
**LEVIATHAN CANNABIS GROUP INC.
(Formerly Morgan Resources Corp.)**

**FINANCIAL STATEMENTS
(Unaudited)**

Three and nine months ended May 31, 2018

Management's Responsibility for Financial Reporting

The accompanying unaudited financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. These financial statements contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

Signed: "**Martin Doane**"

Chief Executive Officer

Signed: "**Jayne Beckwith**"

Chief Financial Officer

Toronto, Ontario
July 30, 2018

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and nine months ended May 31, 2018 have not been reviewed by the Company's auditors.

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

STATEMENTS OF FINANCIAL POSITION

	May 31 2018	August 31 2017
Assets		
Current assets		
Cash and deposits	\$ 36,218	\$ 15,239
Prepaid expenses	12,739	-
HST recoverable and other receivables	64,520	8,857
	113,477	24,096
Furniture & equipment	4,649	-
Goodwill	1,609,504	-
	\$ 1,727,631	\$ 24,096
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 440,722	\$ 227,085
Equity		
Share capital (note 6)	4,849,770	3,024,769
Contributed surplus (note 6)	2,349,427	492,288
Deficit	(5,912,287)	(3,720,046)
	1,286,909	(202,989)
	\$ 1,727,631	\$ 24,096

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

Going Concern (Note 1)

Approved by the Board of Directors

Signed: "Martin Doane"
Director

Signed: "Rick Rogers"
Director

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

For the three and nine months ended May 31	Three months		Nine months	
	2018	2017	2018	2017
Revenue				
Branding Service	\$ 22,124	\$ -	\$ 24,611	\$ -
Expenses				
Professional fees	\$ 34,001	\$ 7,500	\$ 99,659	\$ 32,500
Consulting	104,500	-	161,100	-
Office & general	11,093	3,150	35,691	11,688
Travel & promotion	35,407	-	37,844	-
Rent	16,182	-	24,897	-
Stock based compensation	1,857,139	-	1,857,139	-
Amortization	313	-	521	-
	\$2,058,635	\$ 10,650	\$2,216,852	\$ 44,188
Net loss and comprehensive loss for the period	\$2,036,511	\$ 10,650	\$2,192,241	\$ 44,188
Weighted average number of common shares outstanding – basic and diluted	49,593,603	37,426,936	44,557,583	37,426,936
Basic and fully diluted loss per share	\$ 0.04	\$ 0.00	\$ 0.05	\$ 0.00

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

LEVIATHAN CANNABIS GROUP INC. (Formerly Morgan Resources Corp.)

STATEMENT OF CHANGES IN EQUITY

	Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, August 31, 2016	37,426,936	\$ 3,024,769	\$ 492,288	\$ (3,661,062)	\$ (144,005)
Comprehensive loss for the period	-	-	-	(44,188)	(44,188)
Balance, May 31, 2017	37,426,936	\$ 3,024,769	\$ 492,288	\$ (3,705,250)	\$ (188,193)
Balance, August 31, 2017	37,426,936	\$ 3,024,769	\$ 492,288	\$ (3,720,046)	\$ (202,989)
Shares issued on acquisition of business (note 4)	12,166,667	1,825,000	-	-	1,825,000
Stock based compensation	-	-	1,857,139	-	1,857,139
Comprehensive loss for the period	-	-	-	(2,192,241)	(2,192,241)
Balance, May 31, 2018	49,593,603	\$ 4,849,770	\$ 2,349,427	\$ (5,912,287)	\$ 1,286,909

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

LEVIATHAN CANNABIS GROUP INC. (Formerly Morgan Resources Corp.)

STATEMENTS OF CASH FLOWS

For the nine months ended May 31	2018	2017
Cash flow from operating activities		
Net loss for the period	\$ (2,192,241)	\$ (44,188)
Amortization	521	-
Stock based compensation	1,857,139	-
Changes in non-cash working capital:		
Prepaid expenses	(12,739)	-
HST recoverable	(26,218)	(5,396)
Accounts payable and accrued liabilities	208,391	22,892
	(165,148)	(26,692)
Cash flow from financing activities		
Subscription receivable	100,000	-
Cash flow from investing activities		
Acquisition of business	86,127	-
Decrease in cash	20,979	(26,692)
Cash, beginning of period	15,239	45,330
Cash and cash equivalents, end of period	\$ 36,218	\$ 18,638

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

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of Business

Leviathan Cannabis Group Inc. (the "Company" or "Leviathan Cannabis") (formerly Morgan Resources Corp. is a cannabis focused, marketing services agency. On March 28, 2018, the Company amended its articles to change its name to Leviathan Cannabis Group Inc.

Leviathan Cannabis is a publicly traded company incorporated and domiciled in Canada. The Company's registered office is as follows: Suite 116, 250 The Esplanade, Toronto, Ontario M5H 4J6. The Company's common shares are listed on the Canadian Securities Exchange under the symbol EPIC.

The financial statements were approved by the Board of Directors on July 30, 2018.

Going Concern

These financial statements have been prepared on a going concern basis, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future.

These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern as the Company has experienced operating losses and cash outflows from operations since incorporation.

Management has forecast that expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during the fourth quarter of fiscal 2018 unless further financing is obtained. Additional sources of funding will be required commencing in the fourth quarter of fiscal 2018 to carry on operations. The Company's future operations are dependent upon its ability to secure additional funds and generate product sales. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved or such sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding via the issuance of shares and warrants. If the Company cannot secure additional financing on terms that would be acceptable to it or otherwise generate product sales, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments and delays of product launch, as well as seeking to license and/or divest assets or a merger, sale or liquidation of the Company.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on many factors, including, but not limited to the successful completion of the actions taken or planned, some of which are described above, which are intended to mitigate the adverse conditions and material uncertainties that cast significant doubt about the validity of the going concern assumption used in preparing these consolidated financial statements. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs or that the above described and other strategies will be sufficient to permit the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the consolidated statements of financial position classifications used.

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and do not include all of the information required for full annual consolidated financial statements.

Basis of presentation and consolidation

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Bathurst Resources Corp. ("Bathurst") and Jekyll and Hyde Brand Builders Inc.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category of financial asset is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows associated with a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments - continued

Financial liabilities

The Company's accounting policy for each category of financial liability is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of loss.

Other financial liabilities - This category includes accounts payables and accrued liabilities which are recognized at amortized cost.

The Company's financial instruments include cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Cash is classified as fair value through profit or loss, other receivables is classified as loans and receivables, and accounts payable and accrued liabilities are classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to their short-term nature.

Revenue recognition

Revenue from the sale of goods is measured by reference to the fair value of consideration received or receivable for goods supplied. Revenue from product sales is recognized when all the following conditions have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measure reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company may enter into sales agreements with customers that have multiple element arrangements. When these multiple elements have standalone value to the customer, the components are accounted for separately, based on the relative selling prices, using the appropriate revenue recognition criteria as described above.

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day to day servicing of property and equipment are recognized in the statement of net loss and comprehensive loss in the period in which they are incurred.

(ii) Amortization

Amortization is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Furniture and equipment	Declining balance	30%

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of 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 for temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. 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 end of the reporting period.

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, and the Company intends to settle tax liabilities and assets on a net basis or to realize the tax assets and liabilities simultaneously.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions May 31, 2018.

Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's financial statements, but which may affect the financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB in its final version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company anticipates that this standard will be adopted in the Company's financial statements for the period beginning September 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

3. FINANCIAL RISK FACTORS

The Company's risk exposure and the impact on its financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment/contractual obligations. The Company has deposited its cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimal. The Company's HST and other receivables relates primarily to HST receivable, from which management believes the risk of loss is also minimal.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at May 31, 2018, the Company has current assets of \$110,552 to settle current financial liabilities of \$440,722 (see note 1).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

Interest Rate Risk

The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments.

Commodity Price Risk

The ability of the Company to develop its cannabis properties and the future profitability of the Company is directly related to the market price of cannabis.

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)**NOTES TO FINANCIAL STATEMENTS**May 31, 2018

4. ACQUISITION OF JEKYLL & HYDE BRAND BUILDERS INC.

On December 22, 2018, the Company completed the acquisition of Jekyll & Hyde Brand Builders Inc. ("J&H") via a three cornered amalgamation with the Company's wholly owned subsidiary 2603995 Ontario Ltd. J&H is a cannabis focused, marketing services agency. Under the terms of the acquisition, the Company issued 12,666,667 common shares at a value of \$0.15 per share to the shareholders of J&H.

The acquisition of J&H was accounted for as an asset acquisition. The purchase price was determined based on IFRS 2 Share Based Payments and allocated as follows:

Purchase Price:

12,666,667 common shares at a value of \$0.15 per share \$ 1,825,000

Net Assets Acquired:

Cash and deposits	\$ 53,327
Prepaid	13,559
Subscription receivable	100,000
Accounts receivable	15,885
Capital assets	5,171
Payables	(5,246)
<u>Total Assets</u>	<u>182,696</u>
<u>Loan from J&H to the Company</u>	<u>32,800</u>
	215,496

Goodwill 1,609,504

\$ 1,825,000

5. FURNITURE AND EQUIPMENT:

May 31, 2018	Cost	Accumulated Depreciation	Net Book Value
<u>Furniture and equipment</u>	<u>\$ 5,171</u>	<u>\$ (521)</u>	<u>\$ 4,649</u>

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)**NOTES TO FINANCIAL STATEMENTS**

May 31, 2018

6. SHARE CAPITAL**(a) Capital****Authorized:** unlimited common shares**(b) Stock option plan**

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued and outstanding shares.

A summary of the Company's stock option activity for the nine months ended May 31, 2018 is as follows:

	Number Of Options	Weighted- Average Exercise Price
Outstanding, August 31, 2017	1,950,000	\$ 0.14
Forfeited, expired or cancelled	(1,800,000)	0.14
Issued	4,950,000	0.60
Outstanding May 31, 2018	5,100,000	\$ 0.59

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at May 31, 2018 are as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$0.15	150,000	\$0.60	2.96		
\$0.60	4,600,000	\$0.60	1.96		
\$0.60	350,000	\$0.15	1.17	150,000	\$0.15
Total	5,100,000	\$0.59	2.84		

On May 18, 2018, 4,600,000 options were issued at \$0.60 expiring on May 18, 2021. The value of the options were determined to be \$2,001,543 using 118% volatility, three years term, 1.77% discount rate and \$0 expected dividend. Given the options vested upon issuance, \$1,857,139 has been recorded as stock based compensation during the period. On May 18, 2018, 350,000 options were issued at \$0.60 expiring on May 18, 2010. The value of the options were determined to be \$144,404 using 118% volatility, two year term, 1.77% discount rate and \$0 expected dividend and is vesting in arrears on a quarterly basis for a period of two years.

7. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and nine months ended May 31, 2018 was based on the loss attributable to common shareholders for three months of \$2,036,511 and nine months of \$2,192,241 (May 31, 2017 – three months of \$10,650 and nine months of \$44,188) and the weighted average number of common shares outstanding for three months of 49,593,603 and nine months of 44,557,583 (May 31, 2017 – three months of 37,426,936 and nine months of 37,426,936). Diluted loss per share did not include the effect of 5,100,000 stock options for the three and nine months ended May 31, 2018 (three and nine months ended May 31, 2017 – 1,950,000) and nil warrants for the three and nine months ended May 31, 2018 (three and nine months ended May 31, 2017 – 600,000) as they are anti-dilutive.

LEVIATHAN CANNABIS GROUP INC. (formerly Morgan Resources Corp.)

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

8. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel, or companies under their control, during the period was as follows:

Nine months ended May 31	2018	2017
Salaries, consulting and benefits	\$ 89,000	\$ 25,000
Stock based compensation	1,857,139	-
	<u>\$ 1,946,139</u>	<u>\$ 25,000</u>

9. SUBSEQUENT EVENTS

- (a) On June 18, 2018, the company acquired all issued and outstanding shares of Woodstock Biomed Inc. ("Woodstock"). Woodstock owns a late-stage ACMPR greenhouse production complex in Pelham, Ontario (the "Property"). The Property features a 350,000 sq. ft. facility, which Leviathan will transform into a state-of-the-art cannabis cultivation centre. Conversion construction on the first phase, which includes 164,000 sq. ft. is currently in progress. In this first phase of operations, Health Canada has approved a total annual production capacity of 20,000 kg.

The total transaction value is \$15,750,000, paid by \$750,000 in cash and 30,000,000 common shares issued at \$0.50 per Leviathan common shares.

- (b) On June 19, 2018, the company granted stock options to certain officers, directors and consultants exercisable for up to 3,000,000 Common Shares at \$2.00 per share with an expiry date of June 19, 2021.
- (c) On July 3, 2018, the company announced it has agreed to acquire all of the issued shares of Pulse Rx Inc., also carrying on business under the business name Pulse Rx LTC Pharmacy ("Pulse Rx" or the "Transaction"), a boutique-style pharmacy providing specialized services to nursing and retirement homes. Based in Woodbridge, Ontario, Pulse Rx has been operating exclusively since 2005 as a long-term care pharmacy focused in the province of Ontario — primarily the Ottawa Valley, the Greater Toronto Area, the Niagara region, London, and Orillia. Pulse Rx operates under a pre-1954 charter and therefore enjoys the benefit of not being required to have the majority of its shares owned by pharmacists - a significant advantage for scaling the business and launching new locations.

The total Transaction value is \$5,500,010. The Transaction is subject to customary closing conditions including the discharge on closing of all registered security interests and also subject to the waiver of a right of first refusal with respect to the shares of Pulse Rx. Pulse Rx has generated income from sales of \$2,485,000 for the past fiscal year and \$2,252,537 for the 2016 fiscal year. Gross profit averaged \$1,200,000 for fiscal years 2017 and 2016. The Transaction will add significantly to the EBITDA of Leviathan.

- (d) On July 10, 2018, the company issued 15,000,000 units at a price of \$0.50 per unit for total gross proceeds of \$7,500,000 (the "Units") in a private placement (the "Equity Financing"). Each Unit is comprised of one (1) common share of Leviathan (the "Common Share") and one (1) non-transferable common share warrant (the "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of \$1.00 per Common Share. The Warrant may not be exercised before the date that is 120 days from July 9, 2018. Leviathan may require the holders of Warrants, upon 15 days' notice, to exercise their right to purchase Common Shares at any time after 120 days from July 9, 2018, if the Common Shares close at or above \$1.50 per Common Share for 20 consecutive trading days. The Warrants shall expire on July 9, 2020. Leviathan has paid Haywood Securities Inc. a brokerage fee of \$35,550 in the Equity Financing.