling, distributing and marketing any of our products. This may cause us to cease our operations as it relates to that product.

The sale of any of our products may expose us to product liability claims from consumers. Although we plan to obtain product liability insurance coverage with limits that we hope will be customary and adequate to provide us with coverage for foreseeable risks, our insurance coverage may be insufficient to reimburse us for the actual expenses or losses we may suffer.

Even if we are able to successfully defend ourselves against any potential claims, we will likely incur substantial costs in the form of unanticipated expenses and negative publicity. This could result in decreased demand for our products, an impaired business reputation, revenue loss or an inability to continue commercializing our products. Any of these consequences could cause us to cease our operations.

We face substantial competition in the cannabis industry, which could harm our business and our ability to operate profitably.

Our industry is highly competitive, and many of our potential competitors, either alone or together with their partners, have substantially greater financial resources, development programs, and regulatory experience, expertise in the protection of intellectual property rights, and manufacturing, distribution and sales and marketing capabilities than us. As a result, they may be able to:

- develop and market products that are faster to market and less expensive than our products;
- commercialize competing products before we can launch any of our products;
- initiate or withstand substantial price competition more successfully than us;
- enjoy greater success in recruiting skilled workers from a limited pool of available talent; and
- more effectively negotiate third-party licenses and strategic alliances.

The manufacturing of all of our products will be subject to ongoing regulatory requirements, and may therefore be the subject of regulatory or enforcement action. The associated costs could prevent us from achieving our goals or becoming profitable.

Our products, third-party manufacturing facilities and processes and advertising and promotional activities will be subject to significant review and ongoing and changing regulation by various regulatory agencies. Our failure to comply with any regulatory requirements may subject us to administrative and judicial sanctions, which may include warning letters, civil and criminal penalties, injunctions, product seizures or detention, product recalls, total or partial suspension of production, or the denial of pending product marketing applications.

Regulatory or enforcement actions could adversely affect our ability to develop, market and sell our products successfully and harm our reputation, which could lead to reduced market demand for such products. Consequently, the costs associated with any such action could cause our business to suffer and prevent us from achieving our goals or becoming profitable.

Since certain of our directors are located outside of Canada, you may be limited in your ability to enforce Canadian civil actions against them for damages to the value of your investment.

We plan to indemnify our directors and officers against liability to us and our security holders, and such indemnification could increase our operating costs.

Our Articles allow us to indemnify our directors and officers against claims associated with carrying out the duties of their offices. Our Articles also allow us to reimburse them for the costs of certain legal defenses. Insofar as indemnification for liabilities arising under relevant securities legislation may be permitted to our directors, officers or control persons, certain securities regulations may deem that such indemnification is against public policy and is therefore unenforceable in that jurisdiction.

Since our officers and directors are aware that they may be indemnified for carrying out the duties of their offices, they may be less motivated to meet the standards required by law to properly carry out such duties, which could increase our operating costs. Further, if our officers and directors file a claim against us for indemnification, the associated expenses could also increase our operating costs.

Not all jurisdictions allow for the medicinal use of cannabis and those jurisdictions which allow it could reverse their position.

Certain jurisdictions currently allow the medicinal use of cannabis. Many other jurisdictions do not. There can be no assurance that additional jurisdictions will allow the medicinal use of cannabis or that those jurisdictions which currently allow it will continue to do so. If either of these events occur, then not only will our growth prospects in this field be materially impacted, we may experience a declining market for our products.

Risks Related to Our Intellectual Property

If we are unable to maintain and enforce our proprietary intellectual property rights, we may not be able to operate profitably.

Our commercial success will depend, in part, on obtaining and maintaining patent protection, trade secret protection and regulatory protection of our technologies and patents as well as successfully defending third-party challenges to such technologies and patents. We will be able to protect our technologies and patents from use by third parties only to the extent that valid and enforceable patents, trade secrets or regulatory protection cover them and we have exclusive rights to use them. The ability of our licensors, collaborators and suppliers to maintain their patent rights against third-party challenges to their validity, scope or enforceability will also play an important role in determining our future.

In addition, our commercial success will depend, in part, on maintaining patent rights we have licensed and plan to license in the future, related to products we may market in the future. Since we will not fully control the patent prosecution of any licensed patent applications, it is possible that our licensors will not devote the same resources or attention to the prosecution of the licensed patent applications as we would if we controlled the prosecution of the applications ourselves. Consequently, the resulting patent protection, if any, may not be as strong or comprehensive as it would be had we done so.

The patent positions of biopharmaceutical companies can be highly uncertain and involve complex legal and factual questions that include unresolved principles and issues. No consistent policy regarding the breadth of claims allowed regarding such companies' patents has emerged to date in the United States, and the patent situation outside the United States is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the United States or other countries may diminish the value of our intellectual property. Accordingly, we cannot predict with any certainty the range of claims that may be allowed or enforced concerning our patents or third-party patents.

We also rely on trade secrets to protect our technologies, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. While we seek to protect confidential information, in part, through confidentiality agreements with our consultants and scientific and other advisors, they may unintentionally or willfully disclose our information to competitors. Enforcing a claim against a third party related to the illegal acquisition and use of trade secrets can be expensive and time consuming, and the outcome is often unpredictable. If we are not able to maintain patent or trade secret protection on our technologies and product candidates, then we may not be able to exclude competitors from developing or marketing competing products, and we may not be able to operate profitability.

If we are the subject of an intellectual property infringement claim, the cost of participating in any litigation could cause us to go out of business.

There has been, and we believe that there will continue to be, significant litigation and demands for licenses in our industry regarding patent and other intellectual property rights. Although we anticipate having a valid defense to any allegation that our current product candidates, production methods and other activities infringe the valid and enforceable intellectual property rights of any third parties, we cannot be certain that a third party will not challenge our position in the future. Other parties may own patent rights that we might infringe with our products or other activities, and our competitors or other patent holders may assert that our products and the methods we employ are covered by their patents. These parties could bring claims against us that would cause us to incur substantial litigation expenses and, if successful, may require us to pay substantial damages. Some of our potential competitors may be better able to sustain the costs of complex patent litigation, and depending on the circumstances, we could be forced to stop or delay our research, development, manufacturing or sales activities. Any of these costs could cause us to go out of business.

We may in the future be required to license patent rights from third-party owners in order to develop our products candidates. If we cannot obtain those licenses or if third-party owners do not properly maintain or enforce the patents underlying such licenses, we may not be able to market or sell our planned products.

We have licensed patent-protected technologies with certain parties and we may also license other intellectual property from other third parties, if we believe it is necessary or useful to use additional third-party intellectual property to develop our products. Typically, we would seek to negotiate and obtain any required third party licenses immediately following the completion of preliminary research to establish a concept and plan of development for a new product candidate. We will also be required to pay license fees, certain milestones or royalties or both to obtain such licenses, and there is no guarantee that such licenses will be available on acceptable terms, if at all. Even if we are able to successfully obtain a license, certain rights may be non- or co-exclusive, and this would give our competitors access to some of the intellectual property as us, which could ultimately prevent us from commercializing a product.

Upon obtaining a license, our business prospects will depend, in part, on the ability of our licensors to obtain, maintain and enforce patent protection on our licensed intellectual property. Our licensors may terminate our license, may not pursue and successfully prosecute any potential patent infringement claim, may fail to maintain their patent applications, or may pursue any litigation less aggressively than we would. Without protection for the intellectual property that we license, other companies may be able to offer substantially similar products for sale, and we may not be able to market or sell our planned products or generate any revenues.

Risks Associated with Our Securities

Trading on the OTC Bulletin Board and the Canadian Securities Exchange (the "CSE") may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTCQB service of the Financial Industry Regulatory Authority and is traded on the CSE. Trading in stock quoted on the OTC Bulletin Board or listed on the CSE is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of their shares.

Our stock is a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations and FINRA's sales practice requirements, which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The Securities and Exchange Commission in the United States (the "SEC") has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the Financial Industry Regulatory Authority believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The Financial Industry Regulatory Authority requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

You will experience dilution or subordinated stockholder rights, privileges and preferences as a result of our financing efforts.

We must raise additional capital from external sources to carry out our business plan over the next two years. To do so, we may issue debt securities, equity securities or a combination of these securities; however, we may not be able to sell these securities, particularly under current market conditions. Even if we are successful in finding buyers for our securities, such buyers could demand high interest rates or require us to agree to onerous operating covenants, which could in turn harm our ability to operate our business by reducing our cash flow and restricting our operating activities. If we choose to sell shares of our common stock, this will result in dilution to our existing stockholders. In addition, any shares of common stock we may issue may have rights, privileges and preferences superior to those of our current stockholders.

We do not intend to pay dividends and there will thus be fewer ways in which you are able to make a gain on your investment, if at all.

We have never paid dividends and do not intend to pay any dividends for the foreseeable future. To the extent that we may require additional funding currently not provided for in our financing plan, our funding sources may prohibit the declaration of dividends. Because we do not intend to pay dividends, any gain on your investment will need to result from an appreciation in the price of our common stock. There will therefore be fewer ways in which you are able to make a gain on your investment, if at all. There is also no guarantee that your investment will appreciate.

Other Risks

Because two of our directors are located in jurisdictions other than Canada, you may have no effective recourse against the director not located in Canada for misconduct and may not be able to enforce judgment and civil liabilities against this director.

One of our directors is a national and/or resident of a country other than Canada, specifically Germany. As a result, it may be difficult for investors to enforce within Canada any judgments obtained against our director, including judgments predicated upon the civil liability provisions of the securities laws of Canada.

Trends, Risks and Uncertainties

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common stock.

Item 1B. Unresolved Staff Comments

As a "smaller reporting company", we are not required to provide the information required by this Item.

Item 2. Properties

We currently lease industrial/commercial space at 3595 Cadillac Avenue, Suite 101, Costa mesa, CA, USA 92626 and at 295 Kesmark, Dollard Des Ormeaux, QC, Canada H9B 3J1. We also maintain a dedicated mailing address and telephone reception service located at 1275 West 6th Avenue, Vancouver, British Columbia, Canada V6H 1A6. We also have access to office and meeting space for a nominal fee, on an as-used basis.

Item 3. Legal Proceedings

In April 2019, the employment of two of the Company's employees in Pivot Naturals, including the President of Pivot Naturals, which was pursuant to written employment contracts, terminated. A demand for arbitration has been filed by these former employees along with an arbitration complaint that alleges claims for breach of the written employment contracts, fraud, illegal retaliation and tortious discharge in violation of public policy seeking, among other things, recovery of accrued and unpaid salary and wages in the total amount of US$213,179 and contractual severance amounts totaling US$475,000 alleged to be due and owing on their alleged involuntary termination, as well as other general and punitive damages. The Company intends to vigorously defend these claims and file cross-claims against the former employees for breach of contract and related tort claims.

Additionally, the Company has filed suit in British Columbia against the former President and former Director of Pivot Naturals for declaratory relief and related matters concerning control and use of Pivot Assets.

Other than the claims and suits described above, there are no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is quoted on the Canadian Securities Exchange, listed for quotation on December 19, 2017, under the Symbol "PVOT". Our common stock is also quoted on the OTCQB, listed for quotation on April 13, 2010, under the Symbol "PVOTF".

The following table reflects the high and low bid information for our common stock obtained from Stockwatch and reflects inter-dealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

The high and low bid prices of our common stock for the periods indicated below are as follows:

OTC Bulletin Board[1]		
Quarter Ended	**High (US$)**	**Low (US$)**
January 31, 2019	$0.363	$0.080
October 31, 2018	$0.500	$0.091
July 31, 2018	$0.640	$0.209
April 30, 2018	$2.108	$0.270
January 31, 2018	$2.46	$0.355
October 31, 2017	$0.52	$0.047
July 31, 2017	$0.125	$0.054
April 30, 2017	$0.145	$0.054
January 31, 2017	$0.145	$0.020

(1) Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.

As of May 2, 2019, there were approximately 97 active holders of record of our common stock. As of such date, 106,244,230 common shares were issued and outstanding.

Our common shares are issued in registered form. National Issuer Services Ltd., 760 – 777 Hornby Street, Vancouver, BC Canada V6Z 1S4, telephone number (604)559-8880, is the registrar and transfer agent for our common shares.

Dividend Policy

We have not paid any cash dividends on our common stock and have no present intention of paying any dividends on the shares of our common stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. Our future dividend policy will be determined from time to time by our board of directors.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Other than as set out below, we did not sell any equity securities which were not registered under the Securities Act during the year ended January 31, 2019 that were not otherwise disclosed on our quarterly reports on Form 10-Q or our current reports on Form 8-K filed during the year ended January 31, 2019.

On March 5, 2019, we issued 100,000 shares of common stock to a third party as a loan origination fee. On March 23, 2019, we issued 35,714 to a third party for services provided. On March 23, 2019, we issued 690,323 shares of common stock to directors and officers to settle outstanding compensation and 1,000,000 shares of common stock to a third party for services provided. On April 8, 2019, we issued 60,515 shares of common stock as an extension fee for an outstanding obligation. These shares of common stock were issued to five (5) non U.S. persons (as that term as defined in Regulation S of the Securities Act of 1933), relying on Regulation S and/or Section 4(2) of the Securities Act of 1933, and seven (7) U.S. person (as that term is defined in Regulation S of the Securities Act of 1933), relying upon Rule 506 of Regulation D of the Securities Act of 1933.

Effective April 8, 2019, we closed a private placement for an aggregate of 6,950,000 units, consisting of one common share and one share purchase warrant, at price of $0.20 per unit, for gross proceeds of $1,390,000. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.30 per share and has an expiry term of three (3) years. In connection with this private placement, we issued 6,950,000 common shares and 6,950,000 share purchase warrants to eleven (11) non U.S. persons (as that term as defined in Regulation S of the Securities Act of 1933), relying on Regulation S and/or Section 4(2) of the Securities Act of 1933. Finders' fees consisted of cash payments of $80,000 and issuance of 508,000 shares of common stock and 108,000 share purchase warrants entitling the holders to purchase one common share at a price of $0.30 per share and has an expiry term of three (3) years. In connection with the finders' fees, we issued 508,000 shares of common stock to three (3) non U.S. persons (as that term as defined in Regulation S of the Securities Act of 1933), relying on Regulation S and/or Section 4(2) of the Securities Act of 1933 and issued 108,000 share purchase warrants to one (1) non U.S. persons (as that term

as defined in Regulation S of the Securities Act of 1933), relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

Equity Compensation Plan Information

Except as disclosed below, we do not have a stock option plan in favor of any director, officer, consultant or employee of our company.

Convertible Securities

As of May 2, 2019, we had 13,691,833 outstanding options to purchase shares of our common stock at exercise prices ranging from $0.07 to $1.67 and exercisable until October 28, 2023. As of May 2, 2019, we had outstanding warrants to purchase 15,544,048 shares of our common stock at exercise prices ranging between of $0.60 and $1.74 and exercisable until October 18, 2021.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during our fourth quarter of our fiscal year ended January 31, 2019.

Item 6. Selected Financial Data

As a “smaller reporting company”, we are not required to provide the information required by this Item.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our audited financial statements and the related notes for the years ended January 31, 2019 and January 31, 2018 that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in this annual report, particularly in the section entitled "Risk Factors" of this annual report.

Our audited financial statements are stated in Canadian Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Purchase of Significant Equipment

We expect to incur capital expenditures on our facilities and purchase equipment required for production, upon sufficient financing, in order to pursue our business plans. .

Personnel Plan

Over the next 12-month period, we expect to increase the number of employees as required in order to pursue our business plans.

Results of Operations

For the Years Ending January 31, 2019 and 2018

	Year Ended January 31, 2019	2018
Revenue	$ Nil	$ Nil
Operating expenses	$ 6,844,092	$ 1,354,897
Accretion of discounts on convertible debentures	$ 510,758	$ 140,341
(Gain) loss on change in fair value derivative	$ Nil	$ (265,962)
Gain on disposal of asset	$ Nil	$ (913,746)
Gain on repayment of promissory note	$ (8,890)	$ Nil
Gain on settlements of debt	$ Nil	$ (308,555)
Interest expense	$ 391,250	$ 35,379
Interest income	$ (4,196)	$ Nil
Loss on extinguishment of convertible debentures	$ 1,378,210	$ Nil
Other	$ 35,147	$ Nil
Deferred tax recovery	$ (80,786)	$ Nil
Net loss	$ 9,146,371	$ 42,354

For the year ended January 31, 2019, our net loss increased by $8,929,244. During the year ended January 31, 2019, we completed the acquisitions of the Thrudermic Transdermal Nanotechnology and Pivot Naturals, LLC and its RTIC patents and entered into a joint venture to produce and commercialize cannabis-infused beverages. We also performed due diligence on other potential transactions. The result of these activities was an increase to operating expenses. Pursuant to the acquisitions, we entered into employment contracts which increased our salaries and wages expense. Should our company be successful in securing continued financing for the development of our platform technologies, we expect our future expenses to be consistent with our expenses for the year ended January 31, 2019. In addition to the above increased expenses, we settled convertible debentures totaling $1,500,000 through the issuance of 3,750,000 units, with each unit consisting of one common stock and one share purchase warrant, which resulted in a loss on extinguishment of convertible debentures of $1,221,603 being included in other income (expenses).

Expenses

Our operating expenses for our years ended January 31, 2019 and 2018 are outlined in the table below:

	Year Ended January 31, 2019	2018
Depreciation and amortization	$ 900,651	$ 30,825
Due diligence costs	$ 251,674	$ 11,304
Finders' fee expense	$ 100,000	$ Nil
Foreign exchange loss	$ 24,206	$ 131,909
General and administrative	$ 2,372,563	$ 421,246
Licensing fees	$ 79,008	$ Nil
Professional fees	$ 845,983	$ 252,446
Rent	$ 294,937	$ 24,352
Research and development	$ 430,456	$ 90,826
Sales and marketing	$ 9,526	$ Nil
Wages and salaries	$ 1,526,232	$ 391,989
Write-off of inventory	$ 8,856	$ Nil
Operating expenses	$ 6,844,092	$ 1,354,897

Operating expenses for year ended January 31, 2019 increased by $5,489,195 as compared to the comparative period in 2018. We completed the acquisitions of the Thrudermic Transdermal Nanotechnology and Pivot Naturals, LLC and its RTIC patents, entered into an agreement to access the Solumer™ technology, completed due diligence on other potential transactions and entered into a joint venture to produce and commercialize cannabis-infused beverages. These activities resulted in increased due diligence costs, finders' fee expense, consulting fees included in general and administrative, license fees and legal fees

included in professional fees. Research and development expense increased due to activities we undertook to prepare our products for commercialization. Pursuant to the acquisitions of the Thrudermic Transdermal Nanotechnology and Pivot Naturals, LLC, we entered into employment contracts which increased our salaries and wages expense. Depreciation and amortization increased due to amortization of intangible assets acquired as part of the acquisitions. During fiscal 2019, we secured a manufacturing facility in California, USA and a facility in Quebec, Canada in preparation for commercialization of products, which resulted in rent expense.

Revenue

We have not earned any revenues since our inception and we do not anticipate earning revenues in the upcoming quarter.

Equity Compensation

Our company has a stock option plan which was adopted and approved by our shareholders on December 30, 2015.
During our fiscal year ended January 31, 2019, 200,000 stock options with exercise price of $1.67 and maturity on March 11, 2023 and 100,000 stock options with exercise price of US$0.32 and maturity on October 28, 2023 were granted.

During our fiscal year ended January 31, 2018, 100,000 stock options with exercise price of US$0.39 and maturity on November 14, 2022 were granted.

We currently do not have any other equity compensation plans or arrangements.

Liquidity and Financial Condition

Working Capital

	At January 31, 2019	At January 31, 2018
Current Assets	$ 241,874	$ 183,477
Current Liabilities	$ 5,086,227	$ 527,618
Working Capital (Deficit)	$ (4,844,352)	$ (344,141)

Cash Flows

	Year Ended January 31, 2019	Year Ended January 31, 2018
Net Cash used in Operating Activities	$ (4,977,590)	$ (561,521)
Net Cash used in Investing Activities	$ (850,510)	$ Nil
Net Cash Provided by Financing Activities	$ 5,827,113	$ 457,346
Effects of exchange rate changes on cash	$ (3,517)	$ 36,454
(Decrease) Increase in Cash During the Year	**$ (4,504)**	**$ (67,721)**

We will require additional funds to fund our budgeted expenses over the next 12 months. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares. There is still no assurance that we will be able to maintain operations at a level sufficient for an investor to obtain a return on his investment in our common stock. Further, we may continue to be unprofitable. We need to raise additional funds in the immediate future in order to proceed with our budgeted expenses.

Specifically, we estimate our expenses and working capital requirements for the next 12 months to be as follows:

	Estimated Expenses
Product manufacture	$4,990,000
U.S. facility capital expenditures	2,000,000
Patent maintenance	455,000
Regulatory	250,000
Sales and marketing	400,000
General and administrative	4,155,000
Total:	**$12,250,000**

Based on our planned expenditures, we will require additional funds of approximately $12.25 million to proceed with our business plan over the next 12 months and the commencement of commercialization of our product initiatives. If we secure less than the full amount of financing that we require, we will not be able to carry out our complete business plan and we will be forced to proceed with a scaled back business plan based on our available financial resources.

Although we are anticipating commercialization to commence on some of our product initiatives over the next 12 months, anticipated revenues may not be initially sufficient to finance our business plan. We intend to raise capital through equity and, if necessary, debt financing. We anticipate that the bulk of any additional funding we receive will be in the form of equity financing from the sale of our common stock. In the absence of such financing, we will not be able to carry out our planned development activities. There is no assurance that we will be able to maintain operations at a level sufficient for an investor to obtain a return on his investment in our common stock.

Any modifications to our plans will be based on many factors, including the amount of available capital. Further, the extent to which we carry out our development of planned products is dependent upon the amount of financing available to us.

Future Financings

We will require additional financing in order to enable us to proceed with our plan of operations, as discussed above, including approximately $12.25 million over the next 12 months to pay for capital expenditures, product development, sales and marketing and general and administrative expenses. These cash requirements are in excess of our current cash and working capital resources. Accordingly, we will require additional financing in order to continue operations and to repay our liabilities. There is no assurance that any party will advance additional funds to us in order to enable us to sustain our plan of operations or to repay our liabilities.

We anticipate continuing to rely on equity sales of our common stock in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned business activities.

We are currently completing due diligence on a $15 million private placement and strategic partnership, which would provide financing for the expansion of our operations. There is no guarantee that this financing will close.

Contractual Obligations

As a “smaller reporting company”, we are not required to provide tabular disclosure obligations.

Going Concern

We have not generated any revenues and are dependent upon obtaining outside financing to carry out our operations and pursue our development and commercialization activities. If we are unable to generate future cash flows, raise equity or secure alternative financing, we may not be able to continue our operations and our business plan may fail. You may lose your entire investment.

If our operations and cash flow improve, management believes that we can continue to operate. However, no assurance can be given that management's actions will result in profitable operations or an improvement in our liquidity situation. The threat of our ability to continue as a going concern will cease to exist only when our revenues have reached a level able to sustain our business operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with United States Generally Accepted Accounting Principles. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financial statements.

Reporting Currency

Effective February 1, 2018, the Company changed its reporting currency from US Dollars to Canadian Dollars as it expects to conduct increasing transactions and financing based on the Canadian Dollars. This will reduce the impact of increased volatility of the US Dollars to Canadian Dollars exchange rate on the Company's reported operating results. The aligning of the reporting currency with the underlying operations will better depict the Company's results of operations for each period. The related financial statements prior to February 1, 2018 have been represented to Canadian Dollars as if the financial statements originally had been presented in Canadian Dollars since the earliest periods presented.

Use of Estimates
The preparation of these consolidated financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The Company regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets and assumptions used to determine the fair values of stock-based compensation, warrants and warrants issued with shares units. Estimates and assumptions have also been made on the recoverable amount of intangible assets, fair value of debentures for the purpose of evaluating modification versus extinguishments, fair value of convertible debentures and deferred income tax asset. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Foreign Currency Translation
The functional currency of the parent entity, Pivot Pharmaceuticals Inc., and the wholly-owned subsidiaries, Pivot Green Stream Health Solutions Inc. and Thrudermic, LLC, is the Canadian dollar. The functional currency of the wholly-owned subsidiary, Pivot Naturals, LLC, is the US dollar.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange in place at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into the functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the consolidated statement of operations and comprehensive loss.

Assets and liabilities of the companies are translated from their respective functional currencies to the reporting currency at the exchange rates at the balance sheet dates, equity accounts are translated at historical exchange rates and revenues and expenses are translated at the average exchange rates in effect during the reporting period. The resulting foreign currency translation adjustment are recorded in other comprehensive loss.

Financial Instruments and Fair Value Measures
ASC 820, Fair Value Measurements, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1
Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2
Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3
Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Our financial instruments consist principally of cash, accounts payable and accrued liabilities, due to related parties, convertible debentures, promissory note and acquisition obligation. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Equipment
Equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the straight-line method to depreciate the cost of equipment over its estimated useful life of six years. In accordance with ASC 360, "Property, Plant and Equipment", our company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value, which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Intangible Assets
Intangible assets consists of costs incurred to acquire license, patents and unpatented technology. Intangible assets are considered finite live assets and recorded at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset. Amortization is recorded using the straight-line method and is intended to amortize the intangible assets over their estimated useful lives:

License	5 years
Patents	10 years
Unpatented technology	10 years

Impairment of Intangible Assets
When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales and the resulting profit and cash

flows expected to result from the use of the asset or asset group and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of valuation methodologies to determine the fair value of these assets, including discounted cash flow models.

Stock-Based Compensation
The Company records stock-based compensation in accordance with ASC 718, Compensation – Stock-Based Compensation to determine the fair value of share options and account for stock-based compensation expenses using an estimated forfeiture rate at the time of grant and revising the rate, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Stock-based compensation expenses are recorded net of estimated forfeitures such that expenses are recorded only for those share-based awards that are expected to vest. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Income Taxes
Our company accounts for income taxes using the asset and liability method in accordance with ASC 740, "Income Taxes". The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. Our company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized. As of January 31, 2019 and 2018, our company did not have any amounts recorded pertaining to uncertain tax positions.

Our company files federal and provincial income tax returns in Canada. Our company recognizes interest and penalties related to uncertain tax positions in tax expense. During the years ended January 31, 2019 and 2018, there were no charges for interest or penalties.

Recent Accounting Pronouncements

Our company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company", we are not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

PIVOT PHARMACEUTICALS INC.

Consolidated Financial Statements
Years ended January 31, 2019 and 2018
(Expressed in Canadian dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Pivot Pharmaceuticals Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Pivot Pharmaceuticals Inc. (the Company) as of January 31, 2019, and the related consolidated statements of operations and comprehensive loss, stockholders' equity (deficit), and cash flows for the year ended January 31, 2019, and the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of January 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year ended January 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has not earned any revenue, has a working capital deficit of $4,844,352 and has an accumulated deficit of $34,963,335 as of January 31, 2019 that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2019.

Vancouver, British Columbia

May 2, 2019

Suite 2200, MNP Tower, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3, Phone: (604) 685-8408, 1 (877)688-8408

SADLERGIBB
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Pivot Pharmaceuticals Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Pivot Pharmaceuticals Inc. ("the Company") as of January 31, 2018, the related consolidated statements of operations and comprehensive loss, stockholders' equity (deficit), and cash flows for the year ended January 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2018, and the results of its operations and its cash flows for the year ended January 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Sadler, Gibb & Associates, LLC

We have served as the Company's auditor since 2014.

Salt Lake City, UT
May 1, 2018, except for Note 17, as to which the date is May 2, 2019

PIVOT PHARMACEUTICALS INC.

Consolidated Balance Sheets
(Expressed in Canadian dollars)

	January 31, 2019 $	January 31, 2018 $ (Note 17)
Assets		
Current assets		
Cash	74,800	79,304
Tax receivable	44,489	5,122
Prepaids and other current assets	122,585	99,051
Total current assets	241,874	183,477
Equipment, net (Note 5)	4,162	–
Intangible assets, net (Note 6)	8,349,822	288,349
Total assets	8,595,858	471,826
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable and accrued liabilities	667,493	267,892
Due to related parties (Note 13)	330,483	12,421
Convertible debentures, net (Note 7)	3,497,599	–
Promissory note (Note 8)	–	247,305
Acquisition obligation (Note 4(b))	432,923	–
Deferred revenue	157,728	–
Total liabilities	5,086,226	527,618
Stockholders' Equity (Deficit)		
Common stock Unlimited shares authorized, without par value, 96,899,678 and 82,373,559 shares issued and outstanding, respectively (Note 9)	21,340,273	10,047,733
Common stock issuable (Note 9(c))	10,000	–
Additional paid-in capital	16,999,265	15,713,439
Accumulated other comprehensive income	123,429	–
Accumulated deficit	(34,963,335)	(25,816,964)
Total stockholders' equity (deficit)	3,509,632	(55,792)
Total liabilities and stockholders' equity (deficit)	8,595,858	471,826

Nature of operations and going concern (Note 1)
Commitment and contingencies (Note 16)

(The accompanying notes are an integral part of these consolidated financial statements)

PIVOT PHARMACEUTICALS INC.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended January 31, 2019 $	Year Ended January 31, 2018 $ (Note 17)
Expenses		
Depreciation and amortization	900,651	30,825
Due diligence costs	251,674	11,304
Finders fee expense	100,000	–
Foreign exchange loss	24,206	131,909
General and administrative	2,372,563	421,246
Licensing fees	79,008	–
Professional fees	845,983	252,446
Rent	294,937	24,352
Research and development	430,456	90,826
Sales and marketing	9,526	–
Wages and salaries	1,526,232	391,989
Write-off of inventory	8,856	–
Total expenses	6,844,092	1,354,897
Loss from operations	(6,844,092)	(1,354,897)
Other (expenses) income		
Amortization of discount on convertible debentures	(510,758)	(140,341)
Gain on change in fair value of derivative liabilities	–	265,962
Gain on disposal of asset (Note 3)	–	913,746
Gain on repayment of promissory note	8,890	–
Gain on settlement of debts	–	308,555
Interest expense	(391,250)	(35,379)
Interest income	4,196	–
Loss on extinguishment of convertible debentures (Note 7(c))	(1,378,210)	–
Other	(35,147)	–
Total other (expenses) income	(2,302,279)	1,312,543
Net loss	(9,146,371)	(42,354)
Other comprehensive income (loss)		
Foreign currency translation adjustment	123,429	(17,425)
Comprehensive loss	(9,022,942)	(59,779)
Net loss per share, basic and diluted	(0.10)	(0.00)
Weighted average number of shares outstanding – basic and diluted	90,201,387	79,898,541

(The accompanying notes are an integral part of these consolidated financial statements)

PIVOT PHARMACEUTICALS INC.

Consolidated Statements of Stockholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Common Stock		Common Stock Issuable	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares #	Amount $	$	$	$	$	$
Balance – February 1, 2017 (Note 17)	75,647,100	8,870,000	–	14,959,068	17,425	(25,774,610)	(1,928,117)
Common stock issued for services	350,000	127,175	–	–	–	–	127,175
Common stock issued for settlement of accounts payable and accrued liabilities to related parties	92,384	45,322	–	–	–	–	45,322
Capital contribution by officers in forgiveness of liabilities	–	–	–	690,282	–	–	690,282
Common stock issued for conversion of debentures	4,623,825	735,623	–	–	–	–	735,623
Common stock issued for acquisition of license	2,500,000	319,174	–	–	–	–	319,174
Common stock and warrants issued for cash	2,735,000	410,192	–	–	–	–	410,192
Common stock issued for finder's fee	225,250	1,111	–	–	–	–	1,111
Cancellation of common stock pursuant to disposal of asset	(3,800,000)	(460,864)	–	–	–	–	(460,864)
Stock-based compensation	–	–	–	64,089	–	–	64,089
Net comprehensive loss	–	–	–	–	(17,425)	(42,354)	(59,779)
Balance – January 31, 2018 (Note 17)	82,373,559	10,047,733	–	15,713,439	–	(25,816,964)	(55,792)
Common stock issued for services	1,197,869	663,435	10,000	–	–	–	673,435
Common stock issued for settlement of convertible debenture (Note 7(c) and Note 10)	3,750,000	1,612,500	–	988,356	–	–	2,600,856
Common stock issued for asset acquisition (Note 4(b))	5,000,000	6,650,000	–	–	–	–	6,650,000
Common stock issued for acquisition of asset (Note 4(a))	500,000	830,000	–	–	–	–	830,000
Common stock and warrants issued for cash	4,078,250	1,536,605	–	–	–	–	1,536,605
Warrants issued for finder's fee	–	–	–	182,570	–	–	182,570
Beneficial conversion feature	–	–	–	83,333	–	–	83,333
Stock-based compensation	–	–	–	31,567	–	–	31,567
Net comprehensive loss	–	–	–	–	123,429	(9,146,371)	(9,022,942)
Balance – January 31, 2019	96,899,678	21,340,273	10,000	16,999,265	123,429	(34,963,335)	3,509,632

(The accompanying notes are an integral part of these consolidated financial statements)

PIVOT PHARMACEUTICALS INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended January 31, 2019 $	Year Ended January 31, 2018 $ (Note 17)
Operating activities		
Net loss	(9,146,371)	(42,354)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	900,651	30,825
Amortization of discount on convertible debentures	510,757	140,341
Common stock issued for services	673,435	127,176
Stock-based compensation	31,567	64,089
(Gain) loss on change in fair value of derivative liabilities	-	(265,962)
Gain on disposal of assets	-	(913,746)
Loss (gain) on settlement of debts	1,324,581	(308,555)
Changes in operating assets and liabilities:		
Prepaids and other current assets	(61,392)	(93,982)
Due to related parties	318,400	12,423
Accounts payable and accrued liabilities	470,782	688,224
Net cash used in operating activities	(4,977,590)	(561,521)
Investing activities		
Cash acquired through acquisition	2,779	-
Purchase of intangible assets	(853,289)	-
Net cash used in investing activities	(850,510)	-
Financing activities		
Repayment on promissory note	(770,526)	-
Proceeds from promissory note	502,464	-
Proceeds from issuance of common stock and warrants	-	410,192
Proceeds from debentures	4,559,205	47,154
Proceeds from private placement	1,535,970	–
Net cash provided by financing activities	5,827,113	457,346
Effects of exchange rate changes on cash	(3,517)	36,454
Net change in cash	(4,504)	(67,721)
Cash – beginning of the year	79,304	147,025
Cash – end of the year	74,800	79,304

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Operations and Going Concern

Pivot Pharmaceuticals Inc. (the "Company") was incorporated in British Columbia under the Business Corporations Act on June 10, 2002. On April 7, 2015, the Company changed its name from Neurokine Pharmaceuticals Inc. to Pivot Pharmaceuticals Inc. The Company is in the business of developing and commercializing therapeutic pharmaceuticals and nutraceuticals, as well as drug delivery platform technologies.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at January 31, 2019, the Company has not earned any revenue, has a working capital deficit of $4,844,352 (2018 - $344,141) and an accumulated deficit of $34,963,335 (2018 - $25,816,964). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. These factors raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets or liabilities that might be necessary should the Company be unable to continue as a going concern. The Company will continue to seek financing, in the form of equity or debt, to mitigate the substantial doubt over going concern and continue to meet its obligations.

2. Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements and the related notes of the Company are prepared in accordance with generally accepted accounting principles in the United States and are expressed in Canadian dollars. The Company's fiscal year-end is January 31.

Please also refer to Note 17.

(b) Use of Estimates

The preparation of these consolidated financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The Company regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets and assumptions used to determine the fair values of stock-based compensation, warrants and warrants issued with shares units. Estimates and assumptions have also been made on the recoverable amount of intangible assets, fair value of debentures for the purpose of evaluating modification versus extinguishments, fair value of convertible debentures and deferred income tax asset. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

2. Significant Accounting Policies (continued)

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The consolidating entities include:

	% of ownership	Jurisdiction
Pivot Pharmaceuticals Inc.	Parent	Canada
Pivot Green Stream Health Solutions Inc.	100%	Canada
Pivot Naturals, LLC	100%	U.S.A.
Thrudermic, LLC	100%	U.S.A.

(d) Investments in Joint Arrangements

These consolidated financial statements incorporate the Company's share of the results of its joint venture, Pivot-Cartagena Joint Venture Inc. using the equity method of accounting (Note 15). Investments in JV are recognized initially at cost and adjusted thereafter to include the Company's share of income or loss and comprehensive income on an after-tax basis. Dividends or distributions received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investments.

Investments are reviewed for impairment at each reporting period by comparing recoverable amount to carrying amount when there is an indication of impairment.

(e) Foreign Currency Translation

The Company's reporting currency is the Canadian dollar. The functional currency of the parent entity, Pivot Pharmaceuticals Inc., and the wholly-owned subsidiaries, Pivot Green Stream Health Solutions Inc. and Thrudermic, LLC, is the Canadian dollar. The functional currency of the wholly-owned subsidiary, Pivot Naturals, LLC, is the US dollar.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange in place at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into the functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the consolidated statements of operations and comprehensive loss.

Assets and liabilities of the companies are translated from their respective functional currencies to the reporting currency at the exchange rates at the balance sheet dates, equity accounts are translated at historical exchange rates and revenues and expenses are translated at the average exchange rates in effect during the reporting period. The resulting foreign currency translation adjustment are recorded in other comprehensive loss.

2. Significant Accounting Policies (continued)

(f) Financial Instruments and Fair Value Measures

ASC 820, Fair Value Measurements, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1
Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2
Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3
Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts payable and accrued liabilities, due to related parties, convertible debentures, promissory note and acquisition obligation. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

(g) Cash

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(h) Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the straight-line method to depreciate the cost of equipment over its estimated useful life of six years.

2. Significant Accounting Policies (continued)

In accordance with ASC 360, "Property, Plant and Equipment", the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. . Recoverability is assessed based on the carrying amount of the asset and its fair value, which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset. In certain instances, specific appraisal may be used to determine recoverability amount. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

(i) Intangible Assets

Intangible assets consists of costs incurred to acquire license, patents and unpatented technology. Intangible assets are considered finite live assets and recorded at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset. Amortization is recorded using the straight-line method and is intended to amortize the intangible assets over their estimated useful lives:

License	5 years
Patents	10 years
Unpatented technology	10 years

(j) Impairment of Intangible Assets

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. We use a variety of valuation methodologies to determine the fair value of these assets, including discounted cash flow models.

(k) Contingencies

An estimated loss from a loss contingency is recognized if the available information indicates that it is probable that an asset has been impaired or a liability has been incurred at the reporting date and the amount of the loss can be reasonably estimated.

2. Significant Accounting Policies (continued)

(l) Share Capital

Financial instruments issued by the Company are classified as equity to the extent that they do not meet the definition of a financial liability. The Company's shares of common stock are classified as equity instruments.

Incremental costs directly attributed to the issuance of new common stock or units are shown in share capital as a reduction, net of tax, of the proceeds received on issuance.

(m) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, Compensation – Stock-Based Compensation to determine the fair value of share options and account for stock-based compensation expenses using an estimated forfeiture rate at the time of grant and revising the rate, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Stock-based compensation expenses are recorded net of estimated forfeitures such that expenses are recorded only for those share-based awards that are expected to vest. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

(n) Comprehensive Income or Loss

ASC 220, *Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. For the years ended January 31, 2019 and 2018, the Company's comprehensive income included foreign currency translation adjustments.

(o) Loss Per Share

The Company computes net loss per share in accordance with ASC 260, Earnings Per Share. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the consolidated statement of operations and comprehensive loss. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

As at January 31, 2019, the Company has excluded 3,249,700 (2018 – 6,153,764) potential dilutive shares. For the years ended January 31, 2019 and January 31, 2018, diluted loss per share is equivalent to basic loss per share because the potential exercise of the equity-based financial instruments was anti-dilutive.

2. Significant Accounting Policies (continued)

(p) Research and Development Costs

Research costs are expensed in the period that they are incurred. Development costs are capitalized, to the extent they increase the future economic benefit embodied in the specific asset, to intangible assets.

(q) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, “Income Taxes”. The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized. As of January 31, 2019 and 2018, the Company did not have any amounts recorded pertaining to deferred tax assets or uncertain tax positions.

The Company files federal and provincial income tax returns in Canada. The Company recognizes interest and penalties related to uncertain tax positions in tax expense. During the years ended January 31, 2019 and 2018, there were no charges for interest or penalties.

(r) 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 or is a member of key management personnel. 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.

(s) Recent Adopted Accounting Pronouncements

In May 2017, the FASB issued ASU 2017-09, Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting. This update provided clarity and reduced both diversity in practice and cost and complexity when applying the guidance in Topic 718, Compensation – Stock Compensation, to a change to the terms or conditions of a share-based payment award. The Company adopted the methodologies prescribed by this ASU effective February 1, 2018 and there was no material impact on the Company’s consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The new guidance reduced diversity in practice in how certain transactions are classified in the statement of cash flows. The Company adopted the methodologies prescribed by this ASU effective February 1, 2018 and there was no material impact on the Company’s consolidated financial statements.

2. Significant Accounting Policies (continued)

In January 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The amendments to the guidance enhance the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation, and disclosure. The Company adopted the methodologies prescribed by this ASU effective February 1, 2018 and there was no material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. The amendments clarified the definition of a business. The amendments affect all companies that must determine whether they have acquired or sold a business. The Company adopted the methodologies prescribed by this ASU effective February 1, 2018 and there was no material impact on the Company's consolidated financial statements.

(t) Recently Issued Accounting Pronouncements Not Yet Adopted

In July 2017, the FASB issued ASU 2017-11"Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features; (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception" ("ASU 2017-11"). ASU 2017-11 allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity's own stock. As a result, financial instruments (or embedded conversion features) with down round features may no longer be required to be accounted for as derivative liabilities. A company will recognize the value of a down round feature only when it is triggered, and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to Common Stock holders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company does not expect the adoption of the policy to have a significant impact on the consolidated financial statements, if any.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. For all entities, amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of ASU No. 2018-13 and delay adoption of the additional disclosures until their effective date. The Company is currently evaluating the potential impact this guidance will have on the consolidated financial statements, if any.

2. Significant Accounting Policies (continued)

In June 2018, the FASB issued ASU 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. These amendments expand the scope of Topic 718, Compensation—Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity—Equity-Based Payments to Non-Employees. This standard is effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers. The Company does not expect the adoption of the policy to have significant impact on the consolidated financial statements, if any.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 (Topic 842) "Leases." Topic 842 supersedes the lease requirements in Accounting Standards Codification (ASC) Topic 840, "Leases." Under Topic 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating. The Company plans to adopt Topic 842 effective February 1, 2019 using a modified retrospective method and will not restate comparative periods. As permitted under the transition guidance, the Company will carry forward the assessment of whether contracts contain or are leases, classification of our leases and remaining lease terms. Based on the Company's lease agreements as of January 31, 2019, approximately $1.1 million of lease assets and liabilities will be recognized on the balance sheets upon adoption.

In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases. For entities that early adopted Topic 842, the amendments are effective upon issuance of ASU 2018-10, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective for use for fiscal years beginning after December 15, 2018. The Company does not expect the adoption of the policy to have significant impact on the consolidated financial statements, if any.

3. Disposal of Asset

On September 11, 2017, the Company completed an exchange agreement whereby the Company exchanged with its former Chief Executive Officer 100% of its shares of common stock of its wholly-owned subsidiary, IndUS Pharmaceuticals, Inc. ("IndUS"), for 3,800,000 shares of common stock of the Company (Note 9(g)). Pursuant to the exchange agreement, the Company has provided its former Chief Executive Officer a promissory note (Note 8(a)) in the amount of $247,305 (US$200,000) in discharge of all obligations with respect to former Chief Executive Officer's accrued salary totaling $324,141 through September 11, 2017 for which a gain of $124,020 has been included in gain on settlement of debts in the consolidated statements of operations and comprehensive loss during the year ended January 31, 2018.

The disposal of IndUS resulted in a gain as follows:

(Expressed in Canadian dollars)

3. Disposal of Asset (continued)

3,800,000 shares of common stock acquired and cancelled	$460,864
Net liabilities exchanged	278,109
Foreign exchange gain	174,773
Gain on disposal of asset	$913,746

The disposal of IndUS did not meet the definition of discontinued operations as it did not represent a strategic shift that has a major effect on the Company's operations and financial results.

4. Asset Acquisitions

(a) Thrudermic Transdermal Nanotechnology

On March 2, 2018, the Company entered into an exchange agreement with Thrudermic, LLC ("Thrudermic") and the members of Thrudermic whereby the Company paid US$1.00 for the issued and outstanding units of Thrudermic and issued 500,000 shares of common stock (Note 9(b)) to the members of Thrudermic for their intellectual property portfolio, including unpatented technology, goodwill and know-how in connection with the Thrudermic Transdermal Nanotechnology.

The Company evaluated this acquisition in accordance with ASC 805, Business Combinations to discern whether the assets and operations of Thrudermic met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition at cost of $830,000 (Note 6).

(b) Ready-to-Infuse Cannabis Patents ("RTIC Patents")

On February 28, 2018, the Company completed the acquisition of Pivot Naturals, LLC (previously ERS Holdings, LLC) ("Pivot Naturals") pursuant to an exchange agreement dated as of February 10, 2018. As consideration for the purchase, the Company paid $430,420 (US$333,333) in cash on closing, issued 5,000,000 shares of common stock (Note 9(a)) and will pay an additional $430,420 (US$333,333) six (6) and twelve (12) months after closing. Financial consideration include royalties on future annual net sales. On September 28, 2018, a payment of $429,370 (US$326,666), representing a portion of the payment due six (6) months after closing, was made. The remainder of the payment due six (6) months after closing of $8,763 (US$6,667) was withheld due to infringement of the Company's patent by the recipient, and will be paid together with the final payment. The acquisition obligation outstanding as at January 31, 2019 is $432,923 (US$340,000). Subsequent to January 31, 2019, the Company extended the payment date for the payment due twelve (12) months after closing from February 28, 2019 to May 31, 2019.

The Company evaluated this acquisition in accordance with ASC 805, Business Combinations (10-55-4) to discern whether the assets and operations of Pivot Naturals met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company accounted for this transaction as an asset acquisition.

The consideration transferred, assets acquired and liabilities assumed recognized is as follows:

(Expressed in Canadian dollars)

4. Asset Acquisitions (continued)

Consideration paid:	$
Cash paid	430,420
Cash to be paid	778,662
Common stock issued	6,650,000
Transaction costs	154,951
Total purchase price	8,014,033

Net assets acquired:	$
Cash	2,779
Equipment	5,213
Ready-to-infuse cannabis ("RTIC") patents	8,008,411
Accounts payable and accrued liabilities	(2,370)
Net value of business purchased	8,014,033

The RTIC patents acquired are amortized over an estimated useful life of ten (10) years (Note 2(i)).

5. Equipment

Cost	Lab Equipment $
Balance, February 1, 2017 and January 31, 2018	–
Exchange agreement (Note 4(b))	5,213
Effect of foreign exchange rate changes	94
Balance, January 31, 2019	5,307

Accumulated Depreciation	
Balance, February 1, 2017 and January 31, 2018	–
Depreciation	1,135
Effect of foreign exchange rate changes	10
Balance, January 31, 2019	1,145

Net book value, January 31, 2019	4,162
Net book value, January 31, 2018	–

(Expressed in Canadian dollars)

6. Intangible Assets

Cost	BiPhasix License $ (Note 6(a))	Thrudermic Non-Patented Technology $ (Note 4(a))	RTIC Patents $ (Note 4(b))	Total $
Balance, February 1, 2017	–	–	–	–
Licensing agreement (Note 6(a))	319,174	–	–	319,174
Balance, January 31, 2018	319,174	–	–	319,174
Exchange agreements (Note 4)	–	830,000	8,008,411	8,838,411
Effect of foreign exchange rate changes	–	–	128,866	128,866
Balance, January 31, 2019	319,174	830,000	8,137,277	9,286,451
Accumulated Amortization				
Balance, February 1, 2017	–	–	–	–
Amortization	30,825	–	–	30,825
Balance, January 31, 2018	30,825	–	–	30,825
Amortization	79,793	74,325	745,398	899,516
Effect of foreign exchange rate changes	–	–	6,288	6,288
Balance, January 31, 2019	110,618	74,325	751,686	936,629
Net book value, January 31, 2019	208,556	755,675	7,385,591	8,349,822
Net book value, January 31, 2018	288,349	–	–	288,349

Weighted average life remaining on intangible assets is 8.9 years. Future amortization for the next five years is:

Expiry Date	$
2020	866,266
2021	866,266
2022	866,266
2023	851,984
2024	814,127

(a) BiPhasix License

On September 12, 2017, the Company entered into a licensing agreement with Altum Pharmaceuticals Inc. (“Altum”), a party related by way of common officer, whereby the Company acquired worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of Cannabinoids, Cannabidiol and Tetrahydrocannabinol products. Consideration included:

(Expressed in Canadian dollars)

6. Intangible Assets (continued)

1) Issuance of 2,500,000 shares of common stock on September 12, 2017 valued at $319,174, which was recorded as an intangible asset with a corresponding credit to common stock (Note 9(h));

2) Issuance of 2,500,000 shares of common stock of Pivot upon Health Canada Natural Product Number approval (not yet issued as of the date of this report);

3) Royalties on annual gross sales; and

4) For pharmaceutical products, milestone payments payable upon first Investigative New Drug Approval, upon positive outcome of Phase II trial in first indication, and upon New Drug Application approval. As of January 31, 2019 and the date of this report, no milestones have been achieved.

(b) Solumer Oral Drug Delivery Technology

On August 7, 2018, the Company entered into a licensing agreement with Formulex Pharma Innovations (formerly Solubest Ltd.) ("Formulex") whereby the Company will acquire worldwide rights for the use, development and commercialization of Formulex's Solumer Oral Drug Technology solely for the improved bio-availability, delivery and commercialization of Cannabinoid and Tetrahydrocannabinol-based products for human and animal use. Financial considerations include: 1) Monthly license fee until commercialization date (US$20,000); 2) Monthly development fee (US$10,000); 3) Milestone payments upon commercialization (US$150,000) and upon net sales of US$5,000,000 (US$250,000). Other consideration includes royalties on aggregate net sales.

7. Convertible Debentures

	January 31, 2019 $	January 31, 2018 $
March 2, 2018 Convertible Debentures (Note 7(b))	3,497,599	–
	3,497,599	–

(a) On September 30, 2016, the Company issued a convertible debentures with a non-related party for $500,000. The debentures is secured under a General Security Agreement bears interest at 8% per annum and matures on the earlier of:

- The date the lender demands repayment of principal and interest following an event of default,
- The date of a dissolution event,
- The date of a liquidity event, and
- March 30, 2017.

On September 18, 2017, the lender converted the outstanding principal and accrued interest of the convertible debentures into 4,623,825 shares of common stock (Note 9(i)) of the Company at a conversion price of US$0.10. A loss on conversion of debentures of $25,988 was recorded within gain on settlement of debts in the consolidated statements of operations and comprehensive loss during the year ended January 31, 2018.

(Expressed in Canadian dollars)

7. Convertible Debentures (continued)

(b) On March 2, 2018, the Company issued convertible debentures with two non-related parties totaling $5,000,000. The debentures are secured under a General Security Agreement, bear interest at 10% per annum payable quarterly and mature on March 2, 2019. The notes are convertible into common shares at a conversion price equal to $1.74 per common share. The Company issued 172,413 share purchase warrants (Note 10) with an exercise price of $1.74 and three year expiry as finder's fee for the convertible debentures. The effective interest rate has been determined as 24% per annum after deducting all the loan discounts.

(c) On October 22, 2018, $1,500,000 of the convertible debentures were settled through the issuance of 3,750,000 units of the Company with each unit consisting of one common stock and one share purchase warrant with an exercise price of $0.60 and three year expiry (Note 9(e)). The shares issued were valued at $0.43 per share and warrants issued were valued at $0.26 per warrant for total value of $2,600,856. The fair value of warrants were calculated using volatility of 110%, interest-free rate of 2.30%, nil expected dividend yield and expected life of 3 years. The Company considered the settlement to be an extinguishment of the $1,500,000 of the convertible debentures and recorded a loss on extinguishment of $1,221,603.

On October 22, 2018, the Company modified the conversion price on the remainder of the convertible debentures, totaling $3,500,000, to $0.42 per common share. The Company considered the modification to be an extinguishment of the $3,500,000 of the convertible debentures and recorded a loss on extinguishment of $156,607. The effective interest rate for the remaining terms of the convertible debentures has been determined as 21% per annum after deducting all the loan discounts.

During the year ended January 31, 2019, the total contractual interest cost related to this convertible loan was $470,948 and total interest costs related to the amortization of the loan discount was $510,758.

As of January 31, 2019, the carrying value of the convertible debentures is $3,497,599 (2018 - $nil) and interest accrued on the convertible debentures is $30,194 (2018 - $nil).

Please also refer to Note 18(b).

8. Promissory Note

	January 31, 2019 $	January 31, 2018 $
Principal (Note 8(a))	–	247,305

(a) Promissory Note – Former Chief Executive Officer (Note 3)

The promissory note bears interest at 8% per annum. Principal and accrued interest are due on the earlier of: 1) 30 days after the completion of a financing of at least US$2,000,000 and (ii) September 10, 2027, provided that if repayment occurs prior to the second anniversary date, all interest will be waived. On February 28, 2018, the Company issued senior secured convertible debentures for gross proceeds of $5,000,000 (Note 7(b)). Accordingly, accrued interest being waived, principal was due and repaid on March 30, 2018.

8. Promissory Note (continued)

(b) Promissory Note – Third Party

On September 27, 2017, the Company issued a promissory note in the amount of US$400,000, bearing interest at 12% per annum and maturing on December 31, 2018, which no proceeds had been drawn. As part of the promissory note, 100,000 shares of common stock were issued (Note 9(j)).

(c) Promissory Note – Altum Pharmaceuticals Inc. ("Altum")

On February 16, 2018, the Company issued a promissory note of up to $520,000, bearing interest at 10% per annum to Altum and maturing on May 15, 2018. On February 19 and March 1, 2018, $250,000 and $252,464 were advanced to the Company. On March 2, 2018, the Company repaid the principal amount and accrued interest on the promissory note totaling $503,285.

9. Common Stock

During the year ended January 31, 2019:

(a) On February 28, 2018, 5,000,000 shares of common stock, with fair value of $6,650,000, were issued pursuant to the exchange agreement with Pivot Naturals (Note 4(b)).

(b) On March 2, 2018, 500,000 shares of common stock, with fair value of $830,000, were issued pursuant to the exchange agreement with Thrudermic and the members of Thrudermic (Note 4(a)).

(c) During the year ended January 31, 2019, the Company issued 920,178 shares of common stock, with fair value totaling $508,938, to third parties for services rendered. 35,714 shares of common stock, with fair value of $10,000, remain to be issued as at January 31, 2019 and were issued on March 23, 2019 (Note 18(c)).

(d) During the year ended January 31, 2019, the Company issued 277,691 shares of common stock, with fair value totaling $154,497, as compensation pursuant to employment agreements entered into as part of the acquisitions of the Thrudermic (Note 4(a)) and Pivot Naturals (Note 4(b)).

(e) On October 22, 2018, 3,750,000 units of the Company, with each unit consisting of one common stock and one share purchase warrant with an exercise price of $0.60 and three year expiry, were issued pursuant to settlement of $1,500,000 of convertible debentures (Note 7(b)).

(f) In October and November, 2018, 4,078,250 units of the Company, with each unit consisting of one common stock and one share purchase warrant with an exercise price of $0.60 and three year expiry, were issued for subscription proceeds of $1,631,300. Pursuant to the private placement, the Company paid finders' fee of $88,104 in cash and issued 220,260 share purchase warrants with an exercise price of $0.60 and three year expiry. Other share issue costs totaled $6,591.

During the year ended January 31, 2018:

(g) On September 11, 2017, 3,800,000 shares of common stock were acquired and cancelled pursuant to the share exchange agreement (Note 3).

(Expressed in Canadian dollars)

9. Common Stock (continued)

(h) On September 12, 2017, 2,500,000 shares of common stock were issued pursuant to the Altum licensing agreement (Note 6(a)).

(i) On September 18, 2017, 4,623,825 shares of common stock were issued upon conversion of a convertible debentures (Note 7(a)).

(j) On October 26, 2017, 100,000 shares of common stock with a fair value of $62,872 were issued pursuant to a promissory note issued (Note 8(b)). During the year ended January 31, 2018, the Company issued 250,000 shares of common stock, with fair value totaling $64,303, to third parties for services rendered.

(k) In October 2017, the Company received proceeds totaling $280,734 pursuant to private placements for the issuance of 2,230,000 shares of common stock at a price of US$0.10 per share. The Company issued 200,000 shares of common stock related to share issue costs on this private placement.

(l) On October 31, 2017, the Company settled $45,322 of accounts payable through the issuance of 92,384 shares of common stock (Note 13(j)).

(m) Effective December 15, 2017, the Company closed a private placement for an aggregate of 505,000 units, consisting of one common share and one half of one share purchase warrant, at price of US$0.20 per unit for gross proceeds of $129,460. Finder's fee consisted of a cash payment of $6,229 and issuance of 25,250 units, consisting of one common share and one half of one share purchase warrant.

10. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, February 1, 2017	434,622	0.13
Granted (Note 9(m))	265,125	0.45
Expired	(434,622)	0.13
Balance, January 31, 2018	265,125	0.45
Granted (Notes 7(b), 9(e) and 9(f))	8,220,923	0.62
Balance, January 31, 2019	8,486,048	0.62

(Expressed in Canadian dollars)

10. Share Purchase Warrants (continued)

As at January 31, 2019, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date	Weighted Average Remaining Contractual Life (years)
190,000	0.45	May 20, 2019	0.30
75,125	0.45	June 14 ,2019	0.37
172,413	1.74	March 1, 2021	2.08
3,353,250	0.60	September 21, 2021	2.64
8,000	0.60	October 1, 2021	2.67
907,260	0.60	October 18, 2021	2.72
3,780,000	0.60	October 22, 2021	2.73
8,486,048			2.60

11. Stock Options

Effective December 30, 2015, the Company adopted a stock option plan. Under this plan, the Company may grant options to its directors, officers, employees and consultants up to an amount as determined by the Company and will be no more than a percentage of its outstanding common stock as may be required by the stock exchange the Company is listed with. The exercise price of the stock options will be determined by the Company and will be no less than any minimum exercise price as may be required by the stock exchange the Company is listed with.

The following table summarizes the continuity of the Company's stock options:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (Years)
Outstanding, February 1, 2017	15,520,833	0.53	4.20
Granted	100,000	0.50	4.79
Forfeited	(2,000,000)	(0.97)	–
Outstanding, January 31, 2018	13,620,833	0.46	3.26
Granted	300,000	1.25	4.32
Forfeited	(229,000)	(0.43)	–
Outstanding, January 31, 2019	13,691,833	0.48	2.31

The aggregate intrinsic value of vested options outstanding at January 31, 2019 is $675,611. The fair value of options granted was estimated using the Black-Scholes option pricing model, with expected forfeitures of nil%, and the following assumptions:

(Expressed in Canadian dollars)

11. Stock Options (continued)

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)	Fair value per option at the grant date $
100,000 options expiring on November 14, 2022	110%	1.83%-2.27%	0%	3.79-4.50	0.14-0.29
200,000 options expiring on March 11, 2023	110%	1.83%-2.42%	0%	4.11-4.92	0.09-0.52
100,000 options expiring September 19, 2023	110%	2.33%	0%	4.63	0.16

Additional information regarding stock options as of January 31, 2019, is as follows:

Options Outstanding	Options Exercisable	Exercise Price $	Expiry Date
4,000,000	4,000,000	0.14	December 14, 2020
5,250,000	5,250,000	0.97	February 22, 2021
4,000,000	4,000,000	0.13	December 14, 2021
41,833	41,833	0.07	January 23, 2022
100,000	75,000	0.50	November 14, 2022
200,000	183,334	1.67	March 11, 2023
100,000	-	0.42	October 28, 2023
13,691,833	13,550,167		

Total of 141,666 un-exercisable options remain as at January 31, 2019. $31,567 (2018 – $64,089) of stock-based compensation expense has been recognized during the year ended January 31, 2019. $14,198 (2018 - $112,147) of stock-based compensation cost has yet to be recognized and will be recognized in future periods.

12. Supplemental Cash Flow Disclosures

	January 31, 2019 $	January 31, 2018 $
Supplemental disclosures:		
Interest paid	475,074	–
Income tax paid	–	–
Non-cash investing and financing activities:		
Capital contribution through forgiveness of debt	673,435	690,282
Warrants issued for finders' fee	182,570	42,101
Common stock issued for settlement of accounts payable	–	45,322
Common stock issued for settlement of convertible debentures	2,600,856	735,623
Common stock issued for asset acquisition	7,480,000	–
Common stock issued for intangible asset	–	319,174
Promissory note issued for settlement of accrued salaries	–	247,300
Stock-based compensation	31,567	64,089
Common stock received and constructively retired in disposition of assets	–	460,864
Beneficial conversion feature related to convertible debentures	83,333	–

13. Related Party Transactions

(a) As at January 31, 2019, the Company owed $63,335 (2018 - $nil) to a director and officer of the Company. These amounts are unsecured, non-interest bearing, and due on demand. During the year ended January 31, 2019, the Company paid salary of $191,667 (2018 - $nil) to the director and officer of the Company.

(b) As at January 31, 2019, the Company owed $38,248 (2018 - $nil) to an officer of the Company. These amounts are unsecured, non-interest bearing, and due on demand. During the year ended January 31, 2019, the Company paid salary of $100,000 (2018 - $nil) to the officer of the Company.

(c) As at January 31, 2019, the Company owed $93,282 (2018 - $nil) to the former President of the Company's subsidiary, Pivot Naturals. These amounts are unsecured, non-interest bearing, and due on demand. During the year ended January 31, 2019, the Company paid salary of $304,125 (2018 - $nil), and management fees of $104,302 (2018 - $nil) settled by shares to the former President of Pivot Naturals.

(d) As at January 31, 2019, the Company owed $50,209 (2018 - $5,860) to a former director of the Company. These amounts are unsecured, non-interest bearing, and due on demand. During the year ended January 31, 2019, the Company paid salary of $200,000 (2018 - $nil) to the former director of the Company.

(e) On September 12, 2017, the Company entered into a licensing agreement with Altum, a party related by way of common officer, whereby the Company acquired worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of Cannabinoids, Cannabidiol and Tetrahydrocannabinol products (Note 6(a)). As at January 31, 2019, the Company owed Altum $48,896 (2018 - $6,561) for expenses paid on behalf of the Company. Subsequent to January 31, 2019, Altum paid an additional $61,120 of expenses on behalf of the Company.

(f) During the year ended January 31, 2019, the Company paid $821 in interest expense on a promissory note issued to Altum (Note 8(c)).

(g) During the year ended January 31, 2019, the Company's subsidiary, Pivot Naturals, paid $65,170 and management fees of $19,557 (2018 - $nil) settled by shares to a company owned by its former President for research and development.

(h) As at January 31, 2019, the Company owed $23,811 (2018 - $nil) to a director of the Company. These amounts are unsecured, non-interest bearing, and due on demand. During the year ended January 31, 2019, the Company paid consulting fees of $45,000 (2018 - $nil) to the director of the Company.

(i) As at January 31, 2019, the Company owed $12,702 (2018 - $nil) to a director and Vice President of the Company. These amounts are unsecured, non-interest bearing, and due on demand. During the year ended January 31, 2019, the Company paid salary of $117,306 (2018 - $nil), and management fees of $17,601 (2018 - $nil) settled by shares to the director and Vice President of the Company.

(j) During the year ended January 31, 2018, a capital contribution amounting to $690,282 was made by two officers who forgave accrued management fees. In addition, $45,322 of accounts payable due to a company controlled by the Company's Chief Financial Officer were settled for 92,384 shares of common stock.

(Expressed in Canadian dollars)

14. Income Taxes

The income tax benefit differs from the amount computed by applying the Canadian federal and provincial statutory rates to net loss before income taxes for the years ended January 31, 2019 and 2018, respectively, as a result of the following:

	2019 $	2018 $
Net loss before taxes	(9,146,371)	(42,354)
Statutory rate	27.00%	26.00%
Expected tax recovery	(2,469,520)	(11,012)
Foreign tax rate differences	(7,273)	1,887
Permanent differences and other	379,423	(223,692)
Expenses deductible for tax purposes	(86,829)	(10,507)
Change in valuation allowance	2,184,199	243,324
Income tax provision	-	–

The statutory tax rate increased from 26% to 27% due to an increase in BC corporate tax rate on January 1, 2018.

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes.

Unrecognized deductible temporary differences at January 31, 2019 and 2018 are comprised of the following:

	2019 $	2018 $
Tax loss carryforwards - CDN	15,739,556	9,930,461
Tax loss carryforwards - USA	2,165,876	-
Convertible debentures - CDN	27,794	-
Stock-based compensation - USA	126,033	-
Intangible assets - CDN	148,614	-
Intangible assets - USA	291,479	-
Financing costs - CDN	454,664	37,922
Total unrecognized deductible temporary differences	18,954,015	9,968,383

(Expressed in Canadian dollars)

14. Income Taxes (continued)

The Company has non-capital loss carryforwards, for which no deferred tax asset has been recognized of approximately $15,739,556 (2018: $9,930,461) which may be carried forwards to apply against future income for Canadian income tax purpose, subject to the final determination by tax authorities, expiring in the following years:

Expiry Date	Non-Capital Loss $
2030	434,518
2031	77,975
2032	139,450
2033	657,883
2034	687,128
2035	1,457,190
2036	4,637,504
2037	1,359,695
2038	880,218
2039	5,407,995
	15,739,556

As at January 31, 2019, the Company's US net operating loss carryforwards total $2,165,876 (2018 - $Nil). These losses can be carried forward indefinitely.

15. Joint Venture

On December 17, 2018, the Company entered into a joint venture arrangement whereby the Company holds 50% of the issued and outstanding shares of Pivot-Cartagena JV. Pivot-Cartagena JV will develop and commercialize cannabis-infused non-alcoholic beverages using the industry expertise of its joint venture partner with the Company's Solumer (Note 6(b)) and RTIC (Note 4(b)) powderization technologies. The Company and its joint venture partner each have 50% to the net assets and net income or loss of Pivot-Cartagena JV. As of January 31, 2019, the Company has not made any investment related to Pivot-Cartagena JV. During the year ended January 31, 2019, there were no balances or transactions related to Pivot-Cartagena JV.

16. Commitments and Contingencies

(a) The Company has leased premises with a third party. The minimum committed lease payments are approximately as follows:

2020	$ 332,536
2021	$ 273,108
2022	$ 281,301
2023	$ 154,810
	$ 1,041,755

16. Commitments and Contingencies (continued)

(b) In April 2019, the employment of two of the Company's employees in Pivot Naturals, including the President of Pivot Naturals, which was pursuant to written employment contracts, terminated. A demand for arbitration has been filed by these former employees along with an arbitration complaint that alleges claims for breach of the written employment contracts, fraud, illegal retaliation and tortious discharge in violation of public policy seeking, among other things, recovery of accrued and unpaid salary and wages in the total amount of $213,179 and contractual severance amounts totaling US$475,000 alleged to be due and owing on their alleged involuntary termination, as well as other general and punitive damages. The Company intends to vigorously defend these claims and file cross-claims against the former employees for breach of contract and related tort claims.

17. Change in Reporting Currency

Effective February 1, 2018, the Company changed its reporting currency from US Dollars to Canadian Dollars as it expects to conduct increasing transactions and financing based on the Canadian Dollars. This will reduce the impact of increased volatility of the US Dollars to Canadian Dollars exchange rate on the Company's reported operating results. The aligning of the reporting currency with the underlying operations will better depict the Company's results of operations for each period. The related financial statements prior to February 1, 2018 have been represented to Canadian Dollars as if the financial statements originally had been presented in Canadian Dollars since the earliest periods presented. The change in reporting currency resulted in cumulative foreign currency translation adjustment to the Company's comprehensive income amounted to a gain of $123,429 and a loss of $17,425 for the years ended January 31, 2019 and January 31, 2018, respectively.

18. Subsequent Events

(a) On March 5, 2019, the Company entered into a loan agreement for $300,000, bearing interest at 10% per annum and maturing on September 4, 2019. Pursuant to this loan agreement, the Company issued 100,000 shares of common stock as a loan origination fee and paid a finder's fee of $24,000 in cash.

(b) On March 18, 2019, the Company repaid $750,000 of its convertible debentures (Note 7(b)) and extended the maturity date of the remaining $2,750,000 to June 1, 2019 for an extension fee of $250,000.

(c) On March 23, 2019, the Company issued 35,714 shares of common stock for services provided by a third party during the year ended January 31, 2019 (Note 9(c)).

(d) On March 23, 2019, the Company issued 690,323 shares of common stock to directors and officers to settle $64,787 of unpaid compensation as at January 31, 2019 and $39,574 of compensation subsequent to year end. The Company also issued 1,000,000 shares of common stock to a third party to settle $100,000 of accounts payable as at January 31, 2019 and $50,000 of accounts payable subsequent to January 31, 2019.

(e) On April 8, 2019, 6,950,000 units of the Company, with each unit consisting of one common stock and one share purchase warrant with an exercise price of $0.30 and three year expiry, were issued for subscription proceeds of $1,390,000. Pursuant to the private placement, the Company paid a finder's fee of $80,000 in cash and issued 508,000 shares of common stock and 108,000 share purchase warrants with an exercise price of $0.30 and three year expiry.

18. Subsequent Events (continued)

(f) On April 8, 2019, the Company issued 60,515 shares of common stock and paid $3,328 in cash representing a fee to extend the payment date for its acquisition obligation from February 28, 2019 to May 31, 2019 (Note 4(b)).

(g) On April 8, 2019, the Company entered into a binding letter of intent with High Park Ventures Inc. ("High Park") for a non-brokered private placement of $15 million. The private placement will be of units at a price of $0.25 per unit, with each unit consisting of one common share and one common share purchase warrant with two year expiry and an exercise price of $0.35. The private placement is expected to close in two tranches of $5 million and $10 million. Upon completion of the non-brokered private placement, the Company will issue 60,000,000 units to High Park.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

On January 29, 2019, we formally informed Sadler Gibb & Associates, LLC of their dismissal as our company's independent registered public accounting firm.

The reports of Sadler Gibb & Associates, LLC on our company's consolidated financial statements as of and for the fiscal years ended January 31, 2018 and 2017 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle except to indicate that there was substantial doubt about our company's ability to continue as a going concern.

Our company's board of directors participated in and approved the decision to change independent registered public accounting firms.

During the fiscal years ended January 31, 2018 and 2017, and through January 29, 2019, there have been (1) no disagreements with Sadler Gibb on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Sadler Gibb would have caused them to make reference thereto in connection with their report on the financial statements for such years, and (2) no reportable events of the type listed in paragraphs (A) through (D) of Item 304(a)(1)(v) of Regulation S-K.

On January 29, 2019, our company engaged MNP, LLP as our new independent registered public accounting firm. During the two most recent fiscal years and through January 29, 2019, our company had not consulted with MNP, LLP regarding any of the following:

(i) The application of accounting principles to a specific transaction, either completed or proposed;

(ii) The type of audit opinion that might be rendered on our financial statements, and none of the following was provided to us: (a) a written report, or (b) oral advice that MNP, LLP concluded was an important factor considered by us in reaching a decision as to accounting, auditing or financial reporting issue; or

(iii) Any matter that was subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K.

Item 9A. Controls and Procedures

Management's Report on Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of January 31, 2019 and determined that they were not effective.

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our president (our principal executive officer) and our chief financial officer (our principal financial officer and principal accounting officer), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our president (our principal executive

officer) and our chief financial officer (our principal financial officer and principal accounting officer), we conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2019 using the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company's annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the effectiveness of internal control over financial reporting as of January 31, 2019, our company determined that there were control deficiencies that constituted material weaknesses, as described below:

1. *We did not maintain appropriate financial reporting controls* – As of January 31, 2019, our company has not maintained sufficient internal controls over financial reporting for the financial reporting process. As at January 31, 2019, our company did not have sufficient financial reporting controls with respect to the segregation of incompatible duties related to the ability to post journal entries and access to our company's assets.

Accordingly, our company concluded that these control deficiencies resulted in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls.

As a result of the material weaknesses described above, management has concluded that our company's internal control over financial reporting was not effective as of January 31, 2019 based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

MNP, LLP, our independent registered public auditors, was not required to and has not issued an attestation report concerning the effectiveness of our internal control over financial reporting as of January 31, 2019 pursuant to temporary rules of the Securities and Exchange Commission that permit our company to provide only management's report in this annual report.

Changes in Internal Controls

During the period ended January 31, 2019, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On February 5, 2015, we accepted the resignation of Dr. Ahmad Doroudian as our President and Chief Executive Officer of our company. Dr. Ahmad Doroudian remains a director and serves as Chairman of the Board. In addition, Dr. Hamid Doroudian resigned as a director of our company. The resignations of Dr. Ahmad Doroudian and Dr. Hamid Doroudian were not the result of any disagreements with our company regarding our operations, policies, practices or otherwise.

Also on February 5, 2015, Dr. Barbara-Jean Bormann-Kennedy (BJ Bormann) and Dr. Wolfgang Renz were appointed directors of our company. Concurrently with Dr. Ahmad Doroudian's resignation, we appointed Dr. Bormann as Chief Executive Officer of our company.

On November 16, 2015, we accepted the resignation of Dr. BJ Bormann as director. We also accepted the resignation of Dr. Bormann as our Chief Executive Officer effective October 16, 2015. Dr. Bormann's resignation was not the result of any disagreements with our company regarding our operations, policies, practices or otherwise. Dr. Ahmad Doroudian, our director and Chairman of the Board, was appointed as our interim Chief Executive Officer.

On November 20, 2015, we appointed Dr. Pravin Chaturvedi as our new Chief Executive Officer and Director. Also on the same date, we accepted the resignation of Dr. Ahmad Doroudian as interim Chief Executive Officer. Dr.

Doroudian remained as Chairman of the board. On February 1, 2016, Dr. Doroudian became our Chief Business Officer.

On November 18, 2016, we accepted the resignation of Dr. Ahmad Doroudian as a member of our Audit Committee. Concurrently, we appointed Dr. Wolfgang Renz to the Audit Committee. On November 24, 2017, Dr. Ahmad Doroudian was appointed to the Audit Committee.

On September 11, 2017, we accepted the resignation of Dr. Pravin Chaturvedi as our Chief Executive Officer and Director. On the same date, we appointed Dr. Patrick Frankham as our new Chief Executive Officer.

On August 27, 2018, we accepted the resignation of Dr. Ahmad Doroudian as Director, Chairman and Secretary. Concurrently, we appointed Dr. Joseph Borovsky as Chairman and Director.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

All directors of our company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

Name	Position Held with the Company	Age	Date First Elected or Appointed
Dr. Joseph Borovsky	Chairman, Director and Executive Vice-President of Technology	72	August 27, 2018
Dr. Patrick Frankham	Chief Executive Officer and Director	48	July 24, 2014
Moira Ong	Chief Financial Officer	44	December 26, 2010
Dr. Wolfgang Renz	Director	49	February 5, 2015

Business Experience

The following is a brief account of the education and business experience during at least the past five years of each director, executive officer and key employee of our company, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

Dr. Joseph Borovsky –Chairman, Director and Executive Vice-President of Technology

Dr. Joseph Borovsky was appointed chairman and director on August 27, 2018. Dr. Borovsky is an experienced executive and entrepreneur with broad-based success in leading major corporate research and development as well as innovative technology startups, P&L operations, sales, and marketing. Formerly the director of research and development for Mead Corporation, Dr. Borovsky received his Bachelor of Science degree in Chemistry from the University of California at Los Angeles, and his Ph.D. in Physical Organic Chemistry from the University of Massachusetts at Amherst. He also completed a year of post-doctoral research in Medicinal Chemistry at Washington State University College of Pharmacy, Pullman, WA, and was a Research Fellow in Synthetic Organic Chemistry at Harvard University in Cambridge, Massachusetts. Dr. Borovsky is also our Executive Vice-President of Technology.

Dr. Patrick Frankham –Director
Dr. Patrick Frankham was appointed as director of our company on July 24, 2014 and as Chief Executive Officer on September 11, 2017. Dr. Frankham has over 23 years of experience in the biopharmaceutical and services industries. Prior to joining Pivot Pharmaceuticals he was Executive Director, Healthcare Innovation, Boehringer-Ingelheim GmbH. He has also founded several multinational healthcare startup enterprises including healthcare information technology, services and pharmaceuticals companies. His professional experience includes public and private companies as well as multinational corporations. He has developed pharmaceutical products in several therapeutic areas and interacted with global regulatory authorities. Notable prior organizations where he held increasing leadership roles include, Phoenix International Life Sciences (MDS Pharma Services), Endoceutics Inc., AeternaZentaris, BioAxone Biosciences, & ICON Clinical Research. Dr Frankham obtained his PhD in molecular endocrinology (Université Laval, Canada), and holds an MBA in Finance (University of Liverpool, UK). We appointed Dr. Frankham to our board due to his background in the biopharmaceutical industry.

Moira Ong – Chief Financial Officer
Moira Ong was appointed as our Chief Financial Officer on December 26, 2010 and is experienced in public company audit, accounting and reporting. From 2010 through 2012, Ms. Ong was the vice president of finance of Merus Labs International Inc., a specialty pharmaceutical company engaged in the acquisition and licensing of pharmaceutical products. From 2005 until 2010, Ms. Ong was senior manager at a global accounting firm in charge of completion of financial statements for Canadian publicly listed companies. From 2003 to 2005 she served as financial consultant for a private financial planning company. Ms. Ong was a manager in the banking and securities group at a global accounting firm in New York from 2000 to 2003. Ms. Ong obtained her Chartered Professional Accountant designation in 1999 and her Chartered Financial Analyst designation in 2003.

Dr. Wolfgang Renz - Director
Dr. Wolfgang Renz was appointed as a director of our company on February 5, 2015. Dr. Wolfgang Renz is president of international business at Physicians Interactive. Formerly, he served as corporate vice president of business model & healthcare innovation at Boehringer Ingelheim, one of the world's largest pharmaceutical companies. For over a decade, he has been involved in developing medicines and technology to help people lead healthier, more productive lives. At Boehringer Ingelheim, he led a team of specialists to find, test, and develop the disruptive technologies that will shape the way health care will be delivered in the future. In addition, he also serves as adjunct professor of surgery at McGill University's Faculty of Medicine in Montreal, Canada. Dr. Renz holds a medical degree and a Ph.D. from Freiburg University and is board certified in Germany in emergency medicine.

Family Relationships

There are no other family relationships between any of our directors, executive officers and proposed directors or executive officers.

Conflicts of Interest

Dr. Renz is president of international business at Physicians Interactive and also serves as adjunct professor of surgery at McGill University's Faculty of Medicine in Montreal, Canada.

While we do not anticipate that these activities will compete with our business, Dr. Renz may have pre-existing fiduciary duties with one or more organizations and may not agree to present business opportunities or research data to us unless other entities have first declined to accept them or consented to their release. Accordingly, he may have a conflict of interest in determining to which entity a particular business opportunity should be presented.

Our directors are not obligated to commit their time and attention exclusively to our business and, accordingly, they may encounter a conflict of interest in allocating their time between our operations and those of other businesses. Our directors devote their time on an as needed basis. All of our directors, in the course of their other business activities, may become aware of investment and business opportunities which may be appropriate for presentation to us as well as other entities to which they owe a fiduciary duty. As a result, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. They may also in the future become affiliated with entities engaged in business activities similar to those we intend to conduct.

In general, officers and directors of a corporation are required to present business opportunities to a corporation if:

- the corporation could financially undertake the opportunity;
- the opportunity is within the corporation's line of business; and
- it would be unfair to the corporation and its stockholders not to bring the opportunity to the attention of the corporation.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers has, during the past ten years:

1. been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
2. had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
3. been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
4. been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
5. been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
6. been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Our common stock is not registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, our officers, directors, and principal stockholders are not subject to the beneficial ownership reporting requirements of Section 16(a) of the Exchange Act.

Code of Ethics

Effective April 20, 2011, our company's board of directors adopted a code of business conduct and ethics that applies to, among other persons, members of our board of directors, our company's officers including our president, chief executive officer and chief financial officer, employees, consultants and advisors. As adopted, our code of business conduct and ethics sets forth written standards that are designed to deter wrongdoing and to promote:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;
3. compliance with applicable governmental laws, rules and regulations;
4. the prompt internal reporting of violations of the code of business conduct and ethics to an appropriate person or persons identified in the code of business conduct and ethics; and

5. accountability for adherence to the code of business conduct and ethics.

Our code of business conduct and ethics requires, among other things, that all of our company's senior officers commit to timely, accurate and consistent disclosure of information; that they maintain confidential information; and that they act with honesty and integrity.

In addition, our code of business conduct and ethics emphasizes that all employees, and particularly senior officers, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal and state securities laws. Any senior officer who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to our company. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's code of business conduct and ethics by another.

Our code of business conduct and ethics was included as an exhibit to our annual report on Form 10-K filed with the SEC on May 11, 2011. We will provide a copy of the code of business conduct and ethics to any person without charge, upon request. Requests can be sent to: Pivot Pharmaceuticals Inc., 1275 West 6th Avenue, #300, Vancouver, British Columbia V6H 1A6.

Committees of the Board

All proceedings of our board of directors were conducted by resolutions consented to in writing by all the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the corporate laws of the province of British Columbia and the bylaws of our company, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

Our company currently does not have nominating, compensation committees or committees performing similar functions nor does our company have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes that the functions of such committees can be adequately performed by our directors.

Our company does not have any defined policy or procedure requirements for shareholders to submit recommendations or nominations for directors. The directors believe that, given the early stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. Our company does not currently have any specific or minimum criteria for the election of nominees to the board of directors and we do not have any specific process or procedure for evaluating such nominees. Our directors assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

A shareholder who wishes to communicate with our board of directors may do so by directing a written request addressed to our president, at the address appearing on the first page of this annual report.

Audit Committee and Audit Committee Financial Expert

Our board of directors has determined that none of our the members of our audit committee qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K. Dr. Wolfgang Renz is "independent" as the term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

Our company has a formal audit committee which was formed in May 2010, but currently does not have a financial expert. Our audit committee consists of Dr. Patrick Frankham, Dr. Wolfgang Renz and Dr. Joseph Borovsky. Financial information relating to quarterly reports was disseminated to all board members for review. The audited financial statements for the years ended January 31, 2019 and 2018 were provided to each member of the board in which any concerns by the members were directed to management and the auditors.

We believe that the members of our board of audit committee and our entire board of directors are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. We believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any material revenues to date. In addition, we currently do not have nominating, compensation or audit committees or committees performing similar functions nor do we have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes the functions of such committees can be adequately performed by our board of directors.

Our company has an audit committee charter which was adopted and approved by our board of directors on May 25, 2010.

Item 11. Executive Compensation

The particulars of the compensation paid to the following persons:

(a) our principal executive officer;
(b) each of our two most highly compensated executive officers who were serving as executive officers at the end of the years ended January 31, 2019 and 2018; and
(c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the years ended January 31, 2019 and 2018,

who we will collectively refer to as the named executive officers of our company, are set out in the following summary compensation table, except that no disclosure is provided for any named executive officer, other than our principal executive officers, whose total compensation did not exceed $100,000 for the respective fiscal year:

SUMMARY COMPENSATION TABLE									
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)**	**Option Awards ($)**	**Non-Equity Incentive Plan Compensa-tion ($)**	**Nonqualified Deferred Compensa-tion Earnings ($)**	**All Other Compens-ation ($)**	**Total ($)**
Dr. Joseph Borovsky [1] *Chairman, Director and Executive Vice-President of Technology*	2019 2018	134,907 N/A	Nil N/A	17,601 N/A	Nil 31,314	Nil N/A	Nil N/A	Nil N/A	152,508 31,314
Dr. Patrick Frankham [2] *President, Chief Executive Officer and Director*	2019 2018	191,667 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	191,667 Nil
Moira Ong [3] *Chief Financial Officer*	2019 2018	100,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	100,000 Nil
Patrick Rolfes [4] *Former President of Pivot Naturals, LLC*	2019 2018	408,427 N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	408,427 N/A
Dr. Ahmad Doroudian [5] *Former Chairman, Secretary, Chief Business Officer and Director*	2019 2018	200,000 Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	200,000 Nil
Dr. Pravin Chaturvedi [6] *Former President, Chief Executive Officer and Director*	2019 2018	N/A 151,152	N/A Nil	N/A Nil	N/A Nil	N/A Nil	N/A Nil	N/A Nil	N/A 151,152

(1) Joseph Borovsky was appointed director and chairman on August 27, 2018
(2) Patrick Frankham was appointed as our president, Chief Executive Officer and Director on September 11, 2017.
(3) Moira Ong was appointed as our Chief Financial Officer on December 26, 2010.
(4) Patrick Rolfes was appointed president of Pivot Naturals, LLC, subsidiary of our company, on March 1, 2018. The employment agreement was terminated on April 11, 2019.
(5) Ahmad Doroudian was appointed president, chief executive officer and director of our company on September 17, 2007 and as secretary on March 30, 2011. He resigned as president, chief executive officer and secretary on August 30, 2011 and was re-appointed as president, chief executive officer and secretary on July 24, 2014. Dr. Doroudian subsequently resigned as president and chief executive officer on February 5, 2015 and was appointed as chairman on that date. Upon the resignation of Dr. BJ Bormann, Dr. Doroudian was appointed interim chief executive officer until the appointment of Dr. Chaturvedi on November 20, 2015. On February 1, 2016, Dr. Doroudian was appointed chief business officer. Dr. Doroudian resigned as director, chairman and chief business officer on August 27, 2018.
(6) Dr. Chaturvedi was appointed as our president, Chief Executive Officer and Director on November 20, 2015 and resigned as Chief Executive Officer and Director on September 11, 2017.

Other than as set out below, there are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive share options at the discretion of our board of directors in the future. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that share options may be granted at the discretion of our board of directors.

Stock Option Plan

Our company has stock option plan which was adopted and approved by our shareholders on December 30, 2015.

Stock Options/SAR Grants

During our fiscal years ended January 31, 2019 and 2018, we did not grant any stock options to officers and directors.

Outstanding Equity Awards at Fiscal Year End

The particulars of unexercised options, stock that has not vested and equity incentive plan awards for our named executive officers are set out in the following table:

	Options Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Stock Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Dr. Patrick Frankham *Chief Executive Officer*	2,000,000	2,000,000	N/A	0.14	December 14, 2020	N/A	N/A	N/A	N/A
	2,000,000	2,000,000	N/A	0.13	December 14, 2021	N/A	N/A	N/A	N/A
Moira Ong *Chief Financial Officer*	1,000,000	1,000,000	N/A	0.97	February 22, 2021	N/A	N/A	N/A	N/A
Dr. Joseph Borovsky *Chairman and Executive Vice-President of Technology*	50,000	37,500	N/A	0.50	November 14, 2022	N/A	N/A	N/A	N/A

Option Exercises

During our fiscal year ended January 31, 2019, there were no options exercised by our named officers.

Compensation of Directors

Other than set out below, we do not have any agreements for compensating our directors for their services in their capacity as directors, although such directors are expected in the future to receive stock options to purchase shares of our common stock as awarded by our board of directors.

We have determined that Dr. Wolfgang Renz is an independent director, as that term is used in Item 7(d)(3)(iv)(B) of Schedule 14A under the *Securities Exchange Act of 1934*, as amended, and as defined by Rule 4200(a)(15) of the NASDAQ Marketplace Rules.

Effective November 19, 2015, we entered into director services agreements with our directors, Dr. Wolfgang Renz and Dr. Patrick Frankham. Pursuant to the agreements each director shall provide director services to our company for a period of 24 months in consideration for 10,000,000 options to purchase our common stock to be granted as follows: 2,000,000 options on each of December 15, 2015, December 15, 2016, December 15, 2017, December 15, 2018 and December 15, 2019. Each agreement may be terminated by our company without notice for cause, or by any party with 30 days prior notice. No options were granted on December 15, 2017 and December 15, 2018 as such grants would have exceeded the limitations set out in our Stock Option Plan.

Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the board of directors or a committee thereof.

Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

None of our directors or executive officers or any associate or affiliate of our company during the last two fiscal years, is or has been indebted to our company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of May 2, 2019, certain information with respect to the beneficial ownership of our common shares by each shareholder known by us to be the beneficial owner of more than 5% of our common shares, as well as by each of our current directors and executive officers as a group. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class [1]
Dr. Patrick Frankham [4] 388 De La Vauvette Rosemere, QC, J7A 4J7	4,000,000 [5] Common Shares	2.95%
Dr. Wolfgang Renz [8] Am Hochgericht 31 Rheinfelden, Germany 79618	4,200,000 [9] Common Shares	3.10%
Moira Ong [6] 2392 Lawson Avenue West Vancouver, BC V7V 2E6	3,292,384 [7] Common Shares	2.43%
Patrick Rolfes [10] 1161 N. Anaheim Blvd. Anaheim, CA 92801	948,149 [11] Common Shares	0.70%
Joseph Borovsky [12] 4843 Gate Post Lane Wilmington, NC 28412	621,959 [13] Common Shares	0.46%
Directors and Officers as a Group[1]	***13,062,492 Common Shares***	***9.64%***

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class [1]
Dr. Ahmad Doroudian [2] 4172 Doncaster Way Vancouver BC V6S 1V9	11,161,929[3] Common Shares	8.24%
Over 5% Shareholders as a Group	***11,161,929 Common Shares***	8.24*%*

(1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on May 2, 2019. As of May 2, 2019, there were 106,244,230 shares options and warrants of our company's common stock issued and outstanding.

(2) Dr. Ahmad Doroudian was appointed president, chief executive officer and director of our company on September 17, 2007 and as secretary on March 30, 2011. He resigned as president, chief executive officer and secretary on August 30, 2011 and was re-appointed as president, chief executive officer and secretary on July 24, 2014. Dr. Doroudian subsequently resigned as president and chief executive officer on February 5, 2015 and was appointed as chairman on that date. Upon the resignation of Dr. BJ Bormann, Dr. Doroudian was appointed interim chief executive officer until the appointment of Dr. Chaturvedi on November 20, 2015. On February 1, 2016, Dr. Doroudian was appointed chief business officer. Dr. Doroudian resigned as director, chairman and chief business officer on August 27, 2018.

(3) Includes 6,121,979 shares owned by Dr. Doroudian, 3,039,950 shares owned by Sassel Investments Inc., a company over which Dr. Ahmad Doroudian has voting and investment power and 2,000,000 options to purchase shares at US$0.70 for a period of five years from February 23, 2016.

(4) Dr. Patrick Frankham was appointed as Director of our company on July 24, 2014 and as our Chief Executive Officer on September 11, 2017.

(5) Includes 2,000,000 options to purchase shares at US$0.10 for a period of five years from December 15, 2015 and 2,000,000 options to purchase shares at US$0.10 for a period of five years from December 15, 2016.

(6) Ms. Ong was appointed as our Chief Financial Officer on December 26, 2010.

(7) Includes 2,292,384 shares owned by Ms. Ong and 1,000,000 options to purchase shares at US$0.70 for a period of five years from February 23, 2016.

(8) Dr. Renz was appointed as a Director of our company on February 5, 2015.

(9) Includes 200,000 shares owned by Dr. Renz and 2,000,000 options to purchase shares at US$0.10 for a period of five years from December 15, 2015 and 2,000,000 options to purchase shares at US$0.10 for a period of five years from December 15, 2016.

(10) Patrick Rolfes was appointed as President of our fully owned subsidiary, Pivot Naturals, LLC (formerly ERS Holdings, LLC) on March 1, 2018. Mr. Rolfes' employment with Pivot Naturals, LLC was terminated on April 11, 2019.

(11) Includes 948,149 shares owned by Mr. Rolfes.

(12) Joseph Borovsky was appointed as Executive Vice President, Technology on March 1, 2018 and as director and chairman on August 27, 2018.

(13) Includes 571,959 shares owned by Mr. Borovsky and 50,000 options to purchase shares at US$0.39 for a period of five years from November 15, 2017.

Changes in Control

We are unaware of any contract or other arrangement or provisions of our Articles or Bylaws the operation of which may at a subsequent date result in a change of control of our company. There are not any provisions in our Articles or Bylaws, the operation of which would delay, defer, or prevent a change in control of our company.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth, as of May 2, 2019, securities authorized for issuance under our equity compensation plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (Column A)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (Column B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A) (Column C)
Equity compensation plans approved by security holders	13,691,833	$0.48	N/A
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	13,691,833	$0.48	N/A

Item 13. Certain Relationships and Related Transactions, and Director Independence

Except as disclosed herein, no director, executive officer, shareholder holding at least 5% of shares of our common stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction since the year ended January 31, 2019, in which the amount involved in the transaction exceeded or exceeds the lesser of $120,000 or one percent of the average of our total assets at the year-end for the last three completed fiscal years.

Director Independence

We currently act with three directors, consisting of Dr. Joseph Borovsky, Dr. Patrick Frankham and Dr. Wolfgang Renz. Dr. Wolfgang Renz is an independent director.

Our audit committee consists of Dr. Joseph Borovsky, Dr. Patrick Frankham and Dr. Wolfgang Renz.

We do not have a standing compensation or nominating committee, but our entire board of directors acts in such capacities.

Item 14. Principal Accounting Fees and Services

The aggregate fees billed for the most recently completed fiscal year ended January 31, 2019 and for the fiscal year ended January 31, 2018 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended	
	January 31, 2019 $	**January 31, 2018 $**
Audit Fees	33,237	32,298
Audit Related Fees	11,222	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil
Total	44,459	32,298

Our board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the board of directors either before or after the respective services were rendered.

Our board of directors has considered the nature and amount of fees billed by our independent auditors and believes that the provision of services for activities unrelated to the audit is compatible with maintaining our independent auditors' independence.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements
  (1) Financial statements for our company are listed in the index under Item 8 of this document
  (2) All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

(b) Exhibits

Exhibit Number	Description
(3)	**Articles of Incorporation and Bylaws**
3.1	Articles of Incorporation 649186 B.C. Ltd. (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.2	"Company Act" Memorandum of 649186 B.C. Ltd. Certificate of Amendment (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.3	Certificate of Filing of 649186 B.C. Ltd. (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.4	Certificate of Incorporation of 649186 B.C. Ltd. (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.5	Certificate of Name Change of 649186 B.C. Ltd. to Xerxes Health Corp. (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.6	Transition Application of Xerxes Health Corp. (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.7	Certificate of Name Change of Xerxes Health Corp. to Neurokine Pharmaceuticals Inc. (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.8	Notice of Alteration to Authorized Share Structure (incorporated by reference from our Registration Statement on Form S-1 filed on August 7, 2009)
3.9	Notice of Alteration to Authorized Share Structure (incorporated by reference to our Current Report on Form 8-K filed on June 4, 2014)
3.10	Notice of Alteration removing Pre-Existing Company Provisions (incorporated by reference to our Current Report on Form 8-K filed on October 9, 2014)
3.11	Articles (incorporated by reference to our Current Report on Form 8-K filed on October 9, 2014)
3.12	Notice of Alteration changing name to Pivot Pharmaceuticals Inc. (incorporated by reference to our Current Report on Form 8-K filed on April 17, 2015)
3.13	Certificate of Name Change of Neurokine Pharmaceuticals Inc. to Pivot Pharmaceuticals Inc. (incorporated by reference to our Annual Report on Form 10-K filed on May 15, 2015)
(10)	**Material Contracts**
10.1	Non-Exclusive License Agreement with Globe Laboratories Inc. dated June 17, 2008 (incorporated by reference to our Registration Statement on Form S-1/A filed on December 3, 2009)
10.2	Clinical Trial Services Agreement with Virtus Clinical Development (Pty) Limited dated March 1, 2009 (incorporated by reference to our Registration Statement on Form S-1/A filed on March 4, 2010)
10.3	Master Service Agreement with Northern Lipids Inc. dated October 2, 2007 (incorporated by reference to our Registration Statement on Form S-1/A filed on December 3, 2009)
10.4	Assignment of Invention (NK-001) dated January 30, 2008 (incorporated by reference to our Registration Statement on Form S-1/A filed on December 3, 2009)
10.5	Assignment of Invention (NK-002) dated April 18, 2008 (incorporated by reference to our Registration Statement on Form S-1/A filed on December 3, 2009)
10.6	Subscription Agreement with Ahmad Doroudian (incorporated by reference to our Form 8-K filed on August 12, 2010)

Exhibit Number	Description
10.7	Debt Settlement Subscription Agreement dated September 26, 2013 with Ahmad Doroudian (incorporated by reference to our Quarterly Report on Form 10-Q filed on December 16, 2013)
10.8	Director Services Agreement dated February 25, 2015 with Barbara-Jean Bormann-Kennedy (incorporated by reference to our Current Report on Form 8-K filed on March 26, 2015)
10.9	Director Services Agreement dated February 25, 2015 with Dr. Patrick Frankham (incorporated by reference to our Current Report on Form 8-K filed on March 26, 2015)
10.10	Director Services Agreement dated February 26, 2015 with Dr. Wolfgang Renz (incorporated by reference to our Current Report on Form 8-K filed on March 26, 2015)
10.11	Consulting Services Agreement dated February 25, 2015 with Dr. Giora Davidai (incorporated by reference to our Current Report on Form 8-K filed on March 26, 2015)
10.12	Director Services Agreement dated November 19, 2015 with Dr. Patrick Frankham (incorporated by reference to our Quarterly Report on Form 10-Q filed on December 15, 2015)
10.13	Director Services Agreement dated November 19, 2015 with Dr. Wolfgang Renz (incorporated by reference to our Quarterly Report on Form 10-Q filed on December 15, 2015)
10.14	Consulting Services Agreement dated November 19, 2015 with Dr. Giora Davidai (incorporated by reference to our Quarterly Report on Form 10-Q filed on December 15, 2015)
10.15	Plan of Merger and Acquisition Agreement between our company and IndUS Pharmaceuticals, Inc., dated November 4, 2015 (incorporated by reference to our Current Report on Form 8-K filed on November 23, 2015 and our Current Report on Form 8-K/A filed on February 3, 2016)
10.16	Employment Agreement dated November 20, 2015 with Dr. Pravin Chaturvedi (incorporated by reference to our Quarterly Report on Form 10-Q filed on December 15, 2015)
10.17	Employment Agreement dated February 1, 2016 with Dr. Ahmad Doroudian (filed on April 29, 2016 with our Annual Report on Form 10-K)
10.18	Employment Agreement dated February 1, 2016 with Moira Ong (filed on April 29, 2016 with our Annual Report on Form 10-K)
10.19	Consulting Services Agreement dated February 1, 2016 with Soho Capital Inc. (filed on April 29, 2016 with our Annual Report on Form 10-K)
10.20	Convertible debentures agreement dated September 29, 2016 with Avro Capital Partners Inc. (incorporated by reference to our Quarterly Report on Form 10-Q filed on September 14, 2017)
10.21	Exchange Agreement between our company, IndUS Pharmaceuticals, Inc. and Pravin Chaturvedi, dated September 11, 2017 (incorporated by reference to our Current Report on Form 8-K filed on September 12, 2017)
10.22	Licensing Agreement between our company and Altum Pharmaceuticals Inc. dated September 12, 2017 (incorporated by reference to our Current Report on Form 8-K filed on September 12, 2017)
10.23	Debt Forgiveness Agreement dated July 31, 2017 between our company and Dr. Ahmad Doroudian (filed on September 15, 2017 with our Quarterly Report on Form 10-Q)
10.24	Debt Forgiveness Agreement dated July 31, 2017 between our company and Moira Ong (filed on September 15, 2017 with our Quarterly Report on Form 10-Q)
10.25	Debt Forgiveness Agreement dated July 31, 2017 between our company and Soho Capital Inc. (filed on September 15, 2017 with our Quarterly Report on Form 10-Q)
10.26	Debt Settlement Agreement dated September 18, 2017 between our company and Avro Capital Partners, Inc. (filed on December 15, 2017 with our Quarterly Report on Form 10-Q)
10.27	Collaboration and License Agreement dated September 23, 2017 between our company and SolMic GmbH (filed on December 15, 2017 with our Quarterly Report on Form 10-Q)
10.28	Letter of Intent dated November 7, 2017 between our company and Thrudermic LLC (filed on December 15, 2017 with our Quarterly Report on Form 10-Q)
10.29	Share Exchange Agreement between our company, ERS Holdings, LLC and the members of ERS Holdings, LLC dated February 10, 2018 (incorporated by reference to our Current Report on Form 8-K filed on March 12, 2018)

Exhibit Number	Description
10.30	Royalty Agreement between our company and AquaBrew Inc. dated March 1, 2018 (incorporated by reference to our Current Report on Form 8-K filed on March 12, 2018)
10.31	Employment Agreement between our company and Patrick Rolfes dated March 1, 2018 (incorporated by reference to our Current Report on Form 8-K filed on March 12, 2018)
10.32	Share Exchange Agreement between our company, Thrudermic, LLC, Dr. Joseph Borovsky and Dr. Leonid Lurya dated March 2, 3018 (incorporated by reference to our Current Report on Form 8-K filed on March 12, 2018)
10.33	Employment Agreement between our company and Joseph Borovsky dated March 1, 2018 (incorporated by reference to our Current Report on Form 8-K filed on March 12, 2018)
10.34	10% Senior Secured Convertible Debentures (CDN$2,500,000) due March 2, 2019 (CD-1) (incorporated by reference to our Current Report on Form 8-K filed on March 12, 2018)
10.35	10% Senior Secured Convertible Debentures (CDN$2,500,000) due March 2, 2019 (CD-2) (incorporated by reference to our Current Report on Form 8-K filed on March 12, 2018)
10.36	10% Senior Secured Convertible Debentures (CDN$1,750,000) due March 2, 2019 (CD-3) (incorporated by reference to our Current report on Form 8-K filed on November 6, 2018)
10.37	10% Senior Secured Convertible Debentures (CDN$1,750,000) due March 2, 2019 (CD-4) (incorporated by reference to our Current report on Form 8-K filed on November 6, 2018)
10.38*	10% Senior Secured Convertible Debentures (CDN$1,375,000) due June 1, 2019 (CD-3)
10.39*	10% Senior Secured Convertible Debentures (CDN$1,375,000) due June 1, 2019 (CD-4)
(31)	**Rule 13a-14(d)/15d-14(d) Certifications**
31.1*	Section 302 Certification under the Sarbanes-Oxley Act of 2002 of Principal Executive Officer
31.2*	Section 302 Certification under the Sarbanes-Oxley Act of 2002 of Principal Financial Officer
(32)	**Section 1350 Certifications**
32.1*	Section 906 Certification under the Sarbanes-Oxley Act of 2002 of Principal Executive Officer
32.2*	Section 906 Certification under the Sarbanes-Oxley Act of 2002 of Principal Financial Officer
99	**Additional Exhibits**
99.1	Audit Committee Charter (filed on June 17, 2015 with our Annual Report on Form 10K/A)
99.2	Stock Option Plan (filed on November 25, 2015 with our Definitive Proxy Statement on Schedule 14A)
101*	**Interactive Data Files**
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* *Filed herewith.*

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIVOT PHARMACEUTICALS INC.
(Registrant)

Dated: May 2, 2019

/s/ Patrick Frankham
Dr. Patrick Frankham
Chief Executive Officer and Director
(Principal Executive Officer)

Dated: May 2, 2019

/s/ Moira Ong
Moira Ong
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: May 2, 2019

/s/ Patrick Frankham
Dr. Patrick Frankham
Chief Executive Officer and Director
(Principal Executive Officer)

Dated: May 2, 2019

/s/ Joseph Borovsky
Dr. Joseph Borovsky
Chairman and Director

Dated: May 2, 2019

/s/ Wolfgang Renz
Dr. Wolfgang Renz
Director

BETTERLIFE PHARMA INC.

Condensed Consolidated Interim Financial Statements
Three months ended April 30, 2020 and 2019
(Expressed in Canadian dollars)
(Unaudited)

BETTERLIFE PHARMA INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	April 30, 2020 $	January 31, 2020 $
Assets	(Restated – Note 24)	
Current assets		
Cash	1,137,958	2,681,704
Cash – restricted (Note 5)	600,000	600,000
Amounts receivable	138,068	137,367
Inventory (Note 6)	84,659	–
Prepaids and other current assets	92,961	61,467
Total current assets	2,053,646	3,480,538
Deposits	177,300	177,300
Property and equipment, net (Note 7)	539,123	540,245
Intangible assets, net (Note 8)	845,722	801,058
Right-of-use assets (Note 9)	3,172,330	3,251,638
Total assets	6,788,121	8,250,779
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	647,955	890,138
Due to related parties (Note 17)	3,538	1,788
Lease liability (Note 9)	6,150	68,138
Total current liabilities	657,643	960,064
Lease liability (Note 9)	3,275,085	4,634,154
Total liabilities	3,932,728	5,594,218
Shareholders' Equity		
Common shares (Note 11)	37,521,602	37,519,448
Reserves (Notes 12 and 13)	19,834,688	19,625,602
Accumulated other comprehensive income	94,323	172,027
Accumulated deficit	(54,595,220)	(54,660,516)
Total shareholders' equity	2,855,393	2,656,561
Total liabilities and shareholders' equity	6,788,121	8,250,779

Nature of operations and going concern (Note 1), commitments and contingencies (Note 17) and events after the reporting date (Note 22)

Approved on behalf of the Board of Directors

"Ahmad Doroudian" Director

"Ralph Anthony Pullen" Director

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

BETTERLIFE PHARMA INC.

Condensed Consolidated Interim Statements of Comprehensive Loss (unaudited)
(Expressed in Canadian dollars)

	Three Months Ended	
	April 30, 2020 $	April 30, 2019 $
	(Restated – Note 24)	(Note 23)
Revenue	–	–
Expenses		
Amortization and depreciation of equipment and intangible assets (Notes 7 and 8)	46,145	241,099
Amortization of right-of-use assets (Note 9)	18,827	103,498
Consulting fees	141,881	222,480
Foreign exchange gain	(46,585)	(16,825)
General and administrative	100,049	114,372
Lease liability expense (Note 9)	167,358	61,391
Licensing fees	–	39,963
Professional fees	384,477	347,002
Research and development	31,771	59,417
Wages, salaries and employment expenses	452,610	505,056
Write-off of equipment (Note 7)	–	3,901
Total expenses	1,296,533	1,681,354
Loss from operations	(1,296,533)	(1,681,354)
Other income (expenses)		
Accretion expense on convertible debentures	–	(203,375)
Gain on abandonment of assets (Note 4)	1,481,829	–
Interest expense	–	(87,457)
Other income	–	26,642
Settlement of legal claim (Notes 17(a) and 22(j))	(120,000)	–
Total other income (expenses)	1,361,829	(264,190)
Net income (loss)	65,296	(1,945,544)
Other comprehensive income (loss)		
Foreign currency translation adjustment of foreign operations	(77,704)	120,705
Net comprehensive loss	(12,409)	(1,824,839)
Net income (loss) per share, basic and diluted	0.00	(0.19)
Weighted average shares outstanding, basic and diluted (Note 22(g))	17,209,092	9,953,568

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

BETTERLIFE PHARMA INC.

Condensed Consolidated Interim Statements of Shareholders' Equity (unaudited)
(Expressed in Canadian dollars)

	Common Shares		Common Shares		Accumulated Other Comprehensive Income - Foreign Currency		
	Shares # (Note 22(g))	Amount $	Issuable $	Reserves $	Translation $	Deficit $	Total $
Balance – January 31, 2019	9,689,966	21,395,999	10,000	17,038,202	123,065	(35,071,754)	3,495,512
Common shares issued for services (Notes 11(b) and 11(d))	19,623	45,129	(10,000)	–	–	–	35,129
Common shares issued for settlement of accounts payable and accrued liabilities (Note 11(c))	169,032	338,065	–	–	–	–	338,065
Common shares and warrants issued for cash (Note 11(e))	665,000	1,330,000	–	–	–	–	1,330,000
Common shares and warrants issued as share issue costs (Notes 11(e))	50,800	(99,804)	–	19,804	–	–	(80,000)
Share-based payments (Note 13)	–	–	–	5,896	–	–	5,896
Foreign currency translation adjustment of foreign operations	–	–	–	–	120,705	–	120,705
Net loss	–	–	–	–	–	(1,945,544)	(1,945,544)
Balance – April 30, 2019	10,594,422	23,009,389	–	17,063,902	243,770	(37,017,298)	3,299,763
Balance – January 31, 2020	17,208,112	37,519,448	–	19,625,602	172,027	(54,660,516)	2,656,561
Common shares issued for services (Note 11(a))	2,872	2,154	–	–	–	–	2,154
Share-based payments (Note 13)	–	–	–	209,086	–	–	209,086
Foreign currency translation adjustment of foreign operations	–	–	–	–	(77,704)	–	(77,704)
Net income	–	–	–	–	–	65,296	65,296
Balance – April 30, 2020 (Restated – Note 24)	17,210,984	37,521,602	–	19,834,688	94,323	(54,595,220)	2,855,393

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

BETTERLIFE PHARMA INC.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian dollars)

	Three Months Ended	
	April 30, 2020 $	April 30, 2019 $
Operating activities		
Net income (loss)	65,296	(1,945,544)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Amortization and depreciation of equipment and intangible assets	46,145	241,099
Amortization of right-of-use assets	79,308	103,498
Common shares issued for services	2,154	15,129
Foreign exchange (gain) loss	(24,131)	33,479
Gain on extinguishment of lease liability (Note 9)	(1,481,829)	–
Interest accretion	–	203,375
Loss on impairment of equipment (Note 7)	–	3,901
Share-based compensation	209,086	5,896
Changes in working capital accounts:		
Amounts receivable	(700)	(7,714)
Prepaids and other current assets	(31,125)	24,095
Inventory	(83,837)	–
Accounts payable and accrued liabilities	(56,001)	1,239,108
Due to related parties	1,749	(176,029)
Deferred revenue	–	(159,852)
Net cash used in operating activities	(1,273,885)	(419,559)
Investing activities		
Purchase of intangible assets	(86,492)	–
Net cash used in investing activities	(86,492)	–
Financing activities		
Lease payments	(186,710)	(133,995)
Repayment of convertible debenture, net	–	(750,000)
Payment for debt modification	–	(250,000)
Proceeds from issuance of common shares and warrants, net	–	1,250,000
Proceeds from promissory note	–	276,000
Net cash (used in) provided by financing activities	(186,710)	392,005
Effects of exchange rate changes on cash	3,341	(1,831)
Net change in cash	(1,543,746)	(29,385)
Cash – beginning of period	3,281,704	74,800
Cash – end of period	1,737,958	45,414

Supplemental cash flow disclosures (Note 14)

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

1. Nature of Operations and Going Concern

BetterLife Pharma Inc. (the "Company") was incorporated in British Columbia under the Business Corporations Act on June 10, 2002. The Company is a biopharmaceutical company engaged in the development and commercialization of patented, differentiated and premium quality nutraceuticals and pharmaceuticals.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, no adjustments to the carrying value of the assets and liabilities have been made in these condensed consolidated interim financial statements should the Company no longer be able to continue as a going concern. Any such adjustments could be material. As at April 30, 2020, the Company has not earned any revenue and has an accumulated deficit of $54,595,220. The continued operations of the Company are dependent on its ability to generate future cash flows through additional financing or commercialization, which have been impacted as a result of the global outbreak of coronavirus ("COVID-19") (Note 2(d)). Management intends to continue to pursue additional financing through issuances of equity. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. In addition, the Company continues procurement of its products set to launch in the US and anticipates its US launch to continue once the current pandemic situation improves. These events or conditions indicate that a material uncertainty exists that casts substantial doubts on the Company's ability to continue as a going concern.

The head office and principal address of the Company is located at 1275 West 6th Avenue, #300, Vancouver, BC, Canada, V6H 1A6.

2. Significant Accounting Policies

(a) Basis of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies which are consistent with IFRS as issued by the IASB. They do not include all of the information required for full annual consolidated financial statements in compliance with IAS 1, Presentation of Financial Statements.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual audited consolidated financial statements for the year ended January 31, 2020 and should be read in conjunction with those audited consolidated financial statements. These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on August *, 2020.

(b) Basis of Measurement and Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for cash that has been measured at fair value, and are presented in Canadian dollars.

2. Significant Accounting Policies (continued)

(c) Basis of Consolidation

The condensed consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consolidating entities include:

	% of ownership	Jurisdiction
BetterLife Pharma Inc.	Parent	Canada
Pivot Pharmaceuticals Manufacturing Corp.	100%	Canada
Pivot Green Stream Health Solutions Inc. (dissolved January 2020)	100%	Canada
BetterLife Pharma US Inc.	100%	U.S.A.
Pivot Naturals, LLC (divested February 2020)	100%	U.S.A.
Thrudermic, LLC	100%	U.S.A.
Pivot Europe Pharmaceuticals AG	100%	Lichtenstein

(d) Use of Estimates and Judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. 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.

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

2. Significant Accounting Policies (continued)

Impairment of long-lived assets

Property and equipment and definite lived intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Indefinite lived intangible assets, including goodwill, are tested for impairment annually. For the purposes of measuring recoverable values, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest levels for which there are separately identifiable cash flows. The determination of individual CGUs is based on management's judgement regarding shared infrastructure, geographical proximity and similar exposure to market risk. The recoverable value is the greater of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Business combinations

Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. As outlined in IFRS 3 Business Combinations, the components of a business must include inputs, processes and outputs.

Determination of share-based payments

The estimation of share-based payments (including warrants and stock options) requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of share prices of similar companies over the period of the expected life of the applicable warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Leases

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

2. Significant Accounting Policies (continued)

Going concern

The global outbreak of coronavirus ("COVID-19") has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. federal, provincial/state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition. Refer to Note 1 for additional factors impacting going concern assessment done by management.

(e) Foreign Currency

The Company's presentation currency is the Canadian dollar. The functional currency of the parent entity, BetterLife Pharma Inc., and its wholly-owned subsidiary, Pivot Pharmaceuticals Manufacturing Corp., is the Canadian dollar. The functional currency of the wholly-owned U.S. subsidiaries, BetterLife Pharma US Inc., Pivot Naturals, LLC and Thrudermic, LLC, is the U.S. dollar. The functional currency of the wholly-owned European subsidiary, Pivot Europe Pharmaceuticals AG, is Swiss Francs.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the financial position date. The resulting exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities denominated in other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of transaction.

Foreign operations

For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the period. All resulting exchange differences are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as foreign currency translation adjustment.

2. Significant Accounting Policies (continued)

(f) Financial Instruments

Financial instruments - classification and measurement

Financial Assets
The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

• Amortized cost
Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's cash and amounts receivable are classified in this category.

• Fair value through other comprehensive income ("FVTOCI")
Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

• Fair value through profit or loss ("FVTPL")
Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI.

Financial Liabilities
All financial liabilities are initially recognized at fair value plus or minus transactions costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL. The Company's accounts payable and accrued liabilities and due to related parties are measured at amortized cost.

Financial instruments - impairment of financial assets
The Company recognizes 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 has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the condensed consolidated interim statements of 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.

2. Significant Accounting Policies (continued)

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

a. Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
b. Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
c. Level 3 – inputs for the asset or liability are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At April 30, 2020 and January 31, 2020, cash was measured and recognized in the condensed consolidated interim statement of financial position using Level 1 inputs in the fair value hierarchy. At April 30, 2020 and January 31, 2020, there were no financial assets or liabilities measured and recognized in the condensed consolidated interim statement of financial position at fair value that would have been categorized as Level 3 in the fair value hierarchy above.

(g) Comprehensive Income (Loss)

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are measured at FVOCI will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the consolidated statement of financial position. Certain gains and losses on the translation of amounts between the functional and presentation currency of the Company are included in other comprehensive income or loss.

(h) Income (Loss) Per Share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. In June 2020, the Company effected a consolidation of its issued and outstanding common shares on a ten (10) old for one (1) new common share. As a result, the number of shares and the calculation of basic and diluted earnings per share for all periods presented were adjusted retrospectively.

3. New Accounting Pronouncements

The following new accounting standards and interpretations have been adopted by the Company as of February 1, 2020.

(a) IAS 1 – Presentation of Financial Statements (“IAS 1”)

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

3. New Accounting Pronouncements (continued)

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of February 1, 2020, the Company adopted IAS 1. The adoption of IAS 1 had no significant impact on the Company's condensed consolidated interim financial statements.

(b) IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IAS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of February 1, 2020, the Company adopted IAS 8. The adoption of IAS 8 had no significant impact on the Company's condensed consolidated interim financial statements.

4. Settlement and Asset Abandonment

On February 13, 2020, the Company signed a Settlement Agreement and Release Agreement ("Settlement Agreement") with two of its former employees in Pivot Naturals, LLC ("Pivot Naturals") to settle the following legal matters:

- A demand for arbitration filed by these former employees before the American Arbitration Association alleging claims for breach of the written employment contracts, fraud, illegal retaliation in violation of California's whistleblower statute and tortious discharge in violation of public policy seeking, among other things, recovery of damages for breach of employment contracts, including recovery of severance amounts, damages for breach of alleged option rights, waiting time penalties, as well as other general and punitive damages on the tort claims; and
- A suit filed in British Columbia by the Company against the former employees for declaratory relief and related matters concerning control and use of the Company's assets.

Consideration for the Settlement Agreement included:

- Assignment of Pivot Naturals to Goodbuzz Inc. as follows: 1) 80% of membership interest on the initial closing date ("Initial Closing Date") (completed February 2020), and 2) 20% on a second closing date which is the earlier of April 30, 2020 and a date upon with certain conditions are met ("Second Closing Date") (completed April 2020).
- $264,660 (US$200,000) payment to be made as follows: 1) $165,413 (US$125,000) upon Initial Closing Date (completed in February 2020), and 2) $99,247 (US$75,000) upon Second Closing Date (completed in April 2020). An accrual for the $264,660 was made as at January 31, 2020.
- Payment of the monthly lease due on the lease at 3595 Cadillac Avenue in California, U.S.A. for the months of February, March and April 2020 (completed in February 2020).

(Expressed in Canadian dollars)

4. Settlement and Asset Abandonment (continued)

Together with the assignment of Pivot Naturals, the Company assigned its ROU asset related to its lease at 3595 Cadillac Avenue, which had been impaired at January 31, 2020, and extinguished accounts payable and accrued liabilities and obligations related to its lease (Note 9). Gain on abandonment of assets recorded in the condensed consolidated interim statement of comprehensive income (loss) for the three months ended April 30, 2020 included:

Three Months Ended	April 30, 2020 $
Cash	(347)
Accounts payable and accrued liabilities	22,391
Lease liability	1,459,785
	1,481,829

The Company evaluated the assignment of Pivot Naturals in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and determined that it did not meet the definition of discontinued operations.

5. Cash - Restricted

Restricted cash includes cash held at the Supreme Court of British Columbia pursuant to the claim from Green Stream Botanicals Corp. ("GSB") (Note 17(a)). In July 2020, this claim was settled for $120,000 (Note 22(j)) and $480,000 was released to the Company.

6. Inventory

	April 30, 2020 $	January 31, 2020 $
Raw materials	84,659	–
	84,659	–

7. Property and Equipment

Cost	Computer Equipment $	Equipment $	Leasehold Improvements $	Security System $	Total $
Balance, January 31, 2019	–	5,307	–	–	5,307
Additions	7,349	65,698	200,084	269,611	542,742
Impairment	–	(5,213)	–	–	(5,213)
Effect of foreign exchange rate changes	–	(94)	–	–	(94)
Balance, January 31, 2020	7,349	65,698	200,084	269,611	542,742
Effect of foreign exchange rate changes	–	3,362	–	–	3,362
Balance, April 30, 2020	7,349	69,060	200,084	269,611	546,104

(Expressed in Canadian dollars)

7. Property and Equipment (continued)

Accumulated Depreciation	Computer Equipment $	Equipment $	Leasehold Improvements $	Security System $	Total $
Balance, January 31, 2019	–	1,145	–	–	1,145
Depreciation	306	2,615	–	–	2,921
Impairment	–	(1,312)	–	–	(1,312)
Effect of foreign exchange rate changes	–	(257)	–	–	(257)
Balance, January 31, 2020	306	2,191	–	–	2,497
Depreciation	919	3,420	–	–	4,339
Effect of foreign exchange rate changes	–	145	–	–	145
Balance, April 30, 2020	1,225	5,756	–	–	6,981
Net book value, April 30, 2020	6,124	63,304	200,084	269,611	539,123
Net book value, January 31, 2020	7,043	63,507	200,084	269,611	540,245

During the three months ended April 30, 2019, the Company impaired equipment and recorded a loss on impairment of $3,901 within the condensed consolidated interim statements of comprehensive income (loss). As at April 30, 2020, the Company has not begun amortizing its leasehold improvements as these assets are not yet available for use.

8. Intangible Assets

Cost	BiPhasix License $	Thrudermic Non-Patented Technology $	Solmic Patents $	RTIC Patents $	Total $
Balance, January 31, 2019	319,174	830,000	–	8,137,277	9,286,451
Impairment	–	–	–	(8,202,900)	(8,202,900)
Effect of foreign exchange rate changes	–	–	–	65,623	65,623
Balance, January 31, 2020	319,174	830,000	–	–	1,149,174
Addition	–	–	86,492	–	86,492
Balance, April 30, 2020	319,174	830,000	86,492	–	1,235,666

(Expressed in Canadian dollars)

8. Intangible Assets (continued)

Accumulated Amortization and Impairment Losses	BiPhasix License	Thrudermic Non-Patented Technology	Solmic Patents	RTIC Patents	Total
	$	$	$	$	$
Balance, January 31, 2019	110,618	74,325	–	751,686	936,629
Amortization	80,173	83,000	–	820,290	983,463
Impairment	–	–	–	(1,577,654)	(1,577,654)
Effect of foreign exchange rate changes	–	–	–	5,678	5,678
Balance, January 31, 2020	190,791	157,325	–	–	348,116
Amortization	19,456	20,238	2,112	–	41,806
Effect of foreign exchange rate changes	–	–	22	–	22
Balance, April 30, 2020	210,247	177,563	2,134	–	389,944
Net book value, April 30, 2020	108,927	652,437	84,358	–	845,722
Net book value, January 31, 2020	128,383	672,675	–	–	801,058

During the Company's fiscal year ended January 31, 2020, the Company performed an assessment to determine if there were any indications of impairment of its intangible assets and concluded that factors indicated impairment within its RTIC Patents. With the assignment of Pivot Naturals (Note 4), the Company exited the cannabis industry in California. As a result of the exit, the Company has reduced its expectations of cash flows from the use of the RTIC Patents. The Company recorded an impairment loss on its RTIC Patents of $6,625,246 during its year ended January 31, 2020.

Weighted average life remaining on intangible assets is 6.7 years.

BiPhasix License

On September 12, 2017, the Company entered into a licensing agreement with Altum Pharmaceuticals Inc. ("Altum"), a party related, at that date, by way of common officers, whereby the Company acquired worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of cannabinoids, cannabidiol and tetrahydrocannabinol products. Consideration included:

1) Issuance of 250,000 common shares on September 12, 2017 valued at $319,174, which was recorded as an intangible asset with a corresponding credit to common shares;
2) Issuance of 250,000 common shares of the Company upon Health Canada Natural Product Number approval (not yet issued as of the date of this report);
3) Royalties on annual gross sales; and
4) For pharmaceutical products, milestone payments payable upon first Investigative New Drug Approval, upon positive outcome of Phase II trial in first indication, and upon New Drug Application approval. As of April 30, 2020, no milestones have been achieved.

(Expressed in Canadian dollars)

8. Intangible Assets (continued)

Solmic Patents

On October 22, 2019, the Company entered into a contract to acquire SolMic AG ("Solmic AG"). Consideration for the acquisition included CHF 10,000 to be paid in cash (paid in March 2020). In connection with the acquisition, the Company entered into an assignment agreement to assign a patented technology called "Solmic" ("Solmic Patents") for payments totalling EUR 50,000 (completed in March 2020).

The Company evaluated this acquisition in accordance with IFRS 3, Business Combinations to discern whether the assets and operations of Solmic AG met the definition of a business. The Company concluded there were not a sufficient number of key processes obtained to develop the inputs into outputs, nor could such processes be easily obtained by the Company. Accordingly, the Company has accounted for this transaction as an asset acquisition.

9. Operating Leases

All the operating leases of the Company relate to building leases.

On October 31, 2019, the Company entered into a lease agreement, effective November 1, 2019 and expiring on April 30, 2025, for 285-295 Kesmark Street in Quebec, Canada and a sub-lease agreement, effective November 1, 2019, as sub-lessor of 285 Kesmark Street.

During the three months ended April 30, 2020, the Company's lease at 3595 Cadillac Avenue in California, U.S.A was assigned together with the assignment of Pivot Naturals (Note 4). The related ROU asset was impaired at January 31, 2020 upon management's decision to exit the US cannabis market (Note 8) and the related lease liability was extinguished during the three months ended April 30, 2020.

	Right-of-use Assets $
Balance, January 31, 2019	1,735,346
Additions	3,330,947
Disposal – ROU asset	(466,839)
Disposal – Accumulated amortization on ROU asset	339,519
Impairment of ROU asset	(1,276,779)
Amortization on ROU asset	(421,984)
Effect of foreign exchange rate changes	11,428
Balance, January 31, 2020	3,251,638
Amortization on ROU asset	(79,308)
Balance, April 30, 2020	3,172,330

The Company disposed of ROU asset net of accumulated amortization of $127,320 related to termination of its sub-lease on 295 Kesmark Street on October 31, 2019. During the three months ended April 30, 2020, the Company recorded $60,481 (2019 - $nil) of sub-lease income related to the sub-lease of 285 Kesmark Street, which has been offset against amortization on ROU asset in the condensed consolidated interim statements of comprehensive income (loss).

(Expressed in Canadian dollars)

9. Operating Leases (continued)

	Lease Liability $	Current $	Long-term $
Balance, January 31, 2019	1,776,115	(367,629)	1,408,486
Additions	3,246,553		
Disposal	(118,200)		
Lease liability expense	347,446		
Lease payments	(559,580)		
Effect of foreign exchange rate changes	9,958		
Balance, January 31, 2020	4,702,292	(68,138)	4,634,154
Disposal	(1,474,092)		
Lease liability expense	167,358		
Lease payments	(186,710)		
Effect of foreign exchange rate changes	72,387		
Balance, April 30, 2020	3,281,235	(6,150)	3,275,085

Pursuant to the assignment of Pivot Naturals (Note 4), the Company extinguished its obligations related to its lease at 3595 Cadillac Avenue in California, U.S.A. A gain on extinguishment of the lease liability totaling $1,474,092 is included in gain on abandonment of assets on the condensed consolidated interim statements of comprehensive income (loss).

The table below summarizes the remaining expected lease payments under the Company's operating lease as of April 30, 2020:

Fiscal Years	$
2021	354,544
2022	504,956
2023	547,931
2024	590,906
2025	633,881
Thereafter	3,957,281
Less: imputed interest	(3,308,264)
Present value of operating lease liabilities	3,281,235

10. Promissory Note

On March 5, 2019, the Company issued a promissory note of $300,000, bearing interest at 10% per annum and maturing on September 5, 2019. Pursuant to the issuance of this promissory note, the Company issued 10,000 common shares as a loan origination fee (Note 11(b)) and incurred cash finders' fee of $24,000.

Interest expense for the three months ended April 30, 2020 and 2019 was $nil and $4,607, respectively. On May 31, 2019, the Company repaid the principal amount and accrued interest on the promissory note totaling $307,159.

11. Common Shares

Unlimited number of common shares without par value

In June 2020, the Company effected a consolidation of its issued and outstanding common shares on a ten (10) old for one (1) new common share (Note 22(g)). During the three months ended April 30, 2020:

(a) On March 31, 2020, the Company issued 2,872 common shares, with fair value of $2,154, pursuant to the termination of an employment agreement.

During the three months ended April 30, 2019:

(b) In March 2019, the Company issued 10,000 common shares, with fair value totalling $20,000, to a third party as a loan origination fee (Note 10) and 3,571 common shares, with fair value of $10,000, to a third party for services provided. Fair values of services were determined using the fair values of the common shares issued as values of services provided could not be estimated reliably.

(c) On March 23, 2019, the Company issued 100,000 common shares to a third party for settlement of accounts payable and 69,032 common shares to directors and officers to settle outstanding compensation. Losses on settlement of $60,000 and $34,315 have been recorded within consulting fees and wages, salaries and employment expenses, respectively, in the consolidated statements of comprehensive loss.

(d) On April 8, 2019, the Company issued 6,052 common shares as an extension fee for an outstanding obligation.

(e) On April 8, 2019, a private placement was closed for an aggregate of 665,000 units, consisting of one common share and one share purchase warrant, at price of $2.00 per unit, for gross proceeds of $1,330,000. Each share purchase warrant entitles the holder to purchase one common share at a price of $3.00 per share and has an expiry term of three (3) years. Finders' fees consisted of cash payments of $80,000 and issuance of 50,800 common shares and 10,800 share purchase warrants entitling the holders to purchase one common share at a price of $3.00 per share and with an expiry term of three (3) years. The residual method was used to allocate the proceeds between the common shares and the warrants which resulted in a value of $nil allocated to the warrants.

(Expressed in Canadian dollars)

12. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants (Note 22(g))	Weighted Average Exercise Price $ (Note 22(g))
Balance, January 31, 2019	848,605	6.18
Granted	7,125,800	3.45
Expired	(26,513)	(4.47)
Balance, April 30, 2020 and January 31, 2020	7,947,892	3.74

As at April 30, 2020, the following share purchase warrants were outstanding:

Number of Warrants (Note 22(g))	Exercise Price $ (Note 22(g))	Expiry Date
17,241	17.40	March 1, 2021
335,325	6.00	September 21, 2021
800	6.00	October 1, 2021
90,726	6.00	October 18, 2021
378,000	6.00	October 22, 2021
705,800	3.00	March 16, 2022
4,613,200	3.50	May 14, 2021
1,806,800	3.50	May 29, 2021
7,947,892		

13. Long-term Incentive Plans

Effective October 1, 2019, the Company adopted a long-term incentive plan. Under this plan, the Company may grant share purchase options, RSUs, PSUs or deferred share units to its directors, officers, employees and consultants up to an amount as determined by the Company and will be no more than 10% of its outstanding common shares on a fully-diluted basis. The exercise price of the share purchase options will be determined by the Company and will be no less than market price on grant date.

(a) Restricted Stock Units

The following table summarizes the continuity of the Company's RSUs:

	Number of RSUs (Note 22(g))
Outstanding, January 31, 2019	–
Granted	275,000
Outstanding, April 30, 2020 and January 31, 2020	275,000

(Expressed in Canadian dollars)

13. Long-term Incentive Plans (continued)

The fair value of share-based payment expense was determined using market value of the share price on grant date. RSUs are settled by delivery of a notice of settlement by the RSU holder or, if no notice of settlement is delivered, on the last vesting date. At April 30, 2020, 258,333 RSUs were vested (January 31, 2020 – 83,334). During the three months ended April 30, 2020, the Company recognized $186,337 of share-based payment related to its RSUs (three months ended April 30, 2019 - $nil).

(b) Performance Stock Units

The following table summarizes the continuity of the Company's performance stock units ("PSUs"):

	Number of RSUs (Note 22(g))
Outstanding, January 31, 2019	–
Granted	75,000
Outstanding, April 30, 2020 and January 31, 2020	75,000

PSUs vest as follows: 18,750 PSUs vest on November 14, 2019, 28,150 PSUs vest upon financing greater than $2,500,000 obtained before July 30, 2020 (non-market performance condition) and 28,150 PSUs vest on March 31, 2021.

PSUs are settled by delivery of a notice of settlement by the PSU holder. At April 30, 2020, 18,750 PSUs were vested (January 31, 2020– 18,750). During the three months ended April 30, 2020, the Company recognized $7,337 of share-based payment related to its PSUs (three months ended April 30, 2019 - $nil).

(c) Share Purchase Options

The following table summarizes the continuity of the Company's share purchase options:

	Number of Options (Note 22(g))	Weighted Average Exercise Price (Note 22(g))	Weighted Average Remaining Contractual Life (years)
Outstanding, January 31, 2019	1,369,183	4.60	3.26
Granted	807,500	3.19	4.38
Forfeited/cancelled	(704,183)	(5.01)	–
Outstanding, January 31, 2020	1,472,500	3.82	3.08
Forfeited/cancelled (Note 15)	(255,000)	(3.03)	–
Outstanding, April 30, 2020	1,217,500	3.99	2.52

(Expressed in Canadian dollars)

13. Long-term Incentive Plans (continued)

Additional information regarding share purchase options as of April 30, 2020, is as follows:

Options Outstanding (Note 22(g))	Options Exercisable (Note 22(g))	Exercise Price $ (Note 22(g))	Expiry Date
200,000	200,000	1.37	December 14, 2020
250,000	250,000	9.65	February 22, 2021
200,000	200,000	1.33	December 14, 2021
5,000	5,000	4.98	November 14, 2022
260,000	260,000	4.00	June 11, 2024
75,000	75,000	3.90	July 1, 2024
10,000	7,500	2.60	September 29, 2024
15,000	11,250	1.55	October 15, 2024
15,000	11,250	2.50	October 15, 2024
7,500	–	1.50	November 3, 2024
150,000	50,000	2.50	November 13, 2024
20,000	10,000	2.50	December 26, 2024
10,000	2,500	2.50	January 20, 2023
1,217,500	1,082,500		

The fair value of share-based payment expense was estimated using the Black-Scholes option pricing model and the following assumptions:

- Dates of grant: June 12, 2019 to January 21, 2020
- Risk free interest rate: 1.40% to 1.46%
- Volatility: 93% to 112%
- Market price of common shares on grant date: $1.10 to $4.00 (adjusted for consolidation of common shares (Note 22(g)))
- Expected dividends: Nil%
- Expected life: Three (3) to five (5) years
- Exercise price: $1.50 to $4.00 (Note 22(g))

Fair values of the options at each measurement date ranged between $0.40 to $3.20 (adjusted for consolidation of common shares (Note 22(g))). As the Company does not have sufficient historical share price information, expected volatilities were determined using historical volatilities of comparable companies. For the three months ended April 30, 2020 and 2019, share-based payments related to share purchase options totaling $15,413 and $5,896, respectively, have been recorded in the Company's condensed consolidated interim statements of comprehensive loss. $67,581 of share-based payment expense have yet to be recognized and will be recognized in future periods.

(Expressed in Canadian dollars)

14. Supplemental Cash Flow Disclosures

	April 30, 2020 $	April 30, 2019 $
Components of cash:		
Cash	1,137,958	45,414
Cash – restricted	600,000	–
	1,737,958	45,414

	April 30, 2020 $	April 30, 2019 $
Supplemental disclosures:		
Interest paid	167,358	119,885
Income tax paid	–	–
Non-cash investing and financing activities:		
Common shares issued for services	2,154	15,129
Common shares issued for settlement of accounts payable	–	338,065
Common shares issued for loan origination fees	–	20,000
Common shares issued as share issue costs	–	127,000
Warrants issued for finder's fee	–	19,804

15. Related Party Transactions

During the three months ended April 30, 2020, compensation of key management and directors, including former key management and directors, of the Company totaled $354,891 (2019 - $391,445), and consisted of salaries, directors' fees and share-based payments. Also during the three months ended April 30, 2020, 200,000 stock options for a former officer was forfeited. Key management includes those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

As at April 30, 2020, the Company owed $3,538 to key management and directors (January 31, 2020 - $16,647).

16. Joint Venture

On December 17, 2018, the Company entered into a joint venture arrangement whereby the Company holds 50% of the issued and outstanding shares of Pivot-Cartagena JV. Pivot-Cartagena JV will develop and commercialize cannabis-infused non-alcoholic beverages using the industry expertise of its joint venture partner. The Company and its joint venture partner each have 50% interest in the net assets and net income or loss of Pivot-Cartagena JV.

As of April 30, 2020, the Company has not made any investment related to Pivot-Cartagena JV. During the three months ended April 30, 2020 and 2019, there were no balances or transactions related to Pivot-Cartagena JV.

(Expressed in Canadian dollars)

17. Commitments and Contingencies

(a) In September 2019, the Company was served with a claim from Green Stream Botanicals Corp. ("GSB") for a finder's fee in the amount of $600,000 in relation to non-brokered private placements totaling $15 million completed in May 2019. Subsequent to April 30, 2020, the Company settled this claim for $120,000 (Note 22(j)). As at April 30, 2020, $120,000 has been included in accounts payable and accrued liabilities within the condensed consolidated interim statements of financial position. For the three months ended April 30, 2020, the Company recorded a settlement of legal claim of $120,000 within the condensed consolidated interim statements of comprehensive loss.

(b) In November 2019, the Company's former Chief Executive Officer filed an originating application with the Superior Court in the province of Quebec for damages stemming from a termination of employment. The former Chief Executive Officer is seeking payment of amounts totaling approximately $1 million, exercisability of his stock options until the original expiry dates, issuance of 600,000 stock options and an order that the Company not issue further common shares. The Company believes the claim is unfounded and intends to vigorously defend these claims. The Company has not accrued any amounts as of April 30, 2020 as management is not able to assess the likelihood of payment.

(c) In January 2020, an injunction was filed against the Company in the Superior Court of Quebec by Bio V Pharma Inc. ("BioV") seeking provisional orders in respect of the premises sub-leased at 285 Kesmark Street (Note 9) and damages of approximately $395,000, which the Company intends on defending. The Company and BioV have, without prejudice or admission, settled the provisional injunction portion of the application while reserving their respective rights on interlocutory injunction and on the merits of the application. The Company has not accrued this amount as of April 30, 2020 as management is not able to assess the likelihood of payment.

18. Operating Segment

The Company operates in one industry segment, development and commercialization of patented, differentiated and premium quality nutraceuticals and pharmaceuticals, within three geographical areas, Canada, U.S and the E.U.

	Canada $	U.S. $	E.U. $	Total $
Three months ended April 30, 2020				
Revenue	–	–	–	–
Net income (loss)	(1,107,448)	1,355,592	(182,848)	65,296
Three months ended April 30, 2019				
Revenue	–	–	–	–
Net loss	(1,426,045)	(519,499)	–	(1,945,544)
As at April 30, 2020				
Total assets	6,515,403	188,114	84,604	6,788,121
Total liabilities	3,907,351	12,157	13,220	3,932,728
As at January 31, 2020				
Total assets	8,068,874	68,875	113,030	8,250,779
Total liabilities	4,130,536	1,451,065	12,617	5,594,218

19. Fair Value Measurements

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of the significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3: unobservable inputs for the assets or liabilities.

The Company does not have any financial instruments measured using Level 3 inputs. The carrying amounts of cash, amounts receivable from its sub-lease of 285 Kesmark Street (Note 9), due to related parties and accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

20. Management of Financial Risk

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and currency risk.

(a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through reputable financial institutions in Canada and the U.S. The Company's amounts receivable consists of receivables from its sub-lease of 285 Kesmark Street (Note 9). The carrying amount of cash and amounts receivable represent the maximum exposure to credit risk. As at April 30, 2020, this amounted to $1,768,740 (January 31, 2020 - $3,303,002).

(b) Interest rate risk

Interest rate risk is the risk that fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure (Note 21). Accounts payable and accrued liabilities, due to related parties and the current portion of lease liabilities are due within the current operating period.

(d) Currency risk

Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. A 5% change in exchange rates will decrease the Company's loss by approximately $1,700. The Company does not invest in derivatives to mitigate these risks.

21. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the dedevelopment and commercialization of patented, differentiated and premium quality nutraceuticals and pharmaceuticals, and to maintain a flexible capital structure. The Company considers its capital to be its shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets. To maintain or adjust its capital structure, the Company may issue new common shares or debenture, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing development efforts, the Company does not pay out dividends. There are no external restrictions on the Company's capital.

22. Events After the Reporting Date

(a) In May 2020, the Company acquired 100% of the outstanding common shares of Opes Pharmaceuticals Inc. ("Opes") from Altum. Subsequent to the acquisition, Opes was renamed Blife Therapeutics Inc.

(b) On May 6, 2020, the Company entered into binding letter of intent to acquire worldwide rights (other than in Greater China, Japan and ASEAN countries) to commercialize and sell AP-003, a potential COVID-19 treatment, from Altum (the "Transaction"). Altum is currently preparing protocol and application to conduct clinical trials in Australia. Under the terms of the Transaction, on closing the Company will issue 1,000,000 common shares to Altum and grant to Altum 500,000 warrants to acquire an equivalent number of common shares at a price of $1.90 per common share. The warrants will have a term of two years and are only exercisable upon successful completion of the clinical trials. In addition, subject to the satisfaction of certain conditions precedent, upon registration of the proposed product in a major market, the Company will pay $5,000,000 in cash to Altum and Altum will be entitled to a tiered royalty equal to 7% of net sales on the first US$50,000,000 in a calendar year and a reduced royalty equal to 5% of net sales in any calendar year that are in excess of US$50,000,000. Closing is contingent on, among other things, the Company undertaking an equity financing of at least US$5,000,000 and Altum obtaining an exclusive license with respect to certain intellectual property from a Canadian governmental research and technology organization.

(c) On May 7, 2020, the Company amended the exercise price of the following outstanding warrants that were issued pursuant to private placements completed in 2019: 1,386,800 warrants issued on May 30, 2019 and expiring on May 29, 2021, 4,613,200 warrants issued on May 15, 2019 and expiring on May 14, 2021 and 695,000 warrants issued on April 8, 2019 and expiring on March 16, 2022. The exercise prices of these warrants have been amended to $2.50 per warrant. Previous exercise prices were $3.00 and $3.50.

(d) In May 2020, the Company granted 290,000 stock options to directors, officers, consultants and key members of the Altum clinical trial team (Note 22(b)) with exercise prices between $1.80 and $2.55 and terms of five years. The Company also issued 20,000 RSUs at market price of $2.30 with vesting over two years to an advisor.

22. Events After the Reporting Date (continued)

(e) In May 2020, the Company issued a promissory note of US$200,000 to Altum, of which US$189,500 was advanced, to advance on clinical activities related to the clinical trials (Note 22(b)). The promissory note is due on the earlier of (i) August 31, 2020 (amended from July 31, 2020), (ii) the termination of the Transaction (Note 22(b)) or (iii) the second business day following the date that the Company demands repayment. If the Transaction is completed in accordance with its terms, the promissory note is non-interest bearing and the amounts outstanding shall offset (reduce) the amounts payable by the Company under the Transaction. If the Transaction is not completed in accordance with its terms or if the Transaction is terminated, Altum shall pay to the Company interest on the outstanding principal amount and on the amount of overdue interest thereon from time to time at the rate of 10% per annum.

(f) In May 2020, the Company secured "hard" lock-up agreements from shareholders of Altum representing 67.45% of the outstanding common shares of Altum. Pursuant to these "hard" lock-up agreements, the Company entered into an exclusivity agreement with Altum to work towards finalizing a mutually acceptable definitive agreement for the merger transaction. On July 3, 2020, the Company signed an amalgamation agreement with Altum pursuant to which Altum will be amalgamated with 12167573 Canada Ltd. (the "Amalgamation"), a wholly-owned subsidiary of the Company incorporated on June 30, 2020 for purposes of the Amalgamation. Upon the close of the Amalgamation, the Company will issue such number of common shares equal to 100% of its outstanding common shares to shareholders of Altum such that, immediately upon completion of the Amalgamation, shareholders of Altum, in the aggregate, will hold an equal number of common shares of the Company as the shareholders of the Company hold in the aggregate. In addition, each of Altum's stock options will be exchanged for such number of the Company's stock options as is determined using the share exchange ratio determined by reference to the exchange of the Altum's common shares for common shares of the Company. Upon closing of the Amalgamation, the Licensing Agreement (Note 22(b)) will no longer be required and neither the Company nor Altum will have any obligations thereunder.

(g) In June 2020, the Company effected a consolidation of its issued and outstanding common shares on a ten (10) old for one (1) new common share. The exercise or conversion price and the number of common shares issuable under the Company's outstanding warrants, RSUs, PSUs and options have been proportionately adjusted to reflect the consolidation.

(h) In July 2020, the Company issued 31,250 common shares valued at $59,375 to a third party for services performed.

(i) In July 2020, the Company issued a promissory note of $1,000,000 to Altum to advance on clinical activities related to the clinical trials (Note 22(b)). The promissory note is due on the earlier of (i) September 15, 2020, (ii) the termination of the Transaction (Note 22(b)) or (iii) the second business day following the date that the Company demands repayment. If the Transaction is completed in accordance with its terms, the promissory note is non-interest bearing and the amounts outstanding shall offset (reduce) the amounts payable by the Company under the Transaction. If the Transaction is not completed in accordance with its terms or if the Transaction is terminated, Altum shall pay to the Company interest on the outstanding principal amount and on the amount of overdue interest thereon from time to time at the rate of 10% per annum.

(j) In July 2020, the Company settled the claim with GSB (Note 17(a)) for $120,000.

(Expressed in Canadian dollars)

22. Events After the Reporting Date (continued)

(k) In July and August 2020, the Company issued 716,725 units pursuant to a private placement for gross proceeds of $1,361,777. Each unit consists of one common share and one half of one share purchase warrant, each whole warrant entitling the holder to purchase a common share at $2.30 per share for a period of two years. Pursuant to the private placement, the Company paid an agents' fee of $72,435 and issued 54,321 agent share purchase warrants entitling the holder to purchase a common share at $2.30 per share for a period of two years.

(l) In August 2020, the Company issued 258,333 common shares for vested RSUs.

23. Reconciliation from US GAAP to IFRS

The Company's first IFRS financial statements were prepared for the year ended January 31, 2020, which included an opening IFRS statement of financial position as at February 1, 2018 for the purposes of the transition to IFRS, as required by IFRS 1 "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1") and disclosures required for the impact of transition from United States Generally Accepted Accounting Principles ("U.S. GAAP") to IFRS.

The Company's condensed consolidated interim financial statements for the period ended April 30, 2019 were prepared under U.S. GAAP.

The table below presents a reconciliation of comprehensive loss from the Company's previously filed U.S. GAAP condensed consolidated interim financial statements for the period ended April 30, 2019:

	Three Months Ended April 30, 2019 $
Comprehensive loss under U.S. GAAP	1,995,839
IFRS adjustments to comprehensive loss:	
Leases (Note 23(a))	(222,107)
Convertible debentures (Note 23(b))	51,107
Total IFRS adjustments to comprehensive loss	(171,000)
Comprehensive loss under IFRS	1,824,839

(a) Leases

Under U.S. GAAP, the Company adopted ASC 842, Leases, using the modified retrospective transition approach, which applies the provisions of the new guidance at the effective date without adjusting the comparative periods presented. Under IFRS, the Company is required to recognize ROU assets and lease liabilities as at its transition date of February 1, 2018, instead of February 1, 2019 as allowed by U.S. GAAP, which resulted in differences in amortization on ROU asset, lease liability expense and foreign currency translation adjustment on foreign operations .

(b) Convertible debentures

Under U.S. GAAP, the Company classified the balance of its convertible debentures as liabilities. The Company evaluated its convertible debentures under IFRS and determined that a residual amount is required to be assigned to an equity component, which impacted accretion expense.

(Expressed in Canadian dollars)

24. Restatement

The Company has restated the April 30, 2020 condensed consolidated interim financial statements as originally filed on June 29, 2020. The changes and explanation of such are as follows:

Condensed consolidated interim statements of financial position as of April 30, 2020:

	Originally Reported $	Restatement Adjustment $	As Restated $
Accounts payable and	527,955	120,000	647,955
Total current liabilities	537,643	120,000	657,643
Total liabilities	3,812,728	120,000	3,932,728
Reserves	19,641,015	193,673	19,834,688
Accumulated deficit	(54,281,547)	(313,673)	(54,595,220)
Total shareholders' equity	2,975,393	(120,000)	2,855,393

Condensed consolidated interim statements of comprehensive loss for the three months ended April 30, 2020:

	Originally Reported $	Restatement Adjustment $	As Restated $
Wages, salaries and employment expenses	258,937	193,673	452,610
Total expenses	1,102,860	193,673	1,296,533
Settlement of legal claim	–	(120,000)	(120,000)
Total other income (expenses)	1,481,829	(120,000)	1,361,829
Net income	378,969	(313,673)	65,296
Net comprehensive income (loss)	301,265	(313,673)	(12,409)
Net income per share, basic and diluted	0.02	(0.02)	0.00

The adjustments above reflect restatements due to the following:

(a) Additional share-based payments of $193,673 have been recognized on vesting of the Company's RSUs and PSUs.

(b) Accrual of $120,000 has been included pursuant to settlement of the legal claim with GSB in July 2020 (Notes 17(a) and 22(j)).

SCHEDULE “C”

FINANCIAL STATEMENTS OF ALTUM PHARMACEUTICALS INC.

- Audited Financial Statements for the years ended March 31, 2020 and 2019 and for the years ended March 31, 2019 and 2018.

(*See attached*)

ALTUM PHARMACEUTICALS INC.

Consolidated Financial Statements
Year Ended March 31, 2020
(Expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the directors to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

August 24, 2020

"Ahmad Doroudian"
CEO

"Moira Ong"
CFO

Independent Auditor's Report

To the Shareholders of Altum Pharmaceuticals Inc.:

Opinion

We have audited the consolidated financial statements of Altum Pharmaceuticals Inc., and its subsidiaries, (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2020 and 2019, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 in the consolidated financial statements, which indicates that the Company incurred a net loss of $9,541,349 and used funds for operating activities of $5,739,099 during the year ended March 31, 2020 and, as at March 31, 2020, the Company had a cumulative deficit of $24,061,427. 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.

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

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 entity'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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Vancouver, British Columbia
August 24, 2020

MNP LLP
Chartered Professional Accountants

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	March 31, 2020 $	March 31, 2019 $
Assets		
Current assets		
Cash and cash equivalents	355,455	115,482
Taxes receivable	63,741	27,965
Marketable security (Note 5)	172,500	500,000
Due from related parties (Note 9)	-	111,848
Prepaid expenses	288,916	973,089
Total current assets	880,612	1,728,384
Equipment (Note 6)	52,234	-
Intangible assets (Note 7)	9,127,189	10,266,922
Total long term assets	9,179,423	10,266,922
Total assets	10,060,035	11,995,306
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	2,620,642	1,389,398
Due to related parties (Note 9)	52,034	81,351
Promissory notes (Note 8)	-	171,671
Total current liabilities	2,672,676	1,642,420
Warrant liabilities (Note 11)	728,544	216,751
Total liabilities	3,401,220	1,859,171
Shareholders' equity		
Common shares, net of share issue costs (Note 10)	25,900,342	21,560,593
Common shares to be issued	2,739,887	1,441,231
Reserves	2,066,342	1,634,598
Accumulated other comprehensive income	13,671	16,731
Deficit	(24,061,427)	(14,517,018)
Total shareholders' equity	6,658,815	10,136,135
Total liabilities and shareholders' equity	10,060,035	11,995,306

Approved on behalf of the Board of Altum Pharmaceuticals Inc. on August 24, 2020.

"Ahmad Doroudian " Director

(The accompanying notes are an integral part of these consolidated financial statements)

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except for per share amounts)

	Years Ended March 31, 2020 $	2019 $
Expenses		
Amortization and depreciation	1,142,801	1,130,361
Conference	448	4,716
Consulting fees	1,298,151	952,485
Director fees	71,323	90,995
Foreign exchange loss (gain)	(73,595)	(1,063,127)
General and administrative	244,372	129,563
Insurance	40,983	6,136
Professional fees	431,290	215,300
Rent	2,400	9,000
Research and development, net of cost recovery	4,196,851	4,234,428
Salaries and wages	1,529,747	1,147,096
Share issued for services (Note 10)	460,570	1,221,030
Travel expenses	71,170	125,983
Website costs	-	8,969
Total expenses	9,415,121	8,212,935
Net loss before other income (expenses)	(9,415,121)	(8,212,935)
Other income (expenses)		
Change in unrealized gains/losses on marketable security	(304,982)	(1,949,537)
Change in unrealized gains/losses on warrant liabilities (Note 11)	87,056	-
Interest expense	(4,601)	(1,493)
Interest income	1,446	1,422
Loss on disposal of equipment	-	(1,881)
Other income	64,311	-
Realized gain on disposal of marketable security (Note 4)	27,482	-
Total other (expenses) income	(129,288)	(1,951,489)
Net loss	(9,544,409)	(10,164,424)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent period (net of tax)		
Foreign currency translation adjustment	3,060	1,660
Net comprehensive loss	(9,541,349)	(10,162,764)
Net loss per share, basic and diluted	(0.27)	(0.31)
Weighted average shares outstanding, basic and diluted	34,953,881	33,203,370

(The accompanying notes are an integral part of these consolidated financial statements)

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except for share amounts)

	Common Shares		Common Shares to be Issued	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
	Number of Shares	Amount $	$	$	$	$	$
Balance, March 31, 2018	24,968,510	9,050,525	182,760	518,824	18,391	(4,352,594)	5,417,906
Common shares issued on asset acquisition (Note 2)	8,000,000	10,975,427	-	-	-	-	10,975,427
Private placements	1,000,000	1,371,929	-	-	-	-	1,371,929
Share issuance costs	261,060	124,138	(150,986)	-	-	-	(26,848)
Subscriptions received	-	-	1,409,457	-	-	-	1,409,457
Shares issued for services	24,109	38,574	-	-	-	-	38,574
Share-based payments	-	-	-	1,115,774	-	-	1,115,774
Net loss	-	-	-	-	-	(10,164,424)	(10,164,424)
Foreign currency translation	-	-	-	-	(1,660)	-	(1,660)
Balance, March 31, 2019	34,253,679	21,560,593	1,441,231	1,634,598	16,731	(14,517,018)	10,136,135
Private placements	3,000,000	4,261,193	(4,786,453)	-	-	-	(525,260)
Share issuance costs	260,000	2,091	(31,774)	-	-	-	(29,683)
Subscriptions received	-	-	6,115,493	-	-	-	6,115,493
Shares issued for services	47,998	76,465	1,390	-	-	-	77,855
Share-based payments	-	-	-	431,744	-	-	431,744
Net loss	-	-	-	-	-	(9,544,409)	(9,544,409)
Foreign currency translation	-	-	-	-	(3,060)	-	(3,060)
Balance, March 31, 2020	37,561,677	25,900,342	2,739,887	2,066,342	13,671	(24,061,427)	6,658,815

(The accompanying notes are an integral part of these consolidated financial statements)

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years Ended March 31, 2020 $	2019 $
Operating activities		
Net loss	(9,544,409)	(10,164,424)
Non-cash items:		
Amortization and depreciation	1,142,801	1,130,361
Change in unrealized gains/losses on marketable security	304,982	1,949,537
Change in unrealized gains/losses on warrant liabilities	(87,056)	-
Common shares issued for services	460,570	1,221,030
Loss on disposal of equipment	-	1,881
Realized gain on disposal of marketable security	(27,482)	-
Changes in non-cash working capital items:		
Taxes receivable	(35,776)	(10,057)
Prepaid expenses	684,173	(973,089)
Accounts payable and accrued liabilities	1,280,567	714,124
Due to/from related parties	82,531	9,116
Net cash (used in) operating activities	(5,739,099)	(6,121,521)
Financing activities		
Proceeds from promissory notes	-	171,671
Proceeds from share subscriptions received	1,329,040	1,409,457
Proceeds from issuance of units, net of share issuance cost	4,830,359	1,561,833
Repayment of promissory notes	(171,671)	-
Net cash provided by financing activities	5,987,728	3,142,961
Investing activities		
Asset acquisition	-	(421,857)
Proceeds from sale of marketable security	50,000	-
Promissory note receivable	-	(111,848)
Purchase of equipment	(55,307)	-
Net cash (used in) investing activities	(5,307)	(533,705)
Effects of exchange rate changes in cash	(3,349)	(8,208)
Increase (decrease) in cash and cash equivalents	243,322	(3,512,265)
Cash and cash equivalents, beginning of year	115,482	3,635,955
Cash and cash equivalents, end of year	355,455	115,482

Supplemental cash flow disclosures (Note 14)

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Operations and Going Concern

Altum Pharmaceuticals Inc. (the "Company", or "API") was incorporated under the Canada Business Corporations Act on June 15, 2016 and its head office is located at 1275 West 6th Avenue, Suite 300, Vancouver, British Columbia. The Company is engaged in the development of therapeutics within under-served areas in oncology.

These consolidated financial statements have been prepared on the basis that the Company is a going concern. This assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company reported a net loss of $9,544,409 (2019 – $10,164,424) and used funds for operating activities of $5,739,099 (2019 - $6,121,521) for the year ended March 31, 2020. The Company had a cumulative deficit of $24,061,427 (2019 - $14,517,018) as of March 31, 2020. These factors indicate material uncertainties that cast substantial doubt about to the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on obtaining financing through the issuance of debt or common shares or successful development and commercialization of its product portfolio, which have been impacted as a result of the global outbreak of coronavirus ("COVID-19") (Note 3(e)). The outcome of these matters cannot be predicted at this time. The Company will continue to review the prospects of raising additional debt and equity financing to support its operations until such time that its operations become self-sustaining, to fund its research and development activities and to ensure the realization of its assets and discharge of its liabilities. While the Company is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate sufficient funds for future operations.

The Company is not expected to be profitable during the ensuing twelve months and therefore must rely on securing additional funds from either issuance of debt or equity financing for cash consideration. During 2020, the Company received net cash proceeds of $5,987,728 (2019 - $3,142,961) pursuant to financing activities.

Management, utilizing close personal relationships, has been successful in raising capital through periodic private placements of the Company's common shares. The investors' confidence in the undertakings of management permits this avenue of financing to exist.

The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

2. Asset Acquisitions

On April 3, 2018, the Company completed the acquisition of Lexi Pharma Inc. ("Lexi") pursuant to a Share Purchase Agreement dated as of April 3, 2018. As consideration for the purchase, the Company issued 8,000,000 shares of common stock. Upon closing the Company made an interest free demand loan to Lexi in the principal amount of $500,000 (Note 10(d)). Lexi is a therapeutics company focused on development of treatments for bone related disorders. The Company concluded that the acquisition did not constitute a business and accordingly the transaction was accounted for as an asset acquisition. The consideration transferred, assets acquired and liabilities assumed recognized is as follows:

2. Asset Acquisitions (continued)

Consideration paid:	$
Shares issued	10,975,427

Net assets acquired:	$
Cash	368
Receivables	123,412
Patents	11,430,083
Accounts payable and accrued liabilities	(401,436)
Due to related parties	(177,000)
Net value of net assets acquired	10,975,427

The patents acquired are amortized over an estimated useful life of ten (10) years (Note 7).

On July 31, 2018, Lexi amalgamated into API, with API continuing as the successor to the amalgamated corporations.

3. Significant Accounting Policies

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements have been prepared in accordance with the accounting policies presented below and are based on IFRS and IFRIC interpretations issued and effective as of March 31, 2020.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on August 24, 2020.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below.

(c) Basis of Presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The functional currency of its wholly owned subsidiaries, Altum Pharmaceuticals International Inc.("APII"), Altum Pharmaceuticals Barbados Inc. ("APBI") and Altum S1M US Corp. ("AS1M US"), is United States dollars. The functional currency of its wholly owned subsidiary, Opes Pharmaceuticals Inc. ("Opes"), is Canadian dollars. The functional currency of its wholly owned subsidiary, Altum Pharmaceuticals (HK) Limited ("Altum HK"), is the Hong Kong dollar.

3. Significant Accounting Policies (continued)

(d) Basis of Consolidation

These consolidated financial statements include the accounts of Altum Pharmaceuticals Inc. (incorporated in Canada on June 15, 2016) and its wholly owned subsidiaries Altum Pharmaceuticals International Inc. (incorporated in Barbados on July 28, 2016), Altum Pharmaceuticals Barbados Inc. (incorporated in Barbados on July 28, 2016), Altum S1M US Corp. (incorporated in the State of Nevada on November 22, 2016), Opes Pharmaceuticals Inc. (incorporated in Canada, acquired on November 10, 2016) and Altum Pharmaceuticals (HK) Limited (incorporated in Hong Kong on October 16, 2019). In May 2020, the Company sold 100% of the outstanding common shares of Opes to BetterLife Pharma Inc. ("BetterLife") for $1 (Note 18(a)).

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

(e) Use of Estimates and Judgements

The preparation of these consolidated financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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 further periods if the review affects both current and future periods.

Critical accounting estimates
Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimate used in the preparation of these consolidated financial statements is the recoverability of deferred tax assets, fair value of share-based payments and warrants, and useful life of intangible assets.

(i) The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the 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.

3. Significant Accounting Policies (continued)

(e) Use of Estimates and Judgements (continued)

(ii) Following initial recognition, the Company carries the value of the intangible asset at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible asset resulting in a change in related amortization expense.

(iii) The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect fair value estimates and the Company's net loss and its equity reserves. Warrant liabilities are accounted for as financial liabilities as they are exercisable in US dollars (Note 11(a)).

(iv) Depreciation of equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Critical judgments
Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is an area of key judgment. In the acquisition of Lexi, judgement was required to determine if the acquisitions represented a business combination or an asset acquisition. More specifically, management concluded that the acquisition did not represent a business as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the acquisition represented the acquisition of assets, there was no goodwill recognized.

(ii) Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended March 31, 2020. The global outbreak of coronavirus ("COVID-19") has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. federal, provincial/state and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition. Refer to Note 1 for additional factors impacting going concern assessment done by management.

3. Significant Accounting Policies (continued)

(e) Use of Estimates and Judgements (continued)

Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability and potential sources of replacement financing. As a result of the assessment, management concluded the ultimate appropriateness of the use of accounting principles applicable to a going concern.

(iii) In concluding that the Canadian dollar is the functional currency of API and Opes, that the US dollar is the functional currency of APII, APBI, and AS1M US, and that the functional currency of Altum HK is the Hong Kong dollar, management considered the currency that mainly influences the cost of providing goods and services in the primary economic environment in which each entity operates, or if there has been a change in events or conditions that determined the primary economic environment.

(f) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the financial position date. The resulting exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities denominated in other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of transaction.

Foreign operations
For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the year. All resulting exchange differences are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as foreign currency translation adjustment.

(g) Financial Instruments

Financial Instruments - classification and measurement

Financial Asset
The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

3. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

• Amortized cost
Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's cash and cash equivalents and due from related parties are classified in this category.

• Fair value through other comprehensive income ("FVTOCI")
Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

• Fair value through profit or loss ("FVTPL")
Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. The Company's marketable security is classified in this category.

Financial Liabilities
All financial liabilities are initially recognized at fair value plus or minus transactions costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL. The Company's accounts payable and accrued liabilities, due to related parties and promissory notes are measured at amortized cost. Warrant liabilities are measured at FVTPL.

Financial Instruments - Impairment of financial assets
The Company recognizes 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 has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the consolidated statements of 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.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

a. Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
b. Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
c. Level 3 – inputs for the asset or liability are not based on observable market data.

3. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At March 31, 2020 and 2019, cash and cash equivalents and marketable security were measured and recognized in the consolidated statement of financial position using Level 1 inputs and warrant liabilities have been measured and recognized in the consolidated statements of financial position at fair value using Level 3 inputs in the fair value hierarchy. At March 31, 2020 and 2019, there were no financial assets measured and recognized in the consolidated statement of financial position at fair value that would have been categorized as Level 3 in the fair value hierarchy above.

(h) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. At March 31, 2020 and 2019, the Company had no cash equivalents.

(i) Marketable Security

Marketable security consists of common shares of a publicly traded company. The marketable security is classified as financial asset at fair value through profit or loss. It is recorded at their fair values using quoted market prices at the statement of financial position date. Subsequent revaluation resulting in unrealized gains or losses are recorded in the consolidated statements of loss and comprehensive loss.

(j) Equipment

Equipment are carried at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When equipment includes significant components with different useful lives, they are recorded and depreciated separately. Estimated useful lives are reviewed at the end of each reporting period.

The Company recognizes in the carrying amount of an item of equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the statement of net loss as an expense as incurred. Depreciation is not recorded on equipment that is not yet available for use.

Depreciation is recognized so as to write off the cost of items of equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the Company's equipment are 3 years.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3. Significant Accounting Policies (continued)

(k) Intangible assets

Intangible assets consist of costs incurred to acquire patents. Intangible assets are considered finite live assets and recorded at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset. Amortization is recorded using the straight-line method and is intended to amortize the intangible assets over their estimated useful lives of ten (10) years.

(l) Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any). The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is determined to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(m) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(n) Fair value of warrants and warrant liabilities

Warrants issued are considered derivative liabilities when the currency denomination of the exercise price is different from the functional currency of the Company. Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the relative fair value method. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. The Company uses the Black-Scholes pricing model to estimate fair value at each exercise and period end date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares and the expected life of the warrants. The impact of changes in key assumptions is described in Note 11. When warrants are classified as liabilities, the updated values of relevant inputs within the Black-Scholes pricing model are used to calculate the fair value of the warrant liabilities at each reporting date.

3. Significant Accounting Policies (continued)

(o) Share-based payments

The Company issues share purchase options under its Share Option Plan described in Note 12. The fair value of share purchase options granted to employees, consultants, directors and others providing similar services is measured at the grant date using an option pricing model. Subsequently, the fair value of share purchase options ultimately expected to vest is charged to operations over the vesting period. Share purchase options granted to third parties in exchange for goods or services are measured at the fair value of the goods or services received and charged to operations over the vesting period.

(p) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(q) Comprehensive Income or Loss

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income until the asset is removed from the consolidated statement of financial position. Currency translation adjustments for foreign subsidiaries are included in other comprehensive income until disposal of the foreign subsidiary.

(r) Earnings or Loss Per Share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

3. Significant Accounting Policies (continued)

(s) 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.

4. Adoption of New Accounting Standards and Recent Accounting Pronouncements Not Yet Effective

The Company has adopted the following new accounting standards and interpretations effective April 1, 2019. These changes were made in accordance with the applicable transitional provisions and had no impact on its consolidated financial statements.

(a) IFRS 16, Leases ("IFRS 16")

Effective April 1, 2019 (hereafter referred to as the “date of initial application”), the Company adopted IFRS 16 Leases as issued by the IASB in January 2016. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Company elected to use the modified retrospective transition approach, which provides lessees a method for recording existing leases at adoption with no restatement of prior period financial information. Under this approach, a lease liability was recognized at April 1, 2019 in respect of leases previously classified as operating leases, measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at transition. The associated right-of-use assets were measured at amounts equal to the respective lease liabilities, subject to certain adjustments allowed under IFRS 16.

In addition, the Company elected to utilize practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to apply a single discount rate to a portfolio of leases with reasonably similar characteristics, and rely on its assessment as to whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company’s incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

4. Adoption of New Accounting Standards and Recent Accounting Pronouncements Not Yet Effective (continued)

(a) IFRS 16, Leases ("IFRS 16") (continued)

On initial recognition, the carrying value of the lease liability also includes:

• Amounts expected to be payable under any residual value guarantee;
• The exercise price of any purchase option granted if it is reasonable certain to assess that option;
• Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• Lease payments made at or before commencement of the lease;
• Initial direct costs incurred; and
• The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value.

As of the initial adoption date of April 1, 2019, the Company does not have any leases that are required to be recognized as assets and liabilities.

(b) IFRIC 23 – Uncertainty over Income Tax Treatments (“IFRIC 23”)

In June 2017, the IFRS Interpretation Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over income tax treatments. IFRIC 23 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted. The adoption of this standard did not have material impact to the Company’s consolidated financial statements.

4. Adoption of New Accounting Standards and Recent Accounting Pronouncements Not Yet Effective (continued)

(c) IFRS 9 – Financial Instruments (Amendments) ("IFRS 9")

In October 2017, the IASB issued amendments to IFRS 9, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board in November 2017, to address the classification of certain pre-payable financial assets. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation may be eligible to be measured at either amortized cost or fair value through other comprehensive income. This classification is subject to the assessment of the business model in which the particular financial asset is held, as well as consideration of whether certain eligibility conditions are met. The amendments are effective for annual period beginning on or after January 1, 2019. The adoption of this standard did not have material impact on the Company's consolidated financial statements.

The following new accounting standards and interpretations have been adopted by the Company subsequent to March 31, 2020.

(a) IAS 1 – Presentation of Financial Statements ("IAS 1")

IAS 1 sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of April 1, 2020, the Company has adopted IAS 1 and has concluded that, based on its current operations, the adoption of IAS 1 had no significant impact on the Company's consolidated financial statements.

(b) IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IAS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

As of April 1, 2020, the Company has adopted IAS 8 and has concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

5. Marketable Security

On September 12, 2017, the Company entered into a licensing agreement with BetterLife Pharma Inc. ("BetterLife"), formerly Pivot Pharmaceuticals Inc., a party related by way of common director and officers, whereby the Company licensed worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of Cannabinoids, Cannabidiol and Tetrahydrocannabinol products. Consideration include:

1) 250,000 shares of common stock of BetterLife on September 22, 2017 valued at $461,888 (received);
2) 250,000 shares of common stock of BetterLife upon Health Canada Natural Product Number approval (not yet received as of the date of this report);
3) Royalties on annual gross sales; and
4) For pharmaceutical products, milestone payments payable upon first Investigative New Drug Approval, upon positive outcome of Phase II trial in first indication, and upon New Drug Application approval. As of March 31, 2020, and the date of this report, no milestones have been achieved.

During the year ended March 31, 2020, the Company sold 200,000 shares and recorded a realized gain on sale of $27,482 on its consolidated statements of loss and comprehensive loss. As of March 31, 2020, the Company's investment in BetterLife shares are recorded at its fair value of $172,500 (2019 - $500,000).

6. Equipment

Cost	$
Balance, March 31, 2018 and 2019	-
Additions	55,307
Balance, March 31, 2020	55,307

Accumulated Amortization	$
Balance, March 31, 2018 and 2019	-
Amortization	3,073
Balance, March 31, 2020	3,073

	$
Net book value, March 31, 2019	-
Net book value, March 31, 2020	52,234

(Expressed in Canadian dollars)

7. Intangible Assets

Cost	Patents $
Balance, March 31, 2018	-
Additions (Note 2)	11,430,083
Write-off	(32,800)
Balance, March 31, 2020 and 2019	11,397,283
Accumulated Amortization	**$**
Balance, March 31, 2018	-
Amortization	1,130,361
Balance, March 31, 2019	1,130,361
Amortization	1,139,733
Balance, March 31, 2020	2,270,094
	$
Net book value, March 31, 2019	10,266,922
Net book value, March 31, 2020	9,127,189

BiPhasix Technology

On March 21, 2017, the Company entered into a patent license agreement with Altum-Avro Pharma Partnership ("AAPP") to license the development of the technology involving the formation of biphasic lipid vesicles for use as a vehicle for administration of a biologically active material ("BiPhasix Technology). Consideration included:

- Five percent (5%) of the inventory of any and all product produced by the Company to be paid in kind to AAPP.
- Milestone payments:
    - $3 million upon initiation of the first Phase 3 trial in any global territory except for eastern European territories,
    - $5 million upon first submission of New Drug Application or similar for approval in any global territory except for eastern European territories, and
    - $10 million upon first commercial sale in any global territory except for eastern European territories.
- Royalties:
    - 8% on annual net sales up to $50 million,
    - 10% on annual net sales on the next $25 million, and
    - 12.5% on annual net sales above $75 million.
- 30% of any upfront payments that the Company receives from a third person in respect of development, licensing, manufacturing or distribution rights.

(Expressed in Canadian dollars)

8. Promissory Notes

	March 31, 2020 $	March 31, 2019 $
Note - Director (Note 8(a))	-	90,825
Note – Related Party (Note 8(b))	-	80,846
	-	171,671

(a) On March 20, 2019, the Company issued a promissory note of $90,000, bearing interest at 2.5% per month to a director of the Company and maturing on the date the Company receives its Scientific Research and Development ("SRED") refund. As of March 31, 2019, accrued interest totaled $825. On April 29, 2019, the Company repaid the principal amount and accrued interest on the note totaling $93,000.

(b) On March 20, 2019, the Company issued a promissory note of US$60,000, bearing interest at 2.5% per month to a company controlled by a director of the Company and maturing on the date the Company receives its SRED refund. As of March 31, 2019, carrying amount of the note totaled $80,846, which includes accrued interest of $893. On April 29, 2019, the Company repaid the principal amount and accrued interest on the note totaling US$61,950.

9. Related Party Transactions

(a) During the year ended March 31, 2019, the Company advanced US$83,700 to BetterLife, bearing interest at 10% per annum and due on demand. As of March 31, 2019, carrying amount of the due from BetterLife totaled $111,848 and interest receivable totaled $1,413. On May 17, 2019, BetterLife repaid the outstanding amount and accrued interest totaling US$85,836.

(b) Pursuant to the acquisition of Lexi (Note 2), the Company made an interest free demand loan to Lexi in the principal amount of $500,000, which was extinguished upon the amalgamation of Lexi with the Company on August 2, 2019.

(c) As of March 31, 2020, the Company owed $1,451 (2019 - $30,768) to its Chief Executive Officer for the expenses incurred on behalf the Company, which is included in the due to related parties.

(d) As of March 31, 2020, the Company owed $192,301 (2019 - $112,741) to its Chief Operating Officer for service rendered, which is included in the accounts payable and accrued liabilities.

(e) As of March 31, 2020, the Company owed $1,569 (2019 - $2,165) to a business owned by its Chief Financial Officer for expenses paid on behalf of the Company, which is included in the accounts payable and accrued liabilities.

(f) As of March 31, 2020, the Company owed $237,548 (2019 - $102,025) to its Chief Medical Officer for service rendered, which is included in the accounts payable and accrued liabilities.

(g) As of March 31, 2020, the Company owed $28,539 (2019 - $122,997) to its two directors for service rendered, which is included in the accounts payable and accrued liabilities.

(h) As of March 31, 2020, the Company owed $50,583 (2019 - $50,583) to its Chief Executive Officer for due on demand, non-interest bearing loan advanced to the Company, which is included in the due to related parties.

(Expressed in Canadian dollars)

9. Related Party Transactions (continued)

(i) During the year ended March 31, 2020, the Company issued 45,706 common shares (2019 – 12,538) to its former Chair for services performed (Notes 10(c) and (g)).

(j) Also see Note 18(a), 18(b), 18(c), 18(d), 18(e), and 18(f).

Remuneration of key management personnel was as follows:

	Year ended March 31, 2020 $	Year ended March 31, 2019 $
Wage expense - Chair	239,544	126,598
Wage expense – CEO	300,000	300,000
Wage expense – COO	359,316	237,589
Wage expense – CFO	144,000	144,000
Wage expense – Chief Medical Officer	359,316	265,660
Consulting fee - Chair	-	49,196
Director fees	73,308	74,500
Share-based payments	273,059	1,036,116
	1,748,543	2,233,659

10. Share Capital

Authorized: Unlimited common shares without par value.

Issued: As of March 31, 2020, 37,561,677 (2019 - 34,253,679) common shares were issued and outstanding.

The following are common share transactions during the year ended March 31, 2020:

(a) The Company issued 3,000,000 units at US$2 per unit, consisting of one common share and one half of one share purchase warrant, for proceeds of $4,926,120, of which $664,927 was allocated to warrant liabilities (Note 11(a)). Finder's fee consisting of $95,761 cash and 240,000 common shares valued at $394,090 have been recorded, of which $66,079 was allocated to warrant liabilities (Note 11(a)).

(b) The Company issued 20,000 common shares pursuant to finder's fee related to its February 2019 private placement (Note 10(h)).

(c) The Company issued 47,998 common shares with a fair market value of $76,465 for services performed, including 45,706 common shares issued to the Company's Chair (Note 9(i)).

The following are common share transactions during the year ended March 31, 2019:

(d) In April 2018, 8,000,000 common shares with a fair market value of $10,975,426 were issued pursuant to the acquisition of Lexi (Note 2).

(e) On April 4, 2018, 53,300 common shares with a fair market value of $39,975 were issued as finders' fees.

10. Share Capital (continued)

(f) On May 29, 2018, 147,760 common shares with a fair market value of $147,760 were issued as finders' fees.

(g) On January 15, 2019, 24,109 common shares with a fair market value of $38,574 were issued for services rendered, including 12,538 common shares issued to the Company's Chair (Note 9(i)).

(h) The Company issued 1,000,000 units, consisting of one common share and one half of one share purchase warrant, for proceeds of $1,588,680, of which $216,751 was allocated to warrant liabilities (Note 11). Finder's fee consisting of $31,823 cash, 60,000 common shares valued at $95,321 and 20,000 common shares issuable valued $31,774 were recorded.

11. Share Purchase Warrants

(a) Warrant liabilities

In connection with the non-brokered private placements during the year ended March 31, 2020, 1,500,000 (2019 - 500,000) warrants were issued with exercise prices denominated in US dollars. When non-compensatory warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Canadian dollar), the warrants are treated as a financial liabilities. These warrants are therefore classified as a financial liabilities with changes in fair value recognized in profit or loss. The warrant liabilities are measured using Level 3 inputs within the fair value hierarchy.

The following table summarizes the changes in liability-classified common share purchase warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price US$	Liability Amount $
Balance, March 31, 2018	-	-	-
Granted (Note 10(h))	500,000	2.00	216,751
Balance, March 31, 2019	500,000	2.00	216,751
Granted (Note 10(a))	1,500,000	2.00	598,849
Change in fair value	-	-	(87,056)
Balance, March 31, 2020	2,000,000	2.00	728,544

The following table summarizes information about liability-classified warrants outstanding and exercisable as of March 31, 2020.

Number of Warrants	Exercise Price US$	Expiry Date	Weighted average remaining contractual life (years)
500,000	2.00	February 17, 2021	0.88
500,000	2.00	September 26, 2021	1.49
1,000,000	2.00	March 14, 2022	1.95
2,000,000*	2.00		1.57

* On June 30, 2020, the Company amended the terms of its outstanding warrants as follows: 1) Exercise prices were amended to US$0.50, and 2) Expiry dates were amended to July 24, 2020.

(Expressed in Canadian dollars)

11. Share Purchase Warrants (continued)

(a) Warrant liabilities (continued)

The fair value of warrant liabilities was determined using the Black-Scholes option pricing model, using the following assumptions:

	March 31, 2020	March 31, 2019
Risk free interest rate	0.34% to 1.57%	1.55%
Dividend yield	-	-
Expected life (years)	2 years	2 years
Expected volatility	90.00%	90.00%

(b) Equity-classified warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, March 31, 2019 and 2018	1,395,803	2.00
Expired	(1,229,136)	2.00
Balance, March 31, 2020	166,667	2.00

As of March 31, 2020, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date	Weighted average remaining contractual life (years)
166,667*	2.00	September 26, 2021	1.49

* On June 30, 2020, the Company amended the terms of its outstanding warrants as follows: 1) Exercise prices were amended to US$0.50, and 2) Expiry dates were amended to July 24, 2020.

12. Stock Options

Effective June 29, 2018, the Company adopted a stock option plan. Under this plan, the Company may grant options to its directors, officers, employees and consultants up to an amount as determined by the Company and will be no more than a percentage of its outstanding common stock as may be required by any stock exchange the Company is listed with. The exercise price of the stock options will be determined by the Company and will be no less than any minimum exercise price as may be required by the stock exchange the Company is listed with.

The following table summarizes the continuity of the Company's stock options:

(Expressed in Canadian dollars)

12. Stock Options (continued)

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Outstanding, March 31, 2018	-	-	-
Granted	2,061,548	1.48	3.21
Forfeited	(400,000)	1.50	-
Outstanding, March 31, 2019	1,661,548	1.47	2.55
Granted	123,333	1.60	7.73
Outstanding, March 31, 2020	1,784,881	1.48	1.94

Additional information regarding stock options as of March 31, 2020, is as follows:

Options Outstanding	Options Exercisable	Exercise Price $	Expiry Date
20,000	20,000	1.25	June 30, 2020*
37,500	37,500	0.01	June 30, 2021
1,500,000	1,000,000	1.50	June 30, 2021
40,000	40,000	1.59	February 17, 2022
40,000	3,334	1.61	February 28, 2023
64,048	64,048	1.59	January 14, 2029
41,667	41,667	1.61	June 14, 2029
20,833	20,833	1.59	September 14, 2029
20,833	20,833	1.57	December 26, 2029
1,784,881	1,248,215		

*These options were expired without exercise subsequent to the yearend.

The fair value of stock-based payments was estimated using the Black-Scholes option pricing model and the following assumptions:

	March 31, 2020	March 31, 2019
Risk free interest rate	1.10% to 1.63%	1.79% to 1.97%
Dividend yield	-	-
Expected life (years)	3 to 10 years	2 to 10 years
Expected volatility	90%	90%

(Expressed in Canadian dollars)

13. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	2020 $	2019 $
Net loss before tax and other comprehensive loss	(9,544,409)	(10,164,424)
Statutory tax rate	12.7%	12.8%
Expected tax expense (recovery)	(1,208,190)	(1,301,511)
Non-deductible items	205,198	296,132
Foreign tax rate difference	(2,506,226)	54,370
Change in deferred tax assets not recognized	3,509,218	951,009
Total tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. The unrecognized deductible temporary differences at March 31, 2020 and 2019 are as follows:

	2020 $	2019 $
Fixed assets	62,363	71,170
Marketable security	133,435	(19,056)
Share issuance costs	583,077	373,343
Tax loss carryforwards – Canada	16,246,041	8,564,409
Tax loss carryforwards – Barbados	19,738	42,415
Tax loss carryforwards – U.S.	15,027	-
Unrecognized deductible temporary differences	17,059,681	9,032,281

As of March 31, 2020, the Company has non-capital loss carry forwards of approximately $16,246,041 in Canada (2019: $8,564,409), $19,738 in Barbados (2019: $42,415) and $15,027 in U.S. (2019: nil) which may be carried forward to apply against future year income tax for Canadian, Barbadian and United States income tax purposes, respectively, subject to the final determination by taxation authorities, expiring in the following years:

(Expressed in Canadian dollars)

13. Income Taxes (continued)

	Canada
Expiry	$
2035	41,196
2036	253,645
2037	1,047,999
2038	1,205,935
2039	5,754,831
2040	7,942,435
Total	16,246,041

	Barbados
Expiry	$
2026	5,153
2027	14,585
Total	19,738

	U.S.
Expiry	$
2024	424
2025	3,060
2026	3,552
2027	7,991
Total	15,027

14. Supplemental Cash Flow Disclosures

	March 31, 2020 $	March 31, 2019 $
Non-cash investing and financing activities:		
Common shares issued as finder's fee (Note 10)	340,930	95,321
Common shares issuable as finder's fee (Note 10)	-	31,774
Common shares issued for asset acquisition (Notes 2 and 10)	-	10,975,427

15. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its business strategies, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. There was no change in the Company's approach to capital management during the year.

16. Financial Instruments and Financial Risk Management

The Company's financial instruments include cash and cash equivalents, marketable security, due from related parties, accounts payable and accrued liabilities, warrant liabilities and due to related parties. The carrying amounts of cash and cash equivalents, due from related parties, accounts payable and accrued liabilities and due to related parties approximate their fair values because of the short-term nature of these instrument. Marketable security is recorded at fair value using the quoted market price. Warrant liabilities are at fair value using the Black-Scholes pricing model.

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate, liquidity risk and currency risk.

(a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through a large Canadian financial institution. As such, the Company considers this risk to be minimal.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of March 31, 2020, the Company was not exposed to significant interest rate risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 18. Accounts payable and accrued liabilities are subject to normal trade terms. The Company believes that the capital sources will be sufficient to cover the expected short and long-term cash requirements by obtaining financing through the issuance of debt or common shares.

(d) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is Canadian dollars. The Company is exposed to currency risk through the financial assets and liabilities denominated in currencies other than Canadian dollars. The Company currently does not use derivative instruments to hedge its exposure to the currency risk. As of March 31, 2020, the Company's accounts payable denominated in U.S dollars, Euro and British pounds are exposed to currency risk.

A 1% strengthening (weakening) of the United States dollars, British pounds and Euros against the Canadian dollars, with other variables unchanged, would have decreased (increased) the net comprehensive loss by approximately $16,791.

17. Segment Disclosures

The Company operates in one reporting segment. The Company is located and operated in Canada and US. As of March 31, 2020 and 2019, all the non-current assets were located in Canada.

18. Events after the Reporting Period

(a) In May 2020, the Company sold 100% of the outstanding common shares of Opes to BetterLife for $1. BetterLife is a related party to the Company by way of common director and officers.

(b) On May 6, 2020, the Company entered into binding letter of intent to license worldwide rights (other than in Greater China, Japan and ASEAN countries) to commercialize and sell AP-003, a potential COVID-19 treatment, from to BetterLife (the "Licensing Agreement"). Under the terms of the Licensing Agreement, on closing the Company will receive 1,000,000 common shares of BetterLife and be granted 500,000 warrants to acquire an equivalent number of common shares at a price of $1.90 per common share. The warrants will have a term of two years and are only exercisable upon successful completion of the AP-003 clinical trials. In addition, subject to the satisfaction of certain conditions precedent, upon registration of the proposed product in a major market, BetterLife will pay $5,000,000 in cash to the Company and the Company will be entitled to a tiered royalty equal to 7% of net sales on the first US$50,000,000 in a calendar year and a reduced royalty equal to 5% of net sales in any calendar year that are in excess of US$50,000,000. Closing is contingent on, among other things, BetterLife undertaking an equity financing of at least US$5,000,000 and the Company obtaining an exclusive license with respect to certain intellectual property from a Canadian governmental research and technology organization.

(c) In May 2020, the Company entered into a US$200,000 promissory note with BetterLife, of which US$189,500 was advanced from BetterLife to advance on clinical activities related to the AP-003 clinical trials. In July 2020, the Company entered into a $1,000,000 promissory note with BetterLife for the same purpose. The promissory notes are due on the earlier of (i) August 31, 2020, (ii) the termination of the Licensing Agreement (Note 18(b)) or (iii) the second business day following the date that BetterLife demands repayment. If the Licensing Agreement is completed in accordance with its terms, the promissory notes are non-interest bearing and the amounts outstanding shall offset (reduce) the amounts payable by the Company under the Licensing Agreement. If the Licensing Agreement is not completed in accordance with its terms or if the Licensing Agreement is terminated, the Company shall pay to BetterLife interest on the outstanding principal amount and on the amount of overdue interest thereon from time to time at the rate of 10% per annum.

(d) In May 2020, 67.45% of shareholders of the Company signed "hard" lock-up agreements with BetterLife. Pursuant to these "hard" lock-up agreements, the Company entered into an exclusivity agreement with BetterLife to work towards finalizing a mutually acceptable definitive agreement for the "merger of equals" transaction.

(e) In June 2020, the Company entered into a settlement agreement with its Executive Chair and Director ("Settlement Agreement"). Pursuant to the Settlement Agreement, the employment agreement with the Executive Chair is terminated and the Company's obligation with respect to termination of the employment agreement is eight (8) quarterly payments of US$50,000 each for a period of 24 months beginning on June 30, 2020 and ending on March 31, 2022.

(f) On June 15, 2020, the Company issued 2,000,000 units, consisting of one common share and one half of one share purchase warrant, for proceeds of US$2,400,000. In addition, the Company issued 160,000 common shares as finder's fee.

(g) On June 30, 2020, the Company amended the terms of its outstanding warrants as follows: 1) Exercise prices were amended to US$0.50, and 2) Expiry dates were amended to **[July 24, 2020]**.

18. Events after the Reporting Period (continued)

(h) On July 3, 2020, the Company signed an amalgamation agreement with BetterLife pursuant to which the Company will be amalgamated with 12167573 Canada Ltd., a wholly-owned subsidiary of BetterLife (the "Amalgamation"). Upon the close of the Amalgamation, BetterLife will issue such number of common shares equal to 100% of its outstanding common shares to shareholders of the Company such that, immediately upon completion of the Amalgamation, shareholders of the Company, in the aggregate, will hold an equal number of common shares of BetterLife as the shareholders of BetterLife hold in the aggregate. In addition, each of the Company's share purchase warrants and stock options will be exchanged for such number of BetterLife share purchase warrants and stock options as is determined using the share exchange ratio determined by reference to the exchange of the Company's common shares for common shares of BetterLife. Closing of the Amalgamation is subject to the receipt of all required approvals and with BetterLife being satisfied with the results of its due diligence. Upon closing of the Amalgamation, the Licensing Agreement (Note 18(b)) will no longer be required and neither the Company nor BetterLife will have any obligations thereunder.

(i) On July 29, 2020, 91.3% of the Company's shareholders voted in favor of the Amalgamation (Note 18(h)). The Amalgamation will close upon BetterLife obtaining all required approvals from the Canadian Securities Exchange.

(j) On August 3, 2020, the Company issued 56,250 common shares for proceeds of $90,000 received during the year ended March 31, 2020.

(k) On August 7, 2020, the Company issued 897,000 units for gross proceeds of US$448,500. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase a common share at US$0.70 per share for a period of two years. Pursuant to the private placement, the Company will pay US$35,880 in finder's fee and has issued 71,760 in finder's warrants, with each whole warrant entitling the finder to purchase a common share at US$0.70 per share.

ALTUM PHARMACEUTICALS INC.

Consolidated Financial Statements
Year Ended March 31, 2019
(Expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Company. The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the directors to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 16, 2019

"Ahmad Doroudian"
CEO

"Moira Ong"
CFO

Independent Auditor's Report

To the Shareholders of Altum Pharmaceuticals Inc.:

Opinion

We have audited the consolidated financial statements of Altum Pharmaceuticals Inc., and its subsidiaries, (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2019 and 2018, the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 in the consolidated financial statements, which indicates that the Company incurred a net loss of $10,164,424 and used funds for operating activities of $6,121,521 during the year ended March 31, 2019 and, as at March 31, 2019, the Company had a cumulative deficit of $14,517,018. 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.

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

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 entity'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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Vancouver, British Columbia
September 16, 2019

Chartered Professional Accountants

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	March 31, 2019 $	March 31, 2018 $
Assets		
Current assets		
Cash and cash equivalents	115,482	3,635,955
GST receivable	27,965	17,908
Marketable security (Note 4)	500,000	2,449,537
Due from related parties (Note 8)	111,848	-
Prepaid expenses	973,089	-
Total current assets	1,728,384	6,103,400
Equipment	-	1,881
Intangible assets (Note 6)	10,266,922	-
Total assets	11,995,306	6,105,281
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	1,389,398	615,140
Due to related parties (Note 8)	81,351	72,235
Promissory notes (Note 7)	171,671	-
Total current liabilities	1,642,420	687,375
Warrant liabilities (Note 10(a))	216,751	-
Total liabilities	1,859,171	687,375
Shareholders' equity		
Common shares, net of share issue costs (Note 9)	21,560,593	9,050,525
Common shares to be issued (Note 9)	1,441,231	182,760
Reserves	1,634,598	518,824
Accumulated other comprehensive income	16,731	18,391
Deficit	(14,517,018)	(4,352,594)
Total shareholders' equity	10,136,135	5,417,906
Total liabilities and shareholders' equity	11,995,306	6,105,281

Approved on behalf of the Board of Altum Pharmaceuticals Inc. on September 16, 2019.

"Nancy Miller-Rich" Director

"Ahmad Doroudian " Director

(The accompanying notes are an integral part of these consolidated financial statements)

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian dollars, except for per share amounts)

	2019 $	2018 $
Revenues		
License income (Note 4)	-	461,888
Total revenues	-	461,888
Expenses		
Amortization and depreciation	1,130,361	940
Conference	4,716	14,550
Consulting fees	952,485	177,754
Director fees	90,995	17,107
Foreign exchange (gain) loss	(1,063,127)	42,976
General and administrative	129,563	24,659
Insurance	6,136	-
Marketing	-	44,284
Professional fees	215,300	139,809
Rent	9,000	-
Research and development, net of cost recovery	4,234,428	57,738
Salaries and wages	1,147,096	599,409
Share issued for services (Note 9)	1,221,030	355,472
Travel expenses	125,983	111,632
Website costs	8,969	6,625
Total expenses	8,212,935	1,592,955
Net loss before other expenses	(8,212,935)	(1,131,067)
Other income (expenses)		
Change in unrealized gains/losses on marketable security (Note 4)	(1,949,537)	1,987,649
Interest and other income	1,422	4,831
Interest expense	(1,493)	-
Loss on disposal of equipment	(1,881)	-
Write-down of inventories (Note 5)	-	(267,976)
Write-down of investment in Joint Venture (Note 8(a))	-	25,162
Total other (expenses) income	(1,951,489)	1,749,666
Net (loss) income	(10,164,424)	618,599
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent period (net of tax)		
Foreign currency translation adjustment	1,660	19,177
Net comprehensive (loss) income	(10,162,764)	637,776
Net (loss) income per share, basic and diluted	(0.31)	0.03
Weighted average shares outstanding, basic and diluted	33,203,370	18,799,227

(The accompanying notes are an integral part of these consolidated financial statements)

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except for share amounts)

	Common Shares		Common Shares to be Issued	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
	Number of Shares	Amount $	$	$	$	$	$
Balance at March 31, 2017	20,688,750	5,205,000	-	-	(786)	(4,971,193)	233,021
Private placements, net of share issuance cost (Note 9)	4,279,760	3,845,525	182,760	518,824	-	-	4,547,109
Net income	-	-	-	-	-	618,599	618,599
Foreign currency translation	-	-	-	-	19,177	-	19,177
Balance at March 31, 2018	24,968,510	9,050,525	182,760	518,824	18,391	(4,352,594)	5,417,906
Common shares issued on asset acquisition (Note 2(a))	8,000,000	10,975,427	-	-	-	-	10,975,427
Private placements (Note 9)	1,000,000	1,371,929	-	-	-	-	1,371,929
Share issuance costs (Note 9)	261,060	124,138	(150,986)	-	-	-	(26,848)
Subscriptions received	-	-	1,409,457	-	-	-	1,409,457
Shares issued for services	24,109	38,574	-	-	-	-	38,574
Share-based payments	-	-	-	1,115,774	-	-	1,115,774
Net income	-	-	-	-	-	(10,164,424)	(10,164,424)
Foreign currency translation	-	-	-	-	(1,660)	-	(1,660)
Balance at March 31, 2019	34,253,679	21,560,593	1,441,231	1,634,598	16,731	(14,517,018)	10,136,135

(The accompanying notes are an integral part of these consolidated financial statements)

ALTUM PHARMACEUTICALS INC.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	2019 $	2018 $
Operating activities		
Net (loss) income	(10,164,424)	618,599
Non-cash items:		
Amortization and depreciation	1,130,361	940
Share issued for services (Note 9)	1,221,030	355,472
License income	-	(461,888)
Loss on disposal of equipment	1,881	-
Unrealized (loss) gain on marketable securities	1,949,537	(1,987,649)
Changes in non-cash working capital items:		
Share subscription receivable	-	50,000
GST receivable	(10,057)	(13,996)
Prepaid expense	(973,089)	1,325
Inventory	-	267,976
Accounts payable and accrued liabilities	714,124	423,699
Due to related parties	9,116	20,447
Net cash (used in) operating activities	(6,121,521)	(725,075)
Financing activities		
Proceeds from promissory notes (Note 7)	171,671	-
Proceeds from share subscriptions received	1,409,457	-
Proceeds from issuance of common shares, net of share issuance cost	-	4,191,637
Proceeds from issuance of units, net of share issuance cost	1,561,833	-
Net cash provided by financing activities	3,142,961	4,191,637
Investing activities		
Asset acquisition (Note 2(a))	(421,857)	-
Promissory note receivable (Note 8(c))	(111,848)	-
Purchase of equipment	-	(2,821)
Net cash (used in) provided by investing activities	(533,705)	(2,821)
Effects of exchange rate changes in cash	(8,208)	19,996
(Decrease) increase in cash and cash equivalents	(3,512,265)	3,463,741
Cash and cash equivalents, beginning of year	3,635,955	152,218
Cash and cash equivalents, end of year	115,482	3,635,955

Supplemental cash flow disclosures (Note 13)

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Operations and Going Concern

Altum Pharmaceuticals Inc. (the "Company", or "API") was incorporated under the Canada Business Corporations Act on June 15, 2016 and its head office is located at 1055 West Georgia Street, Suite 2100, Vancouver, British Columbia. The Company is engaged in the development of therapeutics within under-served areas in oncology.

These consolidated financial statements have been prepared on the basis that the Company is a going concern. This assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company reported a net loss of $10,164,424 (2018 – income $618,599) and used funds for operating activities of $6,121,521 (2018 - $725,075) for the year ended March 31, 2019. The Company had a cumulative deficit of $14,517,018 (2018 - $4,352,594) as at March 31, 2019. These factors indicate material uncertainties that cast substantial doubt about to the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on obtaining financing through the issuance of debt or common shares or successful development and commercialization of its product portfolio. The outcome of these matters cannot be predicted at this time. The Company will continue to review the prospects of raising additional debt and equity financing to support its operations until such time that its operations become self-sustaining, to fund its research and development activities and to ensure the realization of its assets and discharge of its liabilities. While the Company is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate sufficient funds for future operations.

The Company is not expected to be profitable during the ensuing twelve months and therefore must rely on securing additional funds from either issuance of debt or equity financing for cash consideration. During 2019, the Company received net cash proceeds of $3,142,961 (2018 - $4,191,637) pursuant to financing activities.

Management, utilizing close personal relationships, has been successful in raising capital through periodic private placements of the Company's common shares. The investors' confidence in the undertakings of management permits this avenue of financing to exist.

The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

2. Asset Acquisitions

(a) Lexi Pharma Inc.

On April 3, 2018, the Company completed the acquisition of Lexi Pharma Inc. ("Lexi") pursuant to a Share Purchase Agreement dated as of April 3, 2018. As consideration for the purchase, the Company issued 8,000,000 shares of common stock. Upon closing the Company made an interest free demand loan to Lexi in the principal amount of $500,000 (Note 9(d)). Lexi is a therapeutics company focused on development of treatments for bone related disorders. The Company concluded that the acquisition did not constitute a business and accordingly the transaction was accounted for as an asset acquisition. The consideration transferred, assets acquired and liabilities assumed recognized is as follows:

(Expressed in Canadian dollars)

2. Asset Acquisitions (continued)

(a) Lexi Pharma Inc.(continued)

Consideration paid:	$
Shares issued	10,975,427

Net assets acquired:	$
Cash	368
Receivables	123,412
Patents	11,430,083
Accounts payable and accrued liabilities	(401,436)
Due to related parties	(177,000)
Net value of net assets acquired	10,975,427

The patents acquired are amortized over an estimated useful life of ten (10) years (Note 6).

On July 31, 2018, Lexi amalgamated into API, with API continuing as the successor to the amalgamated corporations.

(b) Altum S1M US Corp.

On September 15, 2017, the Company's wholly-owned subsidiary, Altum Pharmaceuticals International Inc. ("APII"), acquired an additional 55% of the common shares of Altum S1M US Corp. ("AS1M US") for a purchase price of US$1. As a result of the acquisition, the Company owns 100% of AS1M US. Net assets acquired, which comprised of cash, totaled US$545.

3. Significant Accounting Policies

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements have been prepared in accordance with the accounting policies presented below and are based on IFRS and IFRIC interpretations issued and effective as of March 31, 2019.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on September 16, 2019.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below.

3. Significant Accounting Policies (continued)

(c) Basis of Presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The functional currency of its wholly owned subsidiaries, Altum Pharmaceuticals International Inc.("APII"), Altum Pharmaceuticals Barbados Inc. ("APBI") and Altum S1M US Corp. ("AS1M US") is United States dollars. The functional currency of its wholly owned subsidiary Opes Pharmaceuticals Inc. ("Opes") is Canadian dollars.

(d) Basis of Consolidation

These consolidated financial statements include the accounts of Altum Pharmaceuticals Inc. (incorporated in Canada on June 15, 2016) and its wholly owned subsidiaries Altum Pharmaceuticals International Inc. (incorporated in Barbados on July 28, 2016), Altum Pharmaceuticals Barbados Inc. (incorporated in Barbados on July 28, 2016), Altum S1M US Corp. (incorporated in the State of Nevada on November 22, 2016), Opes Pharmaceuticals Inc. (incorporated in Canada, acquired on November 10, 2016) and Lexi Pharma Inc. (incorporated on July 13, 2016) for the period from acquisition on April 3, 2018 to amalgamation into API on July 31, 2018.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of income (loss) and comprehensive income (loss) from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

(e) Use of Estimates and Judgements

The preparation of these consolidated financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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 further periods if the review affects both current and future periods.

Critical accounting estimates
Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimate used in the preparation of these consolidated financial statements is the recoverability of deferred tax assets, fair value of share-based payments and warrants, and useful life of intangible assets.

(i) The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the 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.

3. Significant Accounting Policies (continued)

(e) Use of Estimates and Judgements (continued)

(ii) Following initial recognition, the Company carries the value of the intangible asset at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible asset resulting in a change in related amortization expense.

(iii) The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect fair value estimates and the Company's net loss and its equity reserves. Warrant liabilities are accounted for as financial liabilities as they are exercisable in US dollars (Note 10(a)).

Critical judgments
Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is an area of key judgment. In the acquisitions of Lexi and AS1M US, judgement was required to determine if the acquisitions represented a business combination or an asset acquisition. More specifically, management concluded that both acquisitions did not represent a business as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the acquisitions represented the acquisition of assets, there was no goodwill recognized.

(ii) Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended March 31, 2019. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability and potential sources of replacement financing. As a result of the assessment, management concluded the ultimate appropriateness of the use of accounting principles applicable to a going concern.

(iii) In concluding that the Canadian dollar is the functional currency of API and Opes, and the US dollar is the functional currency of APII, APBI, and AS1M US, management considered the currency that mainly influences the cost of providing goods and services in the primary economic environment in which each entity operates, or if there has been a change in events or conditions that determined the primary economic environment.

3. Significant Accounting Policies (continued)

(f) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in other than the functional currency are translated at the exchange rates in effect at the financial position date. The resulting exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities denominated in other than the functional currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in other than the functional currency are translated using the exchange rate at the date of transaction.

Foreign operations

For consolidation purposes, the assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the year. All resulting exchange differences are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as foreign currency translation adjustment.

(g) Financial Instruments

Financial Instruments - classification and measurement

Financial Asset

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

• Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company's cash and cash equivalents and due from related parties are classified in this category.

• Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

• Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. The Company's marketable security is classified in this category.

3. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

Financial Liabilities
All financial liabilities are initially recognised at fair value plus or minus transactions costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL. The Company's accounts payable and accrued liabilities, due to related parties and promissory notes are measured at amortized cost. Warrant liabilities are measured at FVTPL.

Financial Instruments - Impairment of financial assets
The Company recognizes 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 has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the consolidated statements of 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.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

a. Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
b. Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
c. Level 3 – inputs for the asset or liability are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At March 31, 2019 and 2018, cash and cash equivalents and marketable security were measured and recognized in the consolidated statement of financial position using Level 1 inputs and warrant liabilities have been measured and recognized in the consolidated statements of financial position at fair value using Level 3 inputs in the fair value hierarchy. At March 31, 2019 and 2018, there were no financial assets measured and recognized in the consolidated statement of financial position at fair value that would have been categorized as Level 3 in the fair value hierarchy above.

(h) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at March 31, 2019 and 2018, the Company had no cash equivalents.

(i) Marketable Security

Marketable security consists of common shares of a publicly-traded company. The marketable security is classified as financial asset at fair value through profit or loss. It is recorded at their fair values using quoted market prices at the statement of financial position date. Subsequent revaluation resulting in unrealized gains or losses are recorded in the consolidated statements of income (loss) and comprehensive income (loss).

3. Significant Accounting Policies (continued)

(j) Intangible assets

Intangible assets consists of costs incurred to acquire patents. Intangible assets are considered finite live assets and recorded at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the asset. Amortization is recorded using the straight-line method and is intended to amortize the intangible assets over their estimated useful lives of ten (10) years.

(k) Impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any). The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is determined to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(m) Fair value of warrants and warrant liabilities

Warrants issued are considered a derivative liability when the currency denomination of the exercise price is different from the functional currency of the Company. Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the relative fair value method. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. The Company uses the Black-Scholes pricing model to estimate fair value at each exercise and period end date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares and the expected life of the warrants. The impact of changes in key assumptions is described in Note 10. When warrants are classified as liabilities, the updated values of relevant inputs within the Black-Scholes pricing model are used to calculate the fair value of the warrant liabilities at each reporting date.

3. Significant Accounting Policies (continued)

(n) Share-based payments

The Company issues share purchase options under its Share Option Plan described in Note 11. The fair value of share purchase options granted to employees, consultants, directors and others providing similar services is measured at the grant date using an option pricing model. Subsequently, the fair value of share purchase options ultimately expected to vest is charged to operations over the vesting period. Share purchase options granted to third parties in exchange for goods or services are measured at the fair value of the goods or services received and charged to operations over the vesting period.

(o) Revenue

Licensing fees revenue is recognized on an accrual basis when earned in accordance with the agreement terms, when all significant contractual obligations have been satisfied, when royalties or reimbursements from the collaborative partner are determinable and when collection is reasonably assured.

(p) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(q) Comprehensive Income or Loss

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income until the asset is removed from the consolidated statement of financial position. Currency translation adjustments for foreign subsidiaries are included in other comprehensive income until disposal of the foreign subsidiary.

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(r) Earnings or Loss Per Share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(s) 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.

(t) Adoption of New or Revised Accounting Standards and Interpretations

The Company has adopted the following new accounting standards and interpretations effective April 1, 2018. These changes were made in accordance with the applicable transitional provisions and had no impact on its Financial Statements.

IFRS 9 – Financial Instruments ("IFRS 9")
IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The table below summarizes the classification and carrying amount changes upon transition from IAS 39 to IFRS as at April 1, 2018.

	Original under IAS 39		New under IFRS 9	
	Classification	Carrying Amount $	Classification	Carrying Amount $
Cash and cash equivalents	FVTPL	3,635,955	Amortized cost	3,635,955
Marketable security	FVTPL	2,449,537	FVTPL	2,449,537
Due from related parties	Loans and receivables	-	Amortized cost	-
Accounts payable and accrued liabilities	Other financial liabilities	615,140	Amortized cost	615,140
Due to related parties	Other financial liabilities	72,235	Amortized cost	72,235
Promissory notes	Other financial liabilities	-	Amortized cost	-
Warrant liabilities	FVTPL	-	FVTPL	-

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit.

3. Significant Accounting Policies (continued)

IFRS 15 – Revenue from Contracts with Customers.
IFRS 15 superseded IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual period beginning on or after January 1, 2018. The Company adopted the standard on April 1, 2018 using the full retrospective method. No adjustments were required as a result of the adoption. IFRS 15 requires entities to recognize revenue "control" of goods or services transfers to the customer whereas the previous standard, IAS 18, requires entities to recognize revenue when the "risks and rewards" of the goods or services transfer to the customer. The Company concluded that there is no change in the timing of revenue recognition of its sales under IFRS 15 as compared to the previous standard as the point of transfer of risks and rewards of goods and services and transfer of control occur at the same time. As such, no adjustment was required to the Company's Financial Statements.

(u) New Accounting Pronouncements

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below and include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company intends to adopt these standards and interpretations when they become effective.

IFRS 16 Leases ("IFRS 16")
IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has not early adopted this revised standard and it will not have a material impact on the Company's consolidated financial statements.

4. Marketable Security

On September 12, 2017, the Company entered into a licensing agreement with Pivot Pharmaceuticals Inc. ("Pivot"), a party related by way of common director and officers, whereby the Company licensed worldwide rights to the BiPhasix™ transdermal drug delivery technology for the development and commercialization of Cannabinoids, Cannabidiol and Tetrahydrocannabinol products. Consideration include:

1) 2,500,000 shares of common stock of Pivot on September 22, 2017 valued at $461,888, which has been presented as license income on the consolidated statements of income (loss) and comprehensive income (loss); (received)
2) 2,500,000 shares of common stock of Pivot upon Health Canada Natural Product Number approval (not yet received as of the date of this report);
3) Royalties on annual gross sales; and
4) For pharmaceutical products, milestone payments payable upon first Investigative New Drug Approval, upon positive outcome of Phase II trial in first indication, and upon New Drug Application approval. As of March 31, 2019, and the date of this report, no milestones have been achieved.

As of March 31, 2019, the Company's investment in Pivot shares are recorded at its fair value of $500,000 (2018 - $2,449,537).

(Expressed in Canadian dollars)

5. Inventories

During the year ended March 31, 2018, the Company wrote-off all of its inventories totaling to $267,976 and has not carried any inventories since.

6. Intangible Assets

Cost	Lexi Patents $
Balance, March 31, 2018 and 2017	-
Additions (Note 2a)	11,430,083
Write-off	(32,800)
Balance, March 31, 2019	11,397,283

Accumulated Amortization	$
Balance, March 31, 2018 and 2017	-
Amortization	1,130,361
Balance, March 31, 2019	1,130,361

	$
Net book value, March 31, 2018 and 2017	-
Net book value, March 31, 2019	10,266,922

BiPhasix Technology

On March 21, 2017, the Company entered into a patent license agreement with Altum-Avro Pharma Partnership ("AAPP") to license the development of the technology involving the formation of biphasic lipid vesicles for use as a vehicle for administration of a biologically active material ("BiPhasix Technology). Consideration included:

- Five percent (5%) of the inventory of any and all product produced by the Company to be paid in kind to AAPP.
- Milestone payments:
  - $3 million upon initiation of the first Phase 3 trial in any global territory except for eastern European territories,
  - $5 million upon first submission of New Drug Application or similar for approval in any global territory except for eastern European territories, and
  - $10 million upon first commercial sale in any global territory except for eastern European territories.
- Royalties:
  - 8% on annual net sales up to $50 million,
  - 10% on annual net sales on the next $25 million, and
  - 12.5% on annual net sales above $75 million.
- 30% of any upfront payments that the Company receives from a third person in respect of development, licensing, manufacturing or distribution rights.

Pursuant to the patent license agreement dated March 21, 2017, AAPP further entered into a development agreement dated April 6, 2017 for a term of one year to retain the Company to develop BiPhasix Technology for commencement of clinical trials. In consideration, the Company received US$500,000 and the compensation is considered earned by the Company upon achieving certain milestones. As of March 31, 2018, the Company has incurred significant research and development costs on BiPhasix Technology and US$500,000 (equivalent of CAD $659,209) was recognized in the consolidated statements of income (loss) and comprehensive income (loss) as a cost recovery against

(Expressed in Canadian dollars)

6. Intangible Assets (continued)

research and development expenditures incurred. For the year ended March 31, 2019, the Company did not incur any research and development costs on BiPhasix Technology.

7. Promissory Notes

	March 31, 2019 $	March 31, 2018 $
Note - Director (a)	90,825	–
Note – Related Party (b)	80,846	–
	171,671	–

(a) On March 20, 2019, the Company issued a promissory note of $90,000, bearing interest at 2.5% per month to a director of the Company and maturing on the date the Company receives its Scientific Research and Development ("SRED") refund. As at March 31, 2019, accrued interest totaled $825 (2018 - $nil). On April 29, 2019, the Company repaid the principal amount and accrued interest on the note totaling $93,000.

(b) On March 20, 2019, the Company issued a promissory note of US$60,000, bearing interest at 2.5% per month to a company controlled by a director of the Company and maturing on the date the Company receives its SRED refund. As at March 31, 2019, carrying amount of the note totaled $80,846 (2018 - $nil), which includes accrued interest of $893 (2018 - $nil). On April 29, 2019, the Company repaid the principal amount and accrued interest on the note totaling US$61,950.

8. Related Party Transactions

(a) On October 14, 2016, APII entered into a Joint Venture Agreement ("Agreement") with Sports1 Marketing Inc. (a corporation incorporated under the laws of California, "Sports1"), RageOne Production Group Inc. (a corporation incorporated under the laws of California, "RageOne US"), and RageOne Productions (a sole proprietorship registered in British Columbia, "RageOne Canada"). Pursuant to the Agreement, the parties agree to incorporate Altum S1M under the Laws of Barbados for the purpose of marketing and selling the SierraSil compound and related products derived from the SierraSil compound for nutraceutical usage. Altum S1M was incorporated on October 14, 2016, with APII and Sports1 each own 42.5% equity interest in it. The other 15% equity interest is equally owned by RageOne US, RageOne Canada and Sierra Mountain Minerals Inc. (a corporation incorporated under the laws of British Columbia).

On September 30, 2017, Altum S1M was dissolved. For the period prior to its dissolution, the Company recorded its share of equity gain of $21,811.

Summary of the financial information of Altum S1M is as follows:

	Year ended March 31, 2019 $	Year ended March 31, 2018 $
Net income	-	21,811

(b) During the year ended March 31, 2019, the Company incurred $nil (2018 - $12,000) consulting expense to a company owned by a past director.

(Expressed in Canadian dollars)

8. Related Party Transactions (continued)

(c) During the year ended March 31, 2019, the Company advanced US$83,700 to Pivot, bearing interest at 10% per annum and due on demand. As at March 31, 2019, carrying amount of the due from Pivot totaled $111,848 (2018 - $nil) and interest receivable totaled $1,413 (2018 - $nil). On May 17, 2019, Pivot repaid the outstanding amount and accrued interest totaling US$85,836.

(d) Pursuant to the acquisition of Lexi (Note 2(a)), the Company made an interest free demand loan to Lexi in the principal amount of $500,000, which was extinguished upon the amalgamation of Lexi with the Company on August 2, 2019.

(e) As at March 31, 2019, the Company owed $30,768 (2018 - $70,662) to its Chief Executive Officer for the expenses incurred on behalf the Company, which is included in the due to related parties.

(f) As at March 31, 2019, the Company owed $112,741 (2018 - $nil) to its Chief Operating Officer for the expenses incurred on behalf the Company and service rendered, which is included in the accounts payable and accrued liabilities.

(g) As at March 31, 2019, the Company owed $2,165 (2018 - $1,573) to a business owned by its Chief Financial Officer for service rendered, which is included in the accounts payable and accrued liabilities.

(h) As at March 31, 2019, the Company owed $102,025 (2018 - $nil) to its Chief Medical Officer for service rendered, which is included in the accounts payable and accrued liabilities.

(i) As at March 31, 2019, the Company owed $122,997 (2018 - $nil) to its two directors for service rendered, which is included in the accounts payable and accrued liabilities.

(j) As at March 31, 2019, the Company owed $50,583 (2018 - $50,583) to its Chief Executive Officer for due on demand, non-interest bearing loan advanced to the Company, which is included in the due to related parties.

(k) On January 15, 2019, 24,109 common shares were issued for services rendered, including 12,538 common shares issued to the Company's Chair (Note 9(d)).

Remuneration of key management personnel was as follows:

	Year ended March 31, 2019 $	Year ended March 31, 2018 $
Wage expense - Chair	126,598	-
Wage expense – CEO	300,000	300,000
Wage expense – COO	237,589	175,000
Wage expense – CFO	144,000	108,000
Wage expense – Chief Medical Officer	265,660	-
Consulting fee - Chair	49,196	-
Director fees	74,500	-
Share-based payments	1,036,116	-
	2,233,659	583,000

9. Share Capital

Authorized: Unlimited common shares without par value.

Issued: As of March 31, 2019, 34,253,679 (2018 - 24,968,510) common shares were issued and outstanding.

The following are common share transactions during the year ended March 31, 2019:

(a) On April 3, 2018, 8,000,000 common shares with a fair market value of $10,975,426 were issued pursuant to the acquisition of Lexi (Note 2(a)).
(b) On April 4, 2018, 53,300 common shares with a fair market value of $39,975 were issued as finders' fees.
(c) On May 29, 2018, 147,760 common shares with a fair market value of $147,760 were issued as finders' fees.
(d) On January 15, 2019, 24,109 common shares with a fair market value of $38,574 were issued for services rendered, including 12,538 common shares issued to the Company's Chair (Note 8(k)).
(e) On February 18, 2019, 1,000,000 units, consisting of one common share and one half of one share purchase warrant, were issued for proceeds of $1,588,680, of which $216,751 was allocated to warrant liabilities (Note 10). Finder's fee consisting of $31,823 cash, 60,000 common shares valued at $95,321 and 20,000 common shares issuable valued $31,774 have been recorded.

The following are common share transactions during the year ended March 31, 2018:

(f) On April 28, 2017, 50,000 common shares were returned and cancelled.
(g) On June 28, 2017, 50,000 common shares were issued for proceeds of $50,000.
(h) On July 28, 2017, 25,000 common shares were issued for proceeds of $25,000.
(i) On September 21, 2017, 150,000 common shares were issued for proceeds of $150,000.
(j) On January 17, 2018, 150,000 common shares were issued for proceeds of $150,000.
(k) On January 23, 2018, 200,000 common shares were issued for proceeds of $200,000.
(l) On January 26, 2018, 330,000 units, consisting of one common share and one half of one share purchase warrant, were issued for proceeds of $330,000, of which $53,314 was allocated to warrant reserve.
(m) On February 7, 2018, 579,242 units, consisting of one common share and one half of one share purchase warrant, were issued for proceeds of $620,500, of which $103,607 was allocated to warrant reserve.
(n) On February 16, 2018, 323,156 common shares were issued for services and valued at its fair market value of $355,472.
(o) On February 23, 2018, 1,488,364 units, consisting of one common share and one half of one share purchase warrant, were issued for proceeds of $1,637,200, of which $274,822 was allocated to warrant reserve.
(p) On March 8, 2018, 640,000 common shares were issued for proceeds of $800,003. Finder's fee consisting of $40,000 cash and 53,334 common shares valued $40,000 have been recorded in common shares issuable and share issue costs.
(q) On March 9, 2018, 294,000 units, consisting of one common share and one half of one share purchase warrant, were issued for proceeds of $367,500, of which $65,085 was allocated to warrant reserve.
(r) On March 26, 2018, 100,000 units, consisting of one common share and one half of one share purchase warrant, were issued for proceeds of $125,000, of which $21,995 was allocated to warrant reserve.
(s) In connection with units issued during the year ended March 31, 2018 (Notes 9(l), 9(m), 9(o), 9(q) and 9(r)), finder's fee consisting of $160,260 cash and 147,760 common shares, valued at $147,760 and recorded in common shares issuable, have been included as share issue costs.

10. Share Purchase Warrants

(a) Warrant liabilities

In connection with the non-brokered private placement during the year ended March 31, 2019, 500,000 warrants were issued with exercise prices denominated in US dollars. When non-compensatory warrants have an exercise price denominated in a currency which is different from the functional currency of the Company (Canadian dollar), the warrants are treated as a financial liabilities. These warrants are therefore classified as a financial liabilities with changes in fair value recognized in profit or loss. The warrant liabilities are measured using Level 3 inputs within the fair value hierarchy.

The following table summarizes the changes in liability-classified common share purchase warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price US$	Liability Amount $
Balance, March 31, 2018 and 2017	-	-	-
Granted (Note 9(e))	500,000	2.00	216,751
Balance, March 31, 2019	500,000	2.00	216,751

The following table summarizes information about liability-classified warrants outstanding and exercisable at March 31, 2019.

Number of Warrants	Exercise Price US$	Expiry Date	Weighted average remaining contractual life (years)
500,000	2.00	February 17, 2021	1.89

The fair value of warrant liabilities was determined using the Black-Scholes option pricing model, using the following assumptions:

	March 31, 2019	March 31, 2018
Risk free interest rate	1.55%	-
Dividend yield	-	-
Expected life (years)	2 years	-
Expected volatility	90.00%	-

(Expressed in Canadian dollars)

10. Share Purchase Warrants (continued)

(b) Equity-classified warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, March 31, 2017	-	-
Granted (Notes 9(g), 9(h), 9(j), 9(l) and 9(m))	1,395,803	2.00
Balance, March 31, 2019 and 2018	1,395,803	2.00

As at March 31, 2019, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date	Weighted average remaining contractual life (years)
165,000	2.00	January 25, 2020	0.82
289,621	2.00	February 6, 2020	0.85
744,182	2.00	February 22, 2020	0.90
147,000	2.00	March 8, 2020	0.94
50,000	2.00	March 25, 2020	0.99
1,395,803			0.89

The fair values of the warrants granted were calculated using the Black-Scholes pricing model with the following assumptions:

	March 31, 2019	March 31, 2018
Risk free interest rate	-	1.78% to 1.88%
Dividend yield	-	-
Expected life (years)	-	2 years
Expected volatility	-	102.01% to 104.1%

11. Stock Options

Effective June 29, 2018, the Company adopted a stock option plan. Under this plan, the Company may grant options to its directors, officers, employees and consultants up to an amount as determined by the Company and will be no more than a percentage of its outstanding common stock as may be required by any stock exchange the Company is listed with. The exercise price of the stock options will be determined by the Company and will be no less than any minimum exercise price as may be required by the stock exchange the Company is listed with.

11. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options denominated in Canadian dollar:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Outstanding, March 31, 2018 and 2017	-	-	-
Granted	2,061,548	1.48	3.21
Forfeited	(400,000)	1.50	-
Outstanding, March 31, 2019	1,661,548	1.47	2.55

Additional information regarding stock options denominated in Canadian dollar as of March 31, 2019, is as follows:

Options Outstanding	Options Exercisable	Exercise Price $	Expiry Date
20,000	20,000	1.25	June 30, 2020
37,500	37,500	0.01	June 30, 2021
1,500,000	600,000	1.50	June 30, 2021
40,000	6,668	1.59	February 17, 2022
64,048	64,048	1.59	January 14, 2029
1,661,548	728,216		

The fair value of stock-based payments was estimated using the Black-Scholes option pricing model and the following assumptions:

	March 31, 2019	March 31, 2018
Risk free interest rate	1.79% to 1.97%	-
Dividend yield	-	-
Expected life (years)	2 to 10 years	-
Expected volatility	90%	-

12. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of income (loss) and comprehensive income (loss):

(Expressed in Canadian dollars)

12. Income Taxes (continued)

	2019 $	2018 $
Net income (loss) before tax and other comprehensive income (loss)	(10,164,424)	618,599
Statutory tax rate	12.8%	12%
Expected tax expense (recovery)	(1,301,511)	74,232
Non-deductible items	296,132	(71,818)
Foreign tax rate difference	54,370	9,339
Change in deferred tax assets not recognized	951,009	(11,753)
Total tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. The unrecognized deductible temporary differences at March 31, 2019 and 2018 are as follows:

	2019 $	2018 $
Fixed assets	71,170	13,385
Marketable security	(19,056)	(993,825)
Share issuance costs	373,343	329,285
Tax loss carryforwards – Canada	8,564,409	1,482,167
Tax loss carryforwards – Barbados	42,415	48,106
Unrecognized deductible temporary differences	9,032,281	879,118

As at March 31, 2019, the Company has non-capital loss carry forwards of approximately $8,564,409 in Canada (2018: $1,482,167) and $42,415 in Barbados (2018: $48,106) which may be carried forward to apply against future year income tax for Canadian and Barbadian income tax purposes, respectively, subject to the final determination by taxation authorities, expiring in the following years:

	Canada
Expiry	$
2035	91,779
2036	131,652
2037	710,544
2038	1,647,146
2039	5,983,288
Total	8,564,409

	Barbados
Expiry	$
2024	22,476
2025	15,935
2026	4,004
Total	42,415

(Expressed in Canadian dollars)

13. Supplemental Cash Flow Disclosures

	March 31, 2019 $	March 31, 2018 $
Non-cash investing and financing activities:		
Common shares issued as finder's fee (Note 9)	95,321	182,760
Common shares issuable as finder's fee (Note 9)	31,774	-
Common shares issued for asset acquisition (Note 2(a))	10,975,427	-

14. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its business strategies, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. There was no change in the Company's approach to capital management during the year.

15. Financial Instruments and Financial Risk Management

The Company's financial instruments include cash and cash equivalents, marketable security, due from related parties, accounts payable and accrued liabilities, warrant liabilities and due to related parties. The carrying amounts of cash and cash equivalents, due from related parties, accounts payable and accrued liabilities and due to related parties approximate their fair values because of the short-term nature of these instrument. Marketable security is recorded at fair value using the quoted market price. Warrant liabilities are at fair value using the Black-Scholes pricing model.

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate, liquidity risk and currency risk.

(a) Credit Risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through a large Canadian financial institution. As such, the Company considers this risk to be minimal.

(b) Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2019, the Company was not exposed to significant interest rate risk.

(c) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 16. Accounts payable and accrued liabilities are subject to normal trade terms. The Company believes that the capital sources will be sufficient to cover the expected short and long-term cash requirements by obtaining financing through the issuance of debt or common shares.

15. Financial Instruments and Financial Risk Management (continued)

(d) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is Canadian dollars. The Company is exposed to currency risk through the financial assets and liabilities denominated in currencies other than Canadian dollars. The Company currently does not use derivative instruments to hedge its exposure to the currency risk. As at March 31, 2019, the Company's accounts payable denominated in U.S dollars, Euro and British pounds are exposed to currency risk.

A 1% strengthening (weakening) of the United States dollars, British pounds and Euros against the Canadian dollars, with other variables unchanged, would have decreased (increased) the net comprehensive income by approximately $9,707.

16. Segment Disclosures

The Company operates in one reporting segment. The Company is located and operated in Canada and US. During the year ended March 31, 2018, All of the Company's revenue was generated from its related party Pivot Pharmaceuticals Inc. As of March 31, 2019 and 2018, all the non-current assets were located in Canada.

17. Events after the Reporting Period

(a) On June 15, 2019, the Company granted 41,667 options to purchase common shares at an exercise price of US$1.20 and expiry date of June 14, 2029.

(b) On June 15, 2019, the Company issued 23,078 common shares for services rendered, of which 20,786 common shares were issued to the Company's Chair.

(c) On June 15, 2019, the Company issued 20,000 common shares, which were recorded as finders' fees at March 31, 2019 (Note 9(e)).

(d) On May 15, 2019, the Company has sold 200,000 common shares of Pivot Pharmaceuticals Inc. for a total consideration of $50,000.

(e) Also see Note 7(a) and (b).

(f) Subsequent to March 31, 2019, the Company received $206,147 from the NRC Industrial Research Assistance Program and $284,743 from the Canadian federal government's Scientific Research and Experimental Development program.