

FORM 51-102F4

BUSINESS ACQUISITION REPORT

ITEM 1 IDENTITY OF COMPANY

1.1 Name and Address of Company

Leviathan Cannabis Group Inc. (the “Issuer” or “Leviathan”)
250 The Esplanade Suite 116
Toronto, Ontario
M5H 4J6

1.2 Executive Officer

The following executive officer of Leviathan is knowledgeable about the significant acquisition and this report:

Martin J. Doane
Chief Executive Officer
(416) 903-6691

ITEM 2 DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

Headquartered in Pelham, Ontario and located in the Niagara region of Southern Ontario, Woodstock Biomed Inc. (“Woodstock”) will serve as Leviathan’s Canadian cultivation hub. It is in the midst of retrofitting an extensive greenhouse production facility, and expects to submit the attestation for its cultivation license under the ACMPR near the end of 2018.

Woodstock is a late stage ACMPR greenhouse production complex in Pelham, Ontario. The 29.5 acre agricultural property features a 350,000 sq. ft. facility, which Leviathan will transform into a state-of-the-art cannabis cultivation centre. Conversion construction on 164,000 sq. ft. is underway with an expected completion date near the end of 2018. In this first phase of operations, Health Canada has approved a total annual production capacity of 20,000 kg.

For further information regarding the nature of the business of Woodstock, readers are referred to the information under the press release disseminated on SEDAR on May 24, 2018.

2.2 Acquisition Date

The Acquisition (as defined below) was completed on June 18, 2018 (the “Acquisition Closing Date”).

2.3 Consideration

On the Acquisition Closing Date, Leviathan completed the acquisition of all issued and outstanding shares of Woodstock Biomed Inc. (the “Acquisition”). The total transaction value was \$15,750,000 (the “Acquisition Purchase Price”), payable as follows:

- (i) as to \$10,000,000, by the issuance and delivery to Joseph Bidinot and Renny Bidinot (the “Vendors”) on the Acquisition Closing Date, an aggregate of 20 million purchaser shares (the “Closing Consideration Shares”), reflecting a deemed issuance of \$0.50 per Closing Consideration Share;
- (ii) as to \$750,000, by wire transfer of immediately available funds to the Vendors, within two Business Days of the Cultivation License Date, as such term is defined in the press release dated May 24, 2018; and
- (iii) as to \$5,000,000, on the Acquisition Closing Date by the issuance to the Vendors, an aggregate of 10 million purchaser shares (the “Deferred Consideration Shares”), reflecting a deemed issuance price of \$0.50 per Deferred Consideration Shares, which Deferred Consideration Shares were delivered to Computershare Investor Services Inc. (the “Escrow Agent”) to be held by the Escrow Agent in escrow pursuant to the terms and conditions of an escrow agreement (the “Escrow Agreement”) is entered into by the Escrow Agreement, Leviathan and the Vendors, and released from escrow to (i) the Vendors on the Cultivation License Date, if the Cultivation License Date occurs prior to August 14, 2019 (the “Outside Date”), or (ii) if the Cultivation License Date does not occur prior to the Outside Date, to the Issuer for cancellation on or after the Outside Date, and otherwise to be dealt with in accordance with the Escrow Agreement.

In addition, on the Acquisition Closing Date, Leviathan advanced \$1,250,000 as a loan to Woodstock to be used to pay outstanding and accrued liabilities. Post-closing, Woodstock is a fully owned subsidiary of Leviathan.

2.4 Effect on Financial Position

The effect of the Acquisition on Leviathan's financial position is outlined in the *pro forma* financial statements attached hereto as Schedule C to this BAR. Upon completion of the Acquisition, Woodstock became a wholly-owned subsidiary of Leviathan. Subsequent to the Acquisition Closing Date, Leviathan has sufficient capital/financial resources available to complete the retrofitting of the greenhouse production facility into a cannabis cultivation centre.

On July 10, 2018, Leviathan completed a private placement transaction, selling 15,000,000 units at a price of \$0.50 per unit for total gross proceeds of \$7,500,000. Each unit is comprised of one (1) common share of Leviathan and one (1) non-transferrable common share warrant. Each warrant will entitle the holder thereof to purchase one Common Share at an exercise price of \$1.00 per common share. Each 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.

The proceeds from the private placement transaction were used to close Acquisition. The effect on the financial position include the following:

- \$1,250,000 of cash was advanced as an intercompany loan from Leviathan to Woodstock to pay down Woodstock's outstanding liabilities;
- Leviathan issued 30,000,000 shares at \$0.50 per share to the owners of Woodstock, to purchase Woodstock, of which 10,000,000 shares is to be held in escrow to be advanced when Woodstock obtains a Cultivation License from Health Canada. This resulted in an increase of \$15,000,000 in share capital;
- An additional \$750,000 of cash is also to be advanced to the shareholders of Woodstock when Woodstock obtains a Cultivation License from Health Canada;
- As a result of the Acquisition, Leviathan incurred Goodwill of \$17,112,600 based on the purchase price minus the net assets of Woodstock;

Leviathan is currently seeking acquisitions that offer strategic benefits and additional growth. On July 3, 2018, Leviathan 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. To date, the transaction has not completed.

2.5 Prior Valuations

None.

2.6 Parties to Transaction

The Acquisition was not a transaction with an informed person, associate or affiliate of Leviathan (as such terms are defined in NI 51-102 – *Continuous Disclosure Obligations*).

2.7 Date of Report

August 29, 2018

ITEM 3 FINANCIAL STATEMENTS AND OTHER INFORMATION

The following Financial Statements (the “Financial Statements”) filed on SEDAR under Leviathan’s profile www.sedar.com are incorporated herein by reference as part of this business acquisition report:

- a) Audited financial statements of Leviathan for the year ended August 31, 2017 and comparative year ended August 31, 2016, together with the notes thereto and the auditor’s report thereon dated June 13, 2018
- b) Unaudited financial statements of Leviathan for the three-month period ended May 31, 2018

The following financial information included in Schedules A-C, respectively, hereto forms part of this business acquisition report:

- c) Audited consolidated financial statements of Woodstock for the year ended December 31, 2017, and comparative year ended December 31, 2016, together with the notes thereto and the auditor’s report thereon dated June 13, 2018
- d) The unaudited financial statements of Woodstock for the three-month ended March 31, 2018
- e) Pro forma balance sheet combining the Woodstock three-month period ended March 31, 2018 and Leviathan three-month period ended May 31, 2018

The auditors of Woodstock have given their consent to include their audit report contained in the Leviathan Financial Statements in this BAR.

FORWARD-LOOKING STATEMENTS

This BAR contains statements or information that are or may be “forward-looking statements” or “forward-looking information” within the meaning of applicable Canadian

securities laws, including without limitation, statements and information with respect to the Acquisition and the expected impact of the Acquisition. Forward-looking statements may also reflect the expectations, forecasts, predictions or projections of Leviathan and Woodstock with respect to internal expectations, expectations for future growing capacity and costs, the completion of any capital projects and expansions, the successful application to be a licensed cannabis producer under the ACMPR, and the successful application to be a licensed cannabis seller under the ACMPR, future revenues, expenses, earnings, cash flows, indebtedness, financial condition, losses and prospects, its strategies and growth projects, including as it relates to Leviathan and Woodstock resulting from the Acquisition. The *pro forma* information contained in this BAR may also constitute forward-looking information but should not be considered or construed as being the actual financial position or should not represent the actual results of operation of Leviathan and Woodstock from the Acquisition had the completion of the Acquisition occurred as at or for the periods stated. Forward-looking statements also include statements that do not refer to historical facts.

All of the forward-looking statements or forward-looking information contained in this BAR are qualified by this section and other cautionary statements or factors contained herein or therein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Leviathan, both individually, or collectively with Woodstock.

Forward-looking statements also necessarily involve known and unknown risks, including without limitation, risks associated with general economic conditions, adverse industry events, marketing costs, loss of markets, future legislative and regulatory developments, the inability to access sufficient capital on favourable terms, the medical and recreational cannabis industry in Canada in general, income tax and regulatory matters, the ability of Leviathan to execute its business strategies, competition, crop failure, currency and interest rate fluctuations and other risks.

Any forward-looking statements or facts (including financial information) related to Woodstock discussed or disclosed herein are derived from information obtained directly from Woodstock and publicly available sources and has not been independently verified by Leviathan. Readers are cautioned that the foregoing is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ from those anticipated. Forward-looking statements are not guarantees of future performance. Except as required by law, Leviathan disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise. Forward-looking statements contained in this BAR are expressly qualified by this cautionary statement.

Risks related to forward-looking statements include, among other things: the risks that following completion of the Acquisition, Leviathan and Woodstock may not be able to successfully integrate Woodstock's business with their current business and achieve the anticipated benefits of the Acquisition, the risks related to the information provided by Woodstock not being accurate or complete, the unexpected costs or liabilities related to the Acquisition, and the risks related to the regulatory regime governing cannabis operations of Leviathan and Woodstock in Ontario.

For more information on additional risks and uncertainties that could affect the operating results and performance of Leviathan, please refer to the Management Discussion & Analysis of the financial statement disclosure for the period ended August 31, 2017.

Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and are therefore subject to change. Leviathan and Woodstock do not undertake any obligation to update publicly or to revise any such forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by applicable securities laws. All subsequent oral or written forward-looking statements attributable to Leviathan and Woodstock or any of their directors, officers or employees or any persons expressly authorized to act on their behalf are expressly qualified in their entirety by this section.

CAUTION REGARDING LEVIATHAN'S HISTORICAL FINANCIAL INFORMATION AND UNAUDITED PRO FORMA FINANCIAL INFORMATION

This BAR contains unaudited *pro forma* consolidated financial information of Leviathan, consisting of the unaudited *pro forma* consolidated combined statement of financial position of Leviathan as at ●2018 and the unaudited *pro forma* combined statements of earnings of Leviathan for the year ended ●2017 and the three-month period ended March 31, 2018. Such unaudited *pro forma* consolidated financial information has been prepared using certain of Leviathan's financial statements as well as the financial statements of Woodstock as more particularly described in the notes to such unaudited *pro forma* consolidated financial information. In preparing such unaudited *pro forma* consolidated financial information, Leviathan has had limited access to the books and records of Woodstock and is not in a position to independently assess or verify the information provided by Woodstock, including the financial statements of Woodstock that were used to prepare the unaudited *pro forma* consolidated financial information. Such information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual results may differ from those presented in the unaudited

pro forma consolidated financial information. In preparing such information, no adjustments have been made to reflect operating gains and synergies, revenue opportunities and cost savings that could result from the operations of both Leviathan and Woodstock. Since such information has been developed to retroactively show the effect of transactions that have or are expected to occur at a later date, there are limitations in the very nature of *pro forma* information.

The audited consolidated financial statements of Woodstock for the financial year ended December 31, 2017 were prepared in accordance with International Financial Reporting Standards (“IFRS”), the accounting principles used by Leviathan.

The information contained in the audited *pro forma* consolidated financial information is therefore subject to the limitations and the disclaimers set forth to such information, including as it relates to the reconciliation of the financial information of Woodstock from Canadian generally accepted accounting principles applicable to private enterprises to IFRS. Undue reliance should not be placed on such information. See the notes to the unaudited *pro forma* combined consolidated statement of financial position of Leviathan as at August 31, 2017 and the unaudited *pro forma* combined statements of earnings of Woodstock for the year ended December 31, 2017 and the three-month period ended March 31, 2017.

DATED this 29th day of August, 2018.

Per: 

Name: Martin J. Doane

Title: CEO

I have authority to bind this corporation

SCHEDULE "A"

Audited consolidated financial statements of Woodstock for the year-end 2017

WOODSTOCK BIOMED INC.

FINANCIAL STATEMENTS

December 31, 2017

(expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying 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.

The Audit Committee and Board of Directors reviews the results of the annual audit and the financial statements prior to submitting the financial statements to the Board for approval.

The Company's auditors, MNP LLP, are appointed by the shareholders to conduct an audit and their report follows.

"Renny Bidinot"

Chief Executive Officer

Barrie, Ontario
June 13, 2018

Independent Auditors' Report

To the Shareholders of Woodstock Biomed Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Woodstock Biomed Inc., which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in deficiency in net assets, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Woodstock Biomed Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which describes material uncertainty that raises significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
June 13, 2018

WOODSTOCK BIOMED INC.**STATEMENTS OF FINANCIAL POSITION**

As at December 31, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 125,858	\$ 572
HST recoverable	6,459	-
Deposit on property (note 5)	170,000	-
Total assets	\$ 302,317	\$ 572
Liabilities		
Current Liabilities		
Loans and advances payable (note 6)	1,474,885	1,070,152
HST payable	-	64
	\$ 1,474,885	\$ 1,070,216
Deficiency in net assets		
Share capital (note 5)	100	100
Deficit	(1,172,668)	(1,069,744)
	(1,172,568)	(1,069,644)
	\$ 302,317	\$ 572

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

Going Concern (Note 1)

Subsequent Events (Note 11)

Approved by the Board of Directors

Signed: "Renny Bidinot"

Director

WOODSTOCK BIOMED INC.**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended December 31, 2017 and 2016

	2017	2016
Expenses		
Consulting	\$ 51,377	\$ 5,133
Professional fees	50,688	14,997
Office and general	859	684
Loss of deposit on property (note 5)	-	750,000
	\$ 102,924	770,814
Net loss and comprehensive loss for the year	\$ (102,924)	\$ (770,814)
Weighted average number of common shares outstanding – basic and diluted (note 8)	100	100
Basic and fully diluted loss per share	\$ (1,029)	\$ (7,708)

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

WOODSTOCK BIOMED INC.**STATEMENTS OF CHANGES IN DEFICIENCY IN NET ASSETS**

For the years ended December 31, 2017 and 2016

	Number of Shares	Share Capital	Deficit	Total
Balance, December 31, 2015	100	\$ 100	\$ (298,930)	\$ (298,830)
Comprehensive loss for the year	-	-	(770,814)	(770,814)
Balance, December 31, 2016	100	100	(1,069,744)	(1,069,644)
Comprehensive loss for the year	-	-	(102,924)	(102,924)
Balance, December 31, 2017	100	\$ 100	\$ (1,172,668)	\$ (1,172,568)

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

WOODSTOCK BIOMED INC.**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2017 and 2016

	2017		2016
Cash flow from operating activities			
Net loss for the year	\$ (102,924)	\$	(770,814)
Loss of deposit on property	-		750,000
Changes in non-cash working capital:			
HST recoverable and other receivables	(6,523)		(26)
Accounts payable and accrued liabilities	-		(2,824)
	<u>(109,447)</u>		<u>(23,664)</u>
Cash flow from investing activities			
Deposits on property	(170,000)		-
Cash flow from financing activities			
Advances from related company	90,008		23,053
Advances from potential investor	250,000		-
Advances from arm's length company	64,725		-
	<u>404,733</u>		<u>23,053</u>
Increase (decrease) in cash	125,286		(611)
Cash and cash equivalents, beginning of year	572		1,183
Cash and cash equivalents, end of year	\$ 125,858	\$	572

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

WOODSTOCK BIOMED INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

1. NATURE OF BUSINESS, GOING CONCERN

Nature of Business

Woodstock Biomed Inc. (the "Company" or "Woodstock") is a privately-owned company, incorporated and domiciled in Canada, and is in the process of obtaining a license to grow and sell cannabis products in Canada. The Company's registered office is 260 Bayview Drive, Barrie Ontario L4N 4Y8.

The financial statements were approved by the Board of Directors on June 13, 2018.

The Company is currently in negotiations to sell all issued and outstanding shares of the Company in accordance to the Letter of Intent described in Notes 6(iv) and 11. To date the transaction has not been completed, and there can be no certainty that an agreement will be finalized.

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.

To meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. To date, the Company does not have its Access to Cannabis for Medical Related Purposes (ACMPR) license (the "ACMPR License") to cultivate and sell cannabis and does not generate revenues from operations; as such, there is significant doubt regarding the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern.

Management believes that it can raise sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due. The Company's ability to obtain its cannabis license and commence commercial operations is dependent on management's ability to secure additional financing beyond that required to meet its ongoing administrative expenses.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statements of financial position 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.

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 statement of financial position 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 and loans and advances payable. Cash and cash equivalents are classified as fair value through profit or loss and loans and advances payable are classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to their short-term nature.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of 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 only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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 at December 31, 2017 and 2016.

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.

The Company had no share-based payment transactions during the years ended December 31, 2017 and 2016.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. 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.

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 January 1, 2018 and does not anticipate any significant impact on the Company's financial statements as a result of the adoptions of IFRS 9.

3. CAPITAL DISCLOSURES

The Company's capital comprises shareholders' equity (deficiency in net assets). The Company manages its capital structure and adjusts it based on the funds available in order to obtain its cannabis license and construct a facility capable of growing, processing, and distributing cannabis products.

4. 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 also has a \$170,000 deposit placed on a property which the Company intends to acquire (see notes 5 and 11).

The Company lost its deposit on a different property and recognized a loss of \$750,000 during the year ended December 31, 2016 (see note 5).

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 December 31, 2017, the Company has current assets of \$302,317 (2016 – \$572) to settle current financial liabilities of \$1,474,885 (2016 – \$1,070,216) (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 has no significant sources of interest rate risk as its loans and advances (note 5) are not interest bearing.

5. DEPOSITS ON PROPERTIES

In fiscal 2014, the Company made a series of deposits totaling \$750,000 toward the purchase price of a property which it intended to acquire. The acquisition was not completed so the deposit was forfeited in 2016. The Company was ultimately unsuccessful in its legal actions to recover the deposits.

On June 5, 2017, the Company signed a letter of intent ("LOI") to acquire a property in Pelham Ontario (the "Property") for a total of \$3,400,000 paid as follows:

- (a) (i) Eight monthly cash payments of \$15,000 commencing April 1, 2017 (paid - \$120,000); and
- (ii) Monthly cash payments of \$25,000 through to and including June 1, 2018 or until the closing date of the purchase or termination of the LOI (paid \$50,000);
- (b) On closing, a payment of \$2,400,000 less any deposits already paid under (a).
- (c) \$1,000,000 to be settled by issuing Common shares of the Company equal to 10% of the share value of the Company. The seller maintains the right to demand this payment in Cash.
- (d) The closing date shall be within 30 days of the Company receiving an ACMPR License (note 1).

The Company maintains the right to terminate the LOI. The Seller may terminate the LOI upon providing the Company with 72 hours written notice during which time the Company may exercise its right to acquire the property under the payment terms specified in the LOI. In the event of a termination of the LOI, the deposits paid shall be refunded to the Company.

The purchase closed on February 23, 2018 (see subsequent events note 11).

WOODSTOCK BIOMED INC.
NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

6. LOANS AND ADVANCES

The following table summarizes the Company's loans and advances:

	2017	2016 (unaudited)
Advances from shareholder (i)	\$ 450,000	\$ 450,000
Advances from related corporation (ii)	710,160	620,152
Advances from Canadian corporation (iii)	64,725	-
Advances on LOI (iv)	250,000	-
	\$ 1,474,885	\$ 1,070,152

- (i) Renny Bidinot, a 50% shareholder of the Company, has provided a \$450,000 loan to the Company for working capital purposes. The loan is due on demand and has no set terms of repayment.
- (ii) Simple Technology Inc., a company owned by Renny Bidinot, provided a series of loans and advances to the Company for working capital purposes. The loans are due on demand and have no set terms of repayment.
- (iii) A private investor provided \$64,725 in loans and advances to the Company for working capital purposes. The loans are due on demand and have no set terms of repayment. The loan was repaid in fiscal 2018 (note 11).
- (iv) On December 6, 2017, the Company entered into a Letter of Intent ("LOI") to sell all of the issued and outstanding shares of the Company to a group of investors (the "Group") for total proceeds of \$2,000,000 and 10 million common shares of a public company listed on the Canadian Securities Exchange. In accordance with the LOI, the Company was advanced \$250,000 by a private investor as an initial deposit against the purchase price upon signing of this agreement. The deposit is refundable in the event of any material misrepresentation regarding the cannabis application process or the corporate structure. The Letter of Intent expired on January 31, 2018 and a share purchase and sale agreement was signed on May 22, 2018 (see note 11). In the event the transaction closes, the deposit will be repaid to the private investor. The proceeds from the \$250,000 deposit were used to pay down \$150,000 of the debt owed to Simple Technology and \$80,000 of the debt owed to Renny Bidinot. The rest of the proceeds were used to cover miscellaneous expenses.

7. SHARE CAPITAL

(a) Capital

Authorized: The Company is authorized to issue an unlimited number of common shares.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2017 was based on the loss attributable to common shareholders of \$102,924 (2016 - \$770,814) and the weighted average number of common shares outstanding of 100 (2016 - 100). There are no potentially dilutive instruments outstanding.

9. INCOME TAX INFORMATION

Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom:

	2017	2016
Non-capital losses carried forward	\$ 403,641	\$ 298,495
Capital losses carried forward	\$ 750,000	\$ -

The Canadian non-capital losses expire between 2034 and 2037.

The net capital losses may be carried forward indefinitely but can only be used to reduce capital gains.

In the event of an acquisition of control, the net capital loss would no longer be available for carry forward.

WOODSTOCK BIOMED INC.
NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

10. RELATED PARTY TRANSACTIONS

The Company received loans and advances from related parties as described in notes 6(i) and 6(ii).

11. SUBSEQUENT EVENTS

On January 4, 2018, the Company completed the purchase and sale agreement on the Pelham property described in Note 5 for \$3.4 million.

In January 2018, the Company engaged David Hyde & Associates Inc. to provide a consultation to review the security system on the Property. The work was completed on March 26, 2018 with total fees incurred of \$5,070.

On January 17, the Company purchased waste disposable tables totaling \$20,000.

In February 2018, the Company entered into an agreement with Certi Environment Consultants for an environmental site assessment. Phase 1 of the site assessment was completed on April 5, 2018 with at a total cost of \$2,750. Certi Environment Consultants has commenced Phase 2 of its assessment and provided an indicative budget of \$12,000.

On February 23, 2018, the Company entered into a loan agreement with two private companies to borrow \$3.5 million to purchase the Property (see note 5). Since December 31, 2017, the Company had made on additional cash payments totaling \$175,000 in January 2018. Upon closing of the transaction on February 23, 2018, the entire security deposit of \$345,000 was applied to the purchase price. \$150,000 continues to be held in escrow until the discharge of easement of the Property.

On April 5, 2018, the Company repaid the \$64,125 loan to the private investor described in note 6(iii).

On May 22, 2018, the Shareholders of Woodstock entered into a share purchase agreement with Leviathan Cannabis Group Inc. (Leviathan) whereby Leviathan will acquire 100% of the outstanding shares of Woodstock in exchange for \$15,750,000 payable as follows:

- a. \$10,000,000 by the issuance of 20 million common shares of Leviathan;
- b. \$750,000 cash payment
- c. \$5,000,000 by the issuance of 10 million common shares subject to an escrow agreement and to be released from escrow to the Shareholders of Woodstock upon obtaining a cultivation license prior to August 14, 2019 or otherwise returned to Leviathan for cancellation.

The transaction is scheduled to close on June 14, 2018.

SCHEDULE "B"

Unaudited financial statements of Woodstock the three-month ended March 31, 2017

WOODSTOCK BIOMED INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

March 31, 2018

(expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management in accordance with International Auditing Standard 34. 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.

"Renny Bidinot"

Chief Executive Officer

Barrie, Ontario
August 29, 2018

WOODSTOCK BIOMED INC.**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

As at

	March 31 2018 (unaudited)	December 31 2017 (audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 8,258	\$ 125,858
HST recoverable	12,168	6,459
Prepays	1,800	-
Deposit on property (note 4)	-	170,000
	22,226	302,317
Pelham Property (note 4)	3,400,000	-
Equipment (note 5)	19,200	-
Total assets	\$ 3,441,426	\$ 302,317
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 27,667	\$ -
Loans and advances payable (note 6)	1,249,885	1,474,885
	1,277,552	1,474,885
Loans and advances payable (note 6)	3,524,084	-
Total liabilities	4,801,636	1,474,885
Deficiency in net assets		
Share capital (notes 1 and 8)	100	100
Deficit	(1,360,310)	(1,172,668)
	(1,360,210)	(1,172,568)
Total liabilities and deficiency in net assets	\$ 3,441,426	\$ 302,317

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

Going Concern (Note 1)

Subsequent Events (Note 8)

Approved by the Board of Directors

Signed: "Renny Bidinot"

Director

WOODSTOCK BIOMED INC.**UNAUDITED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three-month periods ended March 31, 2018 and 2017

	2018	2017
Expenses		
Consulting	\$ 2,750	\$ 6,350
Professional fees	57,305	12,881
Office and general	102,703	196
Loss of deposit on property	-	750,000
Interest	24,084	-
Depreciation	800	-
	\$ 187,642	\$ 769,427
Net loss and comprehensive loss for the period	\$ 187,642	\$ 769,427
Weighted average number of common shares outstanding – basic and diluted	100	100
Basic and fully diluted loss per share	\$ 1,876.42	\$ 7,694.27

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

WOODSTOCK BIOMED INC.**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY IN NET ASSETS**

For the periods ended March 31, 2018 and 2017

	Number of Shares	Share Capital	Deficit	Total
Balance, December 31, 2016	100	\$ 100	\$ (298,930)	\$ (298,830)
Comprehensive loss for the period	-	-	(769,427)	(769,427)
Balance, March 31, 2017	100	\$ 100	\$ (1,068,357)	\$ (1,068,257)
Balance, December 31, 2017	100	\$ 100	\$ (1,172,668)	\$ (1,172,568)
Comprehensive loss for the period	-	-	(187,642)	(187,642)
Balance, March 31, 2018	100	\$ 100	\$ (1,360,310)	\$ (1,360,210)

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

WOODSTOCK BIOMED INC.**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

For the three-month periods ended March 31, 2018 and 2017

	2018	2017
Cash flow from operating activities		
Net loss for the period	\$ (187,642)	\$ (769,427)
Accrued interest	24,084	-
Depreciation	800	-
Loss of deposit on property	-	750,000
Changes in non-cash working capital:		
HST recoverable and other receivables	(5,709)	(892)
Deposit on property	170,000	-
Prepays	(1,800)	-
Accounts payable and accrued liabilities	27,667	9,835
	<u>(142,600)</u>	<u>(9,592)</u>
Cash flow from investing activities		
Purchase of equipment (note 5)	(20,000)	-
Purchase of Foss Road Property (note 4)	(3,230,000)	-
	<u>(3,250,000)</u>	<u>-</u>
Cash flow from financing activities		
(Repayment to) advances from related company (note 6)	(125,000)	9,000
(Repayment to) advances from shareholder (note 6)	(100,000)	-
Pelham Property loan (note 6)	3,400,000	-
	<u>3,275,000</u>	<u>9,000</u>
Increase (decrease) in cash	(117,600)	(592)
Cash and cash equivalents, beginning of period	125,858	572
Cash and cash equivalents, end of period	\$ 8,258	\$ (20)

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

WOODSTOCK BIOMED INC.
NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month periods ended March 31, 2018 and 2017

1. NATURE OF BUSINESS, GOING CONCERN

Nature of Business

Woodstock Biomed Inc. (the "Company" or "Woodstock") was a privately-owned company, incorporated and domiciled in Canada, and is in the process of obtaining a license to grow and sell cannabis products in Canada. The Company's registered office is 260 Bayview Drive, Barrie Ontario L4N 4Y8.

The financial statements were approved by the Board of Directors on August 29, 2018.

On June 18, 2018, 100% of the outstanding shares of Woodstock were acquired by Leviathan Cannabis Group Inc. (see note 8).

Going Concern

These unaudited condensed interim 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.

To meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. To date, the Company does not have its Access to Cannabis for Medical Related Purposes (ACMPR) license (the "ACMPR License") to cultivate and sell cannabis and does not generate revenues from operations; as such, there is significant doubt regarding the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern.

Management believes that it can raise sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due. The Company's ability to obtain its cannabis license and commence commercial operations is dependent on management's ability to secure additional financing beyond that required to meet its ongoing administrative expenses.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The accounting policies adopted in the preparation of these unaudited condensed interim financial statements are consistent with those followed in the preparation of the Company's audited annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018.

These unaudited condensed interim financial statements do not conform in all respects to the requirements of IFRS as issued by the International Accounting Standards Board ("IASB") for annual financial statements. Accordingly, these unaudited condensed interim financial statements should be read in conjunction with the December 31, 2017 audited financial statements and notes.

WOODSTOCK BIOMED INC.
NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month periods ended March 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB in its final version in July 2014. 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 has adopted the requirements of this standard effective January 1, 2018. There was no significant impact on the Company's unaudited interim condensed financial statements as a result 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.

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 March 31, 2018, the Company has current assets of \$22,226 (December 31, 2017 – \$302,317) to settle current financial liabilities of \$1,277,552 (December 31, 2017 – \$1,474,885) (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 has no significant sources of interest rate risk on its loans and advances (note 6) as they bear a fixed rate of interest or are non-interest bearing.

4. PELHAM PROPERTY

On June 5, 2017, the Company signed a letter of intent ("LOI") to acquire a property in Pelham Ontario (the "Pelham Property") for a total of \$3,400,000. The purchase closed on February 23, 2018. As at December 31, 2017, the Company had made deposits totaling \$170,000 which were applied against the purchase on closing.

5. EQUIPMENT

On January 17, the Company purchased waste disposable tables totaling \$20,000.

WOODSTOCK BIOMED INC.
NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month periods ended March 31, 2018 and 2017

6. LOANS AND ADVANCES

The following table summarizes the Company's loans and advances:

	March 31 2018 (unaudited)	December 31 2017 (audited)
Advances from shareholder (i)	\$ 350,000	\$ 450,000
Advances from related corporation (ii)	585,160	710,160
Advances from Canadian corporation (iii)	64,725	64,725
Advance on LOI (iv)	250,000	250,000
Pelham Property Loans (v)	3,524,084	-
	4,773,969	1,474,885
Less: current portion	1,249,885	1,474,885
	\$ 3,524,084	\$ -

- (i) Renny Bidinot, a 50% shareholder of the Company, provided a \$450,000 loan to the Company for working capital purposes. The loan is due on demand and has no set terms of repayment.
- (ii) Simple Technology Inc., a company owned by Renny Bidinot, provided a series of loans and advances to the Company for working capital purposes. The loans are due on demand and have no set terms of repayment.
- (iii) A private investor provided \$64,725 in loans and advances to the Company for working capital purposes. The loans are due on demand and have no set terms of repayment. The loan was repaid the April 2018 (note 8).
- (iv) On December 6, 2017, the Company entered into a Letter of Intent ("LOI") to sell all of the issued and outstanding shares of the Company to a group of investors (the "Group") for total proceeds of \$2,000,000 and 10 million common shares of a public company listed on the Canadian Securities Exchange. In accordance with the LOI, the Company was advanced \$250,000 by a private investor as an initial deposit against the purchase price upon signing of this agreement. The deposit is refundable in the event of any material misrepresentation regarding the cannabis application process or the corporate structure. The Letter of Intent expired on January 31, 2018 and a share purchase and sale agreement was signed on May 22, 2018 (see note 8).
- (v) On February 23, 2018, the Company entered into a loan agreement with two private companies to borrow \$3.5 million to purchase the Pelham Property (note 4). The loan bears interest at 7% per annum compounded monthly. Interest is accumulated and repayable together with the principle on February 22, 2021.

7. RELATED PARTY TRANSACTIONS

The Company received loans and advances from related parties as described in notes 6(i) and 6(ii).

8. SUBSEQUENT EVENTS

On April 5, 2018, the Company repaid the \$64,725 loan to the private investor described in note 6(iii).

On June 18, 2018, 100% of the outstanding shares of Woodstock were acquired by Leviathan Cannabis Group Inc. (Leviathan) in exchange for \$15,750,000 payable as follows:

- a. \$10,000,000 by the issuance of 20 million common shares of Leviathan;
- b. \$750,000 cash payment
- c. \$5,000,000 by the issuance of 10 million common shares subject to an escrow agreement and to be released from escrow to the Shareholders of Woodstock upon obtaining a cultivation license prior to August 14, 2019 or otherwise returned to Leviathan for cancellation.

SCHEDULE "C"

Pro forma balance sheet combining the Woodstock three-month period ended March 31, 2018 and Leviathan three-month period ended May 31, 2018

LEVIATHAN CANNABIS GROUP
Unaudited Pro Forma Balance Sheet

As at	Woodstock Q1 '18	Leviathan Q3 '18	Note	Pro Forma	Pro Forma
	March 31, 2018	May 31, 2018		Adjustments	
Assets					
Current Assets					
Cash and deposits	8,258	36,218	3(a) 3(b)	7,464,450 (1,250,000)	6,258,926
Prepaid Expenses	1,800	12,739			14,539
HST Recoverable & Other Assets	12,168	64,520			76,688
Total Current Assets	22,226	113,477		6,214,450	6,350,153
Fixed Assets					
Property	3,400,000				3,400,000
Furniture & Equipment	19,200	4,649			23,849
Intangible assets	-	-	3(c)	17,110,210	17,110,210
Goodwill		1,609,505			1,609,505
Total Fixed Assets	3,419,200	1,614,154		17,110,210	22,143,564
Total Assets	3,441,426	1,727,631		23,324,660	28,493,717
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	27,667	440,722			468,389
Loans & Advances Payable	1,249,885		3(b)	(1,250,000)	(115)
Purchase price payable			3(c)	750,000	750,000
Total Current Liabilities	1,277,552	440,722		(500,000)	1,218,274
Loans and advances payable	3,524,084				3,524,084
	4,801,636	440,722		(500,000)	4,742,358
Equity					
Share Capital	100	4,849,770	3(c) 3(a) 3(c)	(100) 7,464,450 15,000,000	27,314,220
Contributed Surplus	-	2,349,427			2,349,427
Deficit	(1,360,310)	(5,912,288)	3(c)	1,360,310	(5,912,288)
Total Equity	(1,360,210)	1,286,909		23,824,660	23,751,359
Total Liabilities & Equity	3,441,426	1,727,631		23,324,660	28,493,717

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

LEVIATHAN CANNABIS GROUP INC.
NOTES TO THE PRO FORMA FINANCIAL STATEMENTS
(Expressed in Canadian dollars unless otherwise stated)
(Unaudited)

1. Basis of presentation

On June 18, 2018 Leviathan Cannabis Group (“Leviathan” or the “Company”) acquired 100% of the issued and outstanding shares of Woodstock Biomed Inc. (“Woodstock”).

These unaudited pro forma financial statements have been prepared from information derived from, and should be read in conjunction with, the following historical financial information which was prepared in accordance with International Financial Reporting Standards (“IFRS”):

- a. For the unaudited pro forma statement of financial position (giving effect to the Transaction as if it had occurred on May 31, 2018):
 - i. the unaudited condensed interim statement of financial position of Leviathan Cannabis Group Limited as at May 31, 2018;
 - ii. the unaudited condensed interim statement of financial position of Woodstock Biomed Inc. as at March 31, 2018;

Pro forma statements of operations have not been prepared because they would not have been substantially different from the statements of operations of Leviathan Cannabis Group.

These unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies as set out in the audited consolidated financial statements of Leviathan Cannabis Group for the year ended August 31, 2017 which are incorporated by reference into this document. It is management’s opinion that these unaudited pro forma financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 2 in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited pro forma financial statements should be read in conjunction with the financial statements and notes thereto of Leviathan Cannabis Group described above. The pro forma adjustments and allocations of the purchase price for Woodstock are based in part on estimates of the fair value of the assets acquired and liabilities assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized. The final valuation will be based on the actual net tangible and intangible assets of Woodstock that exist as of the date of the completion of the acquisition.

2. Transaction

The Transaction will be treated for accounting purposes as an asset acquisition.

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 share.

The fair value of the net assets of Woodstock acquired will vary from those shown below and the differences may be material. The preliminary acquisition cost has been allocated as follows:

Fair value of 30,000,000 shares issued	\$ 15,000,000
Cash	750,000
Total purchase price	\$ 15,750,000
Cash and cash equivalents	\$ 8,258
Prepaid expenses	1,800
HST recoverable and other assets	12,168
Property	3,400,000
Intangible assets	17,110,210
Accounts payable and accrued liabilities	(27,667)
Loans and advances payable	(4,773,969)
Net assets acquired	\$ 15,750,000

3. Pro forma assumptions and adjustments

These unaudited pro forma financial statements incorporate the following pro forma assumptions:

- (a) On July 10, 2018, Leviathan closed a private placement financing for total net proceeds of \$7,464,450. For the purposes of this pro forma, it was assumed the net proceeds were allocated entirely to share capital.
- (b) Leviathan will use the proceeds of the private placement financing to pay down approximately \$1,250,000 of Woodstock’s loans and advances payable.
- (c) The equity balances of Woodstock are eliminated and the total purchase price is allocated as described in note 2.

LEVIATHAN CANNABIS GROUP INC.
NOTES TO THE PRO FORMA FINANCIAL STATEMENTS
(Expressed in Canadian dollars unless otherwise stated)
(Unaudited)

4. **Pro forma share capital**

Pro forma share capital as at May 31, 2018 has been determined as follows:

	Number of Shares	Value
Common shares of Leviathan issued and outstanding as at March 31, 2018	49,593,603	\$ 4,849,770
Private placement financing, net of issuance costs (note 3(a))	15,000,000	7,464,450
Purchase price (notes 2 and 3(c))	30,000,000	15,000,000
Pro forma share capital	94,593,603	\$ 27,314,220