AURA HEALTH INC.

(FORMERLY LAMÊLÉE IRON ORE LTD.)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Aura Health Inc.

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

AURA HEALTH INC. (formerly Lamêlée Iron Ore Ltd.)

Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at September 30, 2018	As at December 31, 2017
	$	$
Assets		
Current Assets		
Cash	**455,139**	499,475
Receivables (Note 5)	**104,025**	16,182
Prepaid expenses	**139,562**	35,092
Total Current Assets	**698,726**	550,749
Investment in joint ventures (Note 6)	**319,035**	386,124
Total Assets	**1,017,761**	936,873
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 7 and 12)	**317,913**	533,400
Convertible debentures (Note 8)	**211,101**	-
Total Current Liabilities	**529,014**	533,400
Convertible debentures (Note 8)	**636,395**	1,032,822
Derivative liability (Note 8)	**169,143**	13,200
Total Liabilities	**1,334,552**	1,579,422
Shareholders' Deficiency		
Share capital (Note 9)	**3,351,736**	410,749
Shares to be issued (Note 12)	**6,356**	6,356
Equity component of convertible debentures (Note 8)	**32,043**	32,043
Reserve for share-based payments (Note 10)	**166,404**	80,000
Reserve for warrants (Note 11)	**708,014**	188,922
Accumulated other comprehensive (loss) income	**(9,225)**	3,861
Accumulated deficit	**(4,572,119)**	(1,364,480)
Total Shareholders' Deficiency	**(316,791)**	(642,549)
Total Liabilities and Shareholders' Deficiency	**1,017,761**	936,873

Nature of operations and going concern (Note 1)
Commitments (Note 15)
Subsequent events (Note 18)

Approved on behalf of the Board of Directors:

"Chris Carl" (signed)
Director

"David Posner" (signed)
Director

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

AURA HEALTH INC. (formerly Lamêlée Iron Ore Ltd.)

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine months ended September 30, 2017
	$	$	**$**	$
Expenses				
Management and consulting fees (Note 12)	**55,000**	74,340	**65,000**	228,285
Professional fees (Note 12)	**96,968**	105,244	**233,897**	282,781
Filing fees	**12,629**	-	**16,584**	-
Office and general	**(39)**	3,957	**618**	7,091
Travel and promotion	**104,288**	-	**108,857**	-
Share-based compensation (Note 10)	**86,404**	-	**86,404**	80,000
Share-based payments (Note 9)	**226,740**	-	**226,740**	-
	(581,990)	(183,541)	**(738,100)**	(598,157)
Other Expenses (Income)				
Foreign exchange loss (gain)	**11,499**	10,997	**(17,272)**	30,004
Reverse takeover acquisition costs (Note 4)	**1,915,893**	-	**1,915,893**	-
Equity loss from joint venture (Note 6)	**53,971**	140,730	**159,886**	190,808
Finance cost (Note 8)	**46,123**	24,512	**146,599**	50,624
Fair value change in derivative liability (Note 8)	**270,733**	-	**264,433**	-
Income tax recovery	**-**	(16,242)	**-**	(16,242)
	(2,298,219)	(159,997)	**(2,469,539)**	(255,194)
Net Loss	**(2,880,209)**	(343,538)	**(3,207,639)**	(853,351)
Other Comprehensive Loss				
Exchange gain (loss) on translation of foreign operations	**9,687**	5,008	**(13,086)**	6,661
Net Loss and Comprehensive Loss	**(2,870,522)**	(338,530)	**(3,220,725)**	(846,690)
Weighted Average Shares Outstanding				
- Basic and diluted	**20,972,765**	16,550,000	**18,093,496**	16,550,000
Loss per Share				
- Basic and diluted	**(0.14)**	(0.02)	**(0.18)**	(0.05)

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

AURA HEALTH INC. (formerly Lamêlée Iron Ore Ltd.)
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the three and nine months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine months ended September 30, 2017
	$	$	**$**	$
Operating Activities				
Net loss for the period	**(2,880,209)**	(343,538)	**(3,207,639)**	(853,351)
Adjustments for non-cash items:				
Share-based compensation (Note 10)	**86,404**	-	**86,404**	80,000
Share-based payments (Note 9)	**226,740**	-	**226,740**	-
Reverse takeover acquisition costs (Note 4)	**1,698,062**	-	**1,698,062**	-
Equity loss from joint venture (Note 6)	**53,971**	140,730	**159,886**	190,808
Foreign exchange loss (gain)	**2,414**	-	**(4,885)**	-
Fair value change in derivative liability (Note 8)	**270,733**	-	**264,433**	-
Finance cost (Note 8)	**46,123**	24,512	**146,599**	50,624
Income tax recovery	**-**	(16,242)	**-**	(16,242)
	(495,762)	(194,538)	**(630,400)**	(548,161)
Net change in non-cash working capital items:				
Receivables (Note 5)	**(64,174)**	(9,439)	**(68,721)**	(13,755)
Prepaid expenses	**(104,470)**	-	**(104,470)**	(34,993)
Accounts payable and accrued liabilities (Note 7)	**(192,050)**	82,522	**(292,884)**	218,297
	(360,694)	73,083	**(466,075)**	169,549
Cash Flows (used in) Operating Activities	**(856,457)**	(121,455)	**(1,096,475)**	(378,612)
Financing Activities				
Proceeds from private placement (Note 9)	**1,032,918**	-	**1,032,918**	-
Share issue costs (Note 9)	**(80,189)**	-	**(80,189)**	-
Proceeds from debentures financing (Note 8)	**-**	-	**-**	288,000
Cash acquired on reverse takeover (Note 4)	**190,901**	-	**190,901**	-
Shares to be issued (Note 12)	**-**	-	**-**	8,475
Proceeds from exercise of warrants (Note 9)	**4,331**	-	**4,331**	-
Cash Flows from Financing Activities	**1,147,961**	-	**1,147,961**	296,475
Investing Activities				
Investments in joint venture (Note 6)	**(82,736)**	(127,437)	**(82,736)**	(335,045)
Cash Flows (used in) Investing Activities	**(82,736)**	(127,437)	**(82,736)**	(335,045)
Increase (decrease) in cash	**208,769**	(248,892)	**(31,250)**	(417,182)
Effects of foreign exchange on cash	**9,687**	9,354	**(13,086)**	9,354
Cash, beginning of period	**236,683**	314,421	**499,475**	482,711
Cash, end of period	**455,139**	74,883	**455,139**	74,883

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

AURA HEALTH INC. (formerly Lamêlée Iron Ore Ltd.)
Unaudited Condensed Interim Consolidated Statements of Changes of Equity Flows
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Share Capital		Reserves						
	Number of Shares	Amount	Shares to be Issued	Conversion Component of convertible debentures	Reserve for Share-Based Payments	Reserve for Warrants	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	#	$	$	$	$	$	$	$	$
Balance, December 31, 2016	**16,550,000**	**404,749**	**-**	**32,043**	**-**	**188,006**	**(153)**	**(209,143)**	**415,502**
Warrants issued on private placement	-	-	-	-	-	200	-	-	200
Stock-based compensation (Note 10)	-	-	-	-	80,000	-	-	-	80,000
Shares to be issued	-	-	8,476	-	-	-	-	-	8,476
Conversion component of convertible debentures	-	-	-	45,678	-	-	-	-	45,678
Exchange gain on translating foreign operations	-	-	-	-	-	-	6,661	-	6,661
Net loss for the period	-	-	-	-	-	-	-	(853,351)	(853,351)
Balance, September 30, 2017	**16,550,000**	**404,749**	**8,476**	**77,721**	**80,000**	**188,206**	**6,508**	**(1,062,494)**	**(296,834)**
Balance, December 31, 2017	**16,630,000**	**410,749**	**6,356**	**32,043**	**80,000**	**188,922**	**3,861**	**(1,364,480)**	**(642,549)**
Units issued on private placement (Note 9)	2,301,873	869,811	-	-	-	-	-	-	869,811
Warrants issued on private placement (Note 11)	-	-	-	-	-	258,107	-	-	258,107
Broker warrants issued on private placement (Note 11)	-	-	-	-	-	33,853	-	-	33,853
Share issue costs (Notes 9 and 11)	-	(87,946)	-	-	-	(26,097)	-	-	(114,043)
Reverse takeover transaction (Note 4)	3,961,584	1,497,083	-	-	-	238,606	-	-	1,735,689
Issuance on conversion of debentures (Notes 8 and 9)	816,327	428,988	-	-	-	16,603	-	-	445,591
Warrants exercised (Note 9)	37,125	6,311	-	-	-	(1,980)	-	-	4,331
Stock-based compensation (Note 10)	-	-	-	-	86,404	-	-	-	86,404
Share-based payments (Note 9)	600,000	226,740	-	-	-	-	-	-	226,740
Exchange (loss) on translating foreign operations	-	-	-	-	-	-	(13,086)	-	(13,086)
Net loss for the period	-	-	-	-	-	-	-	(3,207,639)	(3,207,639)
Balance, September 30, 2018	**24,346,909**	**3,351,736**	**6,356**	**32,043**	**166,404**	**708,014**	**(9,225)**	**(4,572,119)**	**(316,791)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Aura Health Inc. ("Aura" or the "Company") is engaged in the identification, acquisition and management of a portfolio of investments in marijuana service businesses in the United States (the "US"), and it currently owns an membership interest in four Patient Assessment Clinics under the "Sun Valley Medical Clinics" name (the "Sun Valley Clinics"). The medical health clinics examine prospective patients and issue medical-use certificates to qualified patients in the US.

On August 9, 2018, Aura Health Corp. and Lamêlée Iron Ore Ltd. ("Lamêlée") completed a reverse takeover transaction (the "RTO Transaction"), providing for the acquisition by Lamêlée of all of the issued and outstanding common shares of Aura Health Corp. Pursuant to the Securities Exchange Agreement, all Aura Health Corp. common shares were exchanged for common shares of Lamêlée, and Aura Health Corp. became a wholly-owned subsidiary of Lamêlée, which is continuing on with the business of Aura Health Corp. As a result, the condensed interim consolidated statements of financial position are presented as a continuance of Aura Health Corp. and comparative figures presented in the condensed interim consolidated financial statements are those of Aura Health Corp. See Note 4 for details. Concurrent with the closing of the RTO Transaction, Lamêlée changed its name to Aura Health Inc. The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "BUZZ".

The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada.

As at September 30, 2018, the Company had a working capital of $169,712 (December 31, 2017 – working capital of $17,349), but had not yet achieved profitable operations and is dependent on its ability to obtain additional financing. These material uncertainties may cast doubt upon the Company's ability to continue as a going concern. In assessing whether the going concern assumption was appropriate, management took into account all relevant information available about the future, which was at least, but not limited to, the 12-month period following September 30, 2018:

- Subsequent to the period-end, the Company closed a non-brokered private placement offering of unsecured convertible debentures for gross proceeds of $400,000 (see Note 18).

As a result, the Company has sufficient cash to fund continuing operations through this fiscal year and beyond.

The business of medical marijuana clinics involves a high degree of risk, and there is no assurance that any prospective project in the medical cannabis industry will be successfully initiated or implemented. Further, regulatory evolution and uncertainty may require the Company to alter its business plan and make further investments to react to regulatory changes.

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

The Company's unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited condensed interim consolidated financial statements.

2. BASIS OF PRESENTATION (continued)

2.1 Statement of Compliance

These unaudited condensed interim consolidated financial statements were reviewed by the Company's Audit Committee and approved and authorized for issue by the Company's Board of Directors on November 28, 2018.

2.2 Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS, on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2.3 Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Aura Health Corp. and Green Global Properties Inc. ("Green Global") which is formed in the State of Delaware.

The unaudited condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

2.4 Significant Accounting Judgments and Estimates

The preparation of these unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas which require management to make significant judgments and estimates include, but are not limited to, the valuation of deferred income tax amounts, valuation of warrants, options and private placements including equity and convertible debentures, measurement of derivative liability, assessment of functional currency, and determination if investments in the Sun Valley Clinics is a joint arrangement.

3. NEW ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS

3.1 Changes in Accounting Policies

The Company had adopted the following new standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim consolidated financial statements:

IFRS 9 – Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in July 2014 and replaces IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

3. NEW ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS (continued)

3.1 Changes in Accounting Policies (continued)

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") replaces IAS 18 – Revenue, IAS 11 – Construction Contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22")

IFRIC 22 was issued on December 8, 2016 and clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt, and is applicable for annual periods beginning on or after January 1, 2018.

3.2 Recent Accounting Pronouncements

The IASB and the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting periods commencing on or after January 1, 2019. The Company does not expect the adoption of these standards to have a material impact on the unaudited condensed interim consolidated financial statements.

IFRS 16 – Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23")

IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian Dollars)

4. REVERSE TAKEOVER TRANSACTION

On August 9, 2018, Lamêlée and Aura Health Corp. completed the RTO Transaction, whereby, the shareholders of Aura Health Corp. held a majority of the outstanding common shares of the resulting issuer. The substance of the RTO Transaction is a reverse acquisition of a non-operating company. As a result, the RTO Transaction has been accounted for as a capital transaction with Aura Health Corp. being identified as the acquirer and the equity consideration being measured at fair value, using the acquisition method of accounting. The RTO Transaction has been accounted for in the unaudited condensed interim consolidated financial statements as a continuation of the financial statements of Aura Health Corp., together with a deemed issuance of shares equivalent to the shares held by the former shareholders of Lamêlée.

Details of the RTO Transaction are presented as follows:

Purchase Price Consideration Paid	
	$
Fair value of common shares issued (i)	1,497,083
Fair values of options issued (ii)	-
Fair value of warrants issued (iii)	238,606
	1,735,689

Net Identifiable Assets Acquired	
	$
Cash	190,901
Sales tax receivable	19,122
Accounts payable	(172,397)
Due to related party	(217,830)
Total net identifiable assets acquired	(180,204)
Excess of consideration paid over net assets acquired, representing a cost of the RTO Transaction	**1,915,893**

The Company has accounted for the RTO Transaction as an asset acquisition under the scope of IFRS 2 – Share Based Payments. Consideration consisted entirely of shares, options and warrants of the Company which were measured at the estimated fair value on the date of the acquisition:

(i) The fair value of the 3,961,584 common shares, issued to former Lamêlée shareholders, was determined to be $1,497,083 based on the fair value of common shares issued through the Concurrent Financing on August 9, 2018 (see Note 9). Immediately after the RTO Transaction was completed, the number of shares of the resulting issuer held by Lamêlée shareholders was approximately 16.3%.

(ii) The estimated fair value of the 92,500 options issued as consideration are based on the Black-Scholes valuation model with the following assumptions: current stock price – $0.38 per share, expected dividend yield – 0%, expected volatility – 49%, risk-free interest rate – 1.46% and an expected life of 0.25 years. In making the assumptions for expected volatility, the Company used the historical volatility of comparable companies.

(iii) The estimated fair value of the 1,052,996 warrants issued as consideration are based on the Black-Scholes valuation model with the following assumptions: current stock price – $0.38 per share, expected dividend yield – 0%, expected volatility – 81%, risk-free interest rate – 2.11% and an expected life of 1.70 years. In making the assumptions for expected volatility, the Company used the historical volatility of comparable companies.

(iv) The transaction costs relating to the RTO Transaction plus the aggregate of the fair value of the consideration paid has been recognized as reverse takeover acquisition costs, in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

5. RECEIVABLES

	September 30, 2018	December 31, 2017
	$	$
Sales tax receivables	**99,227**	11,384
Other receivables	**4,798**	4,798
	104,025	16,182

The Company's sales tax receivables arise from harmonized sales tax refunds and amounts due from government taxation authorities. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables, which are due in less than one year.

6. INVESTMENT IN JOINT VENTURES

Sun Valley Certification Clinics Holdings, LLC

On November 11, 2016, the Company through Green Global, entered into a Purchase Option Agreement with Sun Valley Certification Clinics Holdings, LLC ("Sun Valley"), a private company based in Phoenix, Arizona, whereby Green Global has the option to acquire a 30% interest in each of the next ten clinics ("Clinic" or "Clinics") that Sun Valley opens in the US for USD $100,000 each. Provided that the Company already owns 30% of a Clinic, the Company has at its discretion a further option within 18 months from the opening date of the Clinic to acquire an additional 21% of that Clinic for USD $100,000 and increase its ownership to 51%.

Each Clinic is established as a separate Limited Liability Company. An operating agreement is generally put into place once the Company invests 30%. Under the operating agreement, the Company and Sun Valley will each appoint one Manager and the two Managers will appoint a third Manager. All major decisions and transactions that affect the Clinic will be authorized by the Managers. Therefore, joint control exists and the relationship meets the definition of a joint arrangement.

On November 15, 2016, the Company advanced USD $100,000 (CAD $134,270) to exercise its options to acquire a 30% ownership interest in a clinic in Las Vegas, Nevada (the "Sun Valley Nevada Clinic"). The Sun Valley Nevada Clinic began operations on September 21, 2016.

On December 20, 2016, the Company made a USD $50,000 (CAD $67,135) deposit for the acquisition of a 30% interest in a second clinic, which opened in Mesa, Arizona (the "Sun Valley Mesa Clinic") in 2017. On March 7, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD $50,000 (CAD $67,980). An operating agreement on the above described terms has been put into place. The Sun Valley Mesa Clinic began operations on April 24, 2017.

On March 14, 2017, the Company made a USD $50,000 (CAD $69,220) deposit towards the acquisition of a 30% interest in a third clinic, which opened in Tucson, Arizona (the "Sun Valley Tucson Clinic"). On April 18, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD $50,000 (CAD $68,760). An operating agreement on the above described terms has been put into place. The Sun Valley Tucson Clinic began operations on May 22, 2017.

On July 24, 2017, the Company made a USD $50,000 (CAD $64,465) deposit towards the acquisition of a 30% interest in a fourth clinic, which opened in Hollywood, Florida (the "Sun Valley Hollywood Clinic"). On August 2, 2017, the Company completed the acquisition of the 30% interest by paying the remaining balance of USD $50,000 (CAD $64,650). An operating agreement on the above described terms has been put into place. The Sun Valley Hollywood Clinic began operations on August 11, 2017.

6. INVESTMENT IN JOINT VENTURES (continued)

Sun Valley Certification Clinics Holdings, LLC (continued)

On November 27, 2017, the Company contributed a USD $20,000 (CAD $26,182) advance as additional capital to the Sun Valley Clinics.

On December 19, 2017, the Company contributed a USD $15,000 (CAD $19,934) advance as additional capital to the Sun Valley Clinics.

On December 28, 2017, the Company contributed a USD $75,400 (CAD $97,945) advance as additional capital to the Sun Valley Clinics.

As a result of the additional capital contributions made in November and December 2017, Green Global was issued 128.60 new units from each Clinic, in a manner consistent with the operating agreement, and in proportion to its respective membership.

On July 9, 2018, the Company contributed another USD $62,835 (CAD $82,736) advance as additional capital to the Sun Valley Clinics.

Investments in the Sun Valley Clinics

The investment in the Sun Valley Nevada Clinic is accounted for as of the effective date of ownership on September 1, 2016, as a joint venture as the operating agreement establishing joint control was in place effective that date. The Company's portion of the loss from the Sun Valley Nevada Clinic for the nine months ended September 30, 2018 was $27,645 (USD $21,470) (2017 – $40,067 (USD $30,660)).

The investment in the Sun Valley Mesa Clinic is accounted for as of the effective date of ownership on January 4, 2017, as a joint venture as the operating agreement establishing joint control was in place effective that date. The Company's portion of the loss from the Sun Valley Mesa Clinic for the nine months ended September 30, 2018 was $45,017 (USD $34,962) (2017 – $55,439 (USD $42,423)).

The investment in the Sun Valley Tucson Clinic is accounted for as of the effective date of ownership on April 18, 2017, as a joint venture as the operating agreement establishing joint control was in place effective that date. The Company's portion of the loss from the Sun Valley Tucson Clinic for the nine months ended September 30, 2018 was $25,263 (USD $19,621) (2017 – $51,326 (USD $39,276)).

The investment in the Sun Valley Hollywood Clinic is accounted for as of the effective date of ownership on August 2, 2017, as a joint venture as the operating agreement establishing joint control was in place effective that date. The Company's portion of the loss from the Sun Valley Hollywood Clinic for the nine months ended September 30, 2018 was $61,961 (USD $48,121) (2017 – $39,006 (USD $29,848)).

(Expressed in Canadian Dollars)

6. INVESTMENT IN JOINT VENTURES (continued)

Investments in the Sun Valley Clinics (continued)

The following table summarizes the financial information of the four Sun Valley Clinics:

Statement of Financial Position

As at September 30, 2018	Nevada	Mesa	Tucson	Hollywood
	USD $	**USD $**	**USD $**	**USD $**
Cash	2,575	1,161	6,213	518
Fixed assets	15,082	58,622	29,003	3,101
Other assets	2,500	4,594	3,000	10,038
Total Assets	**20,157**	**64,377**	**38,216**	**13,657**
Current liabilities	108,285	90,337	32,533	46,993
Other liabilities	-	7,701	8,932	4,408
Members' equity	154,967	273,501	232,636	267,079
Deficit	(243,095)	(307,162)	(235,885)	(304,823)
Total Liabilities & Members' Equity	**20,157**	**64,377**	**38,216**	**13,657**

As at December 31, 2017	Nevada	Mesa	Tucson	Hollywood
	USD $	**USD $**	**USD $**	**USD $**
Cash	6,115	6,643	9,077	4,209
Fixed assets	18,334	82,034	33,918	2,465
Other assets	2,500	4,594	7,333	52,500
Total Assets	**26,949**	**93,271**	**50,328**	**59,174**
Current liabilities	23,820	50,312	12,057	31,857
Other liabilities	554	10,785	11,212	2,984
Members' equity	174,103	222,797	197,543	172,679
Deficit	(171,528)	(190,623)	(170,484)	(148,346)
Total Liabilities & Members' Equity	**26,949**	**93,271**	**50,328**	**59,174**

Statement of Loss and Comprehensive Loss

Nine months ended September 30, 2018	Nevada	Mesa	Tucson	Hollywood
	USD $	**USD $**	**USD $**	**USD $**
Revenue	134,881	147,624	224,788	47,775
Total expenses	(206,448)	(264,163)	(290,189)	(208,179)
Net Loss and Comprehensive Loss for the Period	**(71,567)**	**(116,539)**	**(65,401)**	**(160,404)**

Nine months ended September 30, 2017	Nevada	Mesa	Tucson	Hollywood
	USD $	**USD $**	**USD $**	**USD $**
Revenue	121,863	76,692	48,438	2,250
Total expenses	(224,064)	(218,103)	(179,355)	(101,744)
Net Loss and Comprehensive Loss for the Period	**(102,201)**	**(141,411)**	**(130,920)**	**(99,494)**

(Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

The following is an aged analysis of the accounts payable and accrued liabilities:

	September 30, 2018	December 31, 2017
	$	$
Less than 90 days	**113,866**	303,945
Greater than 90 days	**204,047**	229,455
	317,913	533,400

8. CONVERTIBLE DEBENTURES

(a) Nutritional High Debentures

On November 14, 2016, the Company closed a non-brokered private placement of an unsecured convertible debenture ("Nutritional High Debenture") for total proceeds of $155,832 (USD $120,000). The Nutritional High Debenture matures on November 14, 2018. Subject to the approval of the CSE, on or after November 14, 2017 and prior to the maturity date, the principal together with accrued and unpaid interest on the principal amount shall be convertible, at the option of the holder, into units of the Company at a price equal to $0.05, which will result in the issuance of 3,116,640 units if converted. Each unit is comprised of one (1) common share of the Company and one-half (1/2) of a warrant, with each whole warrant exercisable until August 16, 2020, which is two years from the date of listing of the Company's common shares on the CSE, into one (1) common share at an exercise price of $0.075 per common share (the "Warrant Share") for a total of 1,558,320 Warrant Shares if converted.

The Nutritional High Debenture bears interest at 12% per annum, payable on the maturity date. Interest on any overdue interest and all other amounts due from the Company to the debenture holder shall be calculated and payable at the same rate and in the same manner if not paid when due. In consideration of the debenture holder providing the loan to the Company, the Company issued 4,000,000 common shares to the debenture holder.

The Nutritional High Debenture is classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than the face value. The discount is being accreted over the term utilizing the effective interest rate method at a 26.7% effective interest rate.

On closing of the RTO Transaction, Nutritional High Debentures were placed in escrow, to be released over a period of 36 months, with 10% to be released upon the listing of the Company's common shares on the CSE, and 15% each six months thereafter.

(b) Series A Debentures

On April 20, 2017, the Company closed a non-brokered private placement of unsecured convertible debentures ("Series A Debentures") for total proceeds of $300,000. The Series A Debentures bear interest at a rate of 12% per annum and mature on April 20, 2019. Upon the listing of the Company's common shares on the CSE, the Series A Debentures are automatically convertible into units of the Company at a conversion price which shall be the lower of (i) $0.60 per unit and (ii) the price equal to 75% of the Concurrent Financing price. Each unit is comprised of one (1) common share of the Company and one-half (1/2) of a common share purchase warrant, with each whole such warrant exercisable until 12 months from the date on which the Company's common shares are listed on the CSE. As the Concurrent Financing was completed on August 16, 2018, the conversion price is now set at $0.368 and each warrant is exercisable until August 9, 2019. One warrant entitles the holder to purchase one additional common share at a purchase price of $1.00. Total costs of raising the debt includes cash paid for commissions and legal costs of $20,263 and the issuance of 20,000 broker warrants with a fair value of $116.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES (continued)

(b) Series A Debentures (continued)

The discount is being accreted over the term of the Series A Debentures utilizing the effective interest rate method at a 18.5% effective interest rate.

The conversion feature meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined under IFRS. As a result, the conversion feature is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. On April 20, 2017, the value of the derivative liability was $8,500.

On August 9, 2018, the Series A Debentures were converted into 816,327 units of the Company. The debentures and the derivative liability had been derecognized as a result. Immediately prior to the conversion of the Series A Debentures, a loss of $104,690 was included in fair value change in derivative liability for the nine months ended September 30, 2018.

(c) Series B Debentures

On December 22, 2017, the Company closed a non-brokered private placement of a secured convertible debentures (the "Series B Debentures") for total proceeds of $600,000. The Secured Debentures bear interest at a rate of 12% per annum and mature on December 22, 2019. The Series B Debentures are convertible at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price which shall be the lower of (i) $0.60 per share and (ii) the price equal to 75% of the Concurrent Financing price. As the Concurrent Financing was completed on August 16, 2018, the conversion price is now set at $0.368. The Series B Debentures rank pari passu with respect to the security and collateral granted in connection therewith, and have first priority security against the Company. Total costs of raising the debt includes cash paid for commissions and legal costs of $15,292, the issuance of 80,000 common shares with a value of $6,000 for commissions and the issuance of 80,000 broker warrants with a fair value of $800.

The conversion feature and the debt component of the Series B Debentures had been classified as financial liabilities. The discount is being accreted over the term of the Series B Debentures utilizing the effective interest rate method at a 15.4% effective interest rate.

The conversion feature meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined under IFRS. As a result, the conversion feature is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. On December 22, 2017, the value of the derivative liability was $9,600.

As at September 30, 2018, the derivative liability was valued at $169,143 (December 31, 2017 – $9,400) and a loss of $159,743 was included in fair value change in derivative liability for the nine months ended September 30, 2018 (2017 – $nil).

The following table reflects the continuity of convertible debentures as at September 30, 2018:

	$
Balance, December 31, 2017	**1,032,822**
Interest and accretion expense	146,599
Foreign exchange loss	5,176
Conversion of debentures into common shares	(337,101)
Balance, September 30, 2018	**847,496**

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES (continued)

The following table reflects the breakdown of convertible debentures as at September 30, 2018:

	$
Current	
Nutritional High Debentures	211,101
Long-term	
Series B Debentures	636,395
Balance, September 30, 2018	**847,496**

9. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued and outstanding as at September 30, 2018 are as follows:

	Number of common shares	Amount
	#	$
Balance, December 31, 2017	**16,630,000**	**410,749**
Shares issued from private placement	2,301,873	869,811
Share issuance costs	-	(87,946)
Shares issued on reverse takeover	3,961,584	1,497,083
Shares issued on conversion of debentures	816,327	428,988
Shares issued for advisory and finder fees	600,000	226,740
Shares issued from exercise of warrants	37,125	6,311
Balance, September 30, 2018	**24,346,909**	**3,351,736**

Share capital transactions for the nine months ended September 30, 2018

On August 9, 2018, the Company closed the Concurrent Financing of 2,301,873 units at a price of $0.49 per unit, for gross proceeds of $1,127,918. Each unit consists of one (1) common share and one (1) warrant. Each warrant entitles the holder to purchase one common share at a price of $0.75, expiring on August 9, 2020. In connection with the Concurrent Financing, the Company issued 78,015 finder warrants (see Note 11) and paid finders' fees of $40,326.

On August 9, 2018, the Company issued 3,961,584 common shares to former shareholders of Lamêlée. See Note 4 for details of the RTO Transaction.

On August 9, 2018, the Company issued 816,327 common shares as a result of the conversion of the Series A Debentures at the conversion price of $0.37 (see Note 8(b)).

On August 9, 2018, the Company issued 300,000 common shares to a financial advisor as compensation for advisory services provided and 300,000 common shares to a finder on closing of the RTO Transaction. The fair value of these common shares was estimated at $226,740 based on the fair value of common shares issued from the Concurrent Financing, and was recorded as share-based payments during the nine months ended September 30, 2018 (2017 – $nil).

During the nine months ended September 30, 2018, 37,125 common shares were issued as a result of the exercise of warrants for cash proceeds of $4,331.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Share capital transactions for the nine months ended September 30, 2017

There were no share issuances during the nine months ended September 30, 2017.

Escrowed shares

On closing of the RTO Transaction, a total of 6,710,707 common shares held by all directors and officers and the principal shareholder of the Company, were placed in escrow, to be released over a period of 36 months, with 10% to be released upon the listing of the Company's common shares on the CSE, and 15% each six months thereafter. As at September 30, 2018, 6,039,636 issued and outstanding common shares were held in escrow.

10. RESERVE FOR SHARE-BASED PAYMENTS

The Company maintains a stock option plan (the "Plan") whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Plan is limited to 10% of the number of issued and outstanding common shares. As at September 30, 2018, the Company had 92,190 common shares available for issuance under the Plan.

Under the Plan, the exercise price of each option may not be less than the closing price of the Company's shares on the trading day prior to the grant date or the grant date itself, whichever is higher. Vesting of options is determined at the discretion of the Board of Directors.

The following summarizes the stock option activity for the nine months ended September 30, 2018 and 2017:

	September 30, 2018		September 30, 2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**1,600,000**	**0.10**	-	-
Granted	**650,000**	**0.31**	1,600,000	0.10
Issued on reverse takeover	**17,500**	**1.00**	-	-
Issued on reverse takeover	**12,500**	**2.80**	-	-
Issued on reverse takeover	**62,500**	**2.90**	-	-
Outstanding, end of period	**2,342,500**	**0.25**	1,600,000	0.10
Exercisable, end of period	**2,080,000**	**0.25**	1,600,000	0.10

Option grants for the nine months ended September 30, 2018

On August 9, 2018, the Company issued 92,500 options to former option holders of Lamêlée (see Note 4 for details).

On September 24, 2018, the Company granted 650,000 stock options to an officer and certain consultants of the Company. The options are exercisable at $0.31 per share and will expire on September 24, 2021. 300,000 of these options vested immediately on grant, while 350,000 options granted to an Investor Relations consultant vest 25% on grant, and 25% every six months thereafter. The options were valued using the Black-Scholes valuation model with the following assumptions: expected volatility of 89%, expected dividend yield of 0%, risk-free interest rate of 2.22% and an expected life of 3 years. The grant date fair value attributable to these options was $115,899, of which $70,039 was recorded as stock-based compensation in connection with the vesting of these options during the nine months ended September 30, 2018.

(Expressed in Canadian Dollars)

10. RESERVE FOR SHARE-BASED PAYMENTS (continued)

Option grants for the nine months ended September 30, 2017

On January 4, 2017, the Company granted 1,600,000 stock options to various directors, officers and consultants of the Company at an exercise price of $0.10 expiring two years after the Company completes a going public transaction or five years from the date of grant, whichever is earlier. The options vested immediately on grant. The options were valued using the Black-Scholes valuation model with the following assumptions: expected volatility of 123%, expected dividend yield of 0%, risk-free interest rate of 0.73% and an expected life of 2.72 years. The grant date fair value attributable to these options was $80,000.

Modification of options

On closing of the RTO Transaction, the Company adjusted the expiry date of the options previously granted on January 4, 2017. The expiry date for these options was revised to August 16, 2020, which is two years from the date the Company obtained a listing for its common shares on the CSE. The incremental fair value of the options resulting from the revision of the expiry date of $16,365 was estimated using the Black-Scholes valuation model with the following assumptions: expected volatility of 88%, expected dividend yield of 0%, risk-free interest rate of 2.08% and an expected life of 2 years. The incremental fair value was recorded as stock-based compensation during the nine months ended September 30, 2018.

The following table summarizes information of stock options outstanding and exercisable as at September 30, 2018:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	$	Years
November 7, 2018	17,500	17,500	1.00	0.10
November 7, 2018	12,500	12,500	2.80	0.10
November 7, 2018	62,500	62,500	2.90	0.10
August 16, 2020	1,600,000	1,600,000	0.10	1.88
September 24, 2021	650,000	387,500	0.31	2.99
	2,342,500	**2,080,000**	**0.25**	**0.25**

Escrowed options

On closing of the RTO Transaction, a total of 1,230,000 options held by all directors and officers of the Company were placed in escrow, to be released over a period of 36 months, with 10% to be released upon the listing of the Company's common shares on the CSE, and 15% each six months thereafter. As at September 30, 2018, 1,107,000 options were held in escrow.

(Expressed in Canadian Dollars)

11. RESERVE FOR WARRANTS

The following summarizes the warrant activity for the nine months ended September 30, 2018 and 2017:

	September 30, 2018		September 30, 2017	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**3,875,000**	**0.16**	3,775,000	0.14
Issued from private placement	**2,301,873**	**0.75**	20,000	1.00
Issued from private placement	**78,015**	**0.49**	-	-
Issued on reverse takeover	**1,052,996**	**0.20**	-	-
Issued on conversion of debentures	**408,163**	**1.00**	-	-
Exercised	**(24,750)**	**0.10**	-	-
Issuance of underlying warrants	**12,375**	**0.15**	-	-
Exercised	**(12,375)**	**0.15**	-	-
Outstanding, end of period	**7,691,297**	**0.39**	3,795,000	0.14

Warrant issuances for the nine months ended September 30, 2018

On August 9, 2018, the Company issued 2,301,873 warrants in conjunction with the Concurrent Financing, as disclosed in Note 9. Each warrant is exercisable at $0.75 to purchase one (1) common share for 24 months after closing of the RTO Transaction. The grant date fair value of the 2,301,873 warrants issued was estimated to be $258,107 using the Black-Scholes valuation model with the following assumptions: expected volatility of 87%, expected dividend yield of 0%, risk-free interest rate of 2.11% and an expected life of 2 years. In connection with the Concurrent Financing, 78,015 finder warrants were issued as compensation. The finder warrants are exercisable at $0.49 to purchase one (1) unit of the Company for a period of 2 years.

On August 9, 2018, the Company issued 1,052,996 warrants to former warrant holders of Lamêlée (see Note 4 for details).

On August 9, 2018, the Company issued 408,163 warrants exercisable at $1.00 as a result of the conversion of the Series A Debentures into units at the conversion price of $0.37 (see Note 8(b)).

Warrant issuances for the nine months ended September 30, 2017

On April 20, 2017, in conjunction with the Series A Debentures offering, the Company issued 20,000 broker warrants. Each broker warrant is exercisable into one common share at $1.00 per share for a period of two years. The broker warrants were valued at $116 by using the Black-Scholes valuation model with the following assumptions: expected volatility of 105%, expected dividend yield of 0%, risk-free interest rate of 1.66% and an expected life of 2 years.

(Expressed in Canadian Dollars)

11. RESERVE FOR WARRANTS (continued)

The following table summarizes information of warrants outstanding as at September 30, 2018:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life
	#	$	Years
April 20, 2019	20,000	1.00	0.55
August 9, 2019	408,163	1.00	0.86
December 22, 2019	80,000	0.60	1.23
April 21, 2020	1,052,996	0.20	1.56
August 9, 2020	2,301,873	0.75	1.86
August 9, 2020	78,015	0.49	1.86
August 16, 2020	3,275,000	0.15	1.88
August 16, 2020	475,250	0.10	1.88
	7,691,297	**0.39**	**1.77**

Escrowed warrants

On closing of the RTO Transaction, a total of 200,000 warrants held by the principal shareholder of the Company were placed in escrow, to be released over a period of 36 months, with 10% to be released upon the listing of the Company's common shares on the CSE, and 15% each six months thereafter. As at September 30, 2018, 180,000 warrants were held in escrow.

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Key management personnel compensation

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2018 and 2017 were as follows:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	$	$
Consulting fees	**30,000**	228,285
Professional fees	**44,750**	36,000
Stock-based compensation (Note 10)	**44,577**	64,000
	119,327	328,285

During the nine months ended September 30, 2018, the former Chief Executive Officer (the "CEO") and the former Chief Operating Officer (the "COO") of the Company charged consulting fees of $15,000 and $nil (2017 – $118,500 and $109,785) respectively, for services provided up to the RTO Transaction. As at September 30, 2018, amounts of $22,520 and $88,020 (December 31, 2017 – $91,802 and $88,020) owing to the former CEO and the COO, respectively, were included in accounts payable and accrued liabilities. Also included in other receivables as at September 30, 2018 was $4,798 (December 31, 2017 – $4,798) due from the former CEO for an advance made in respect of expenses to be incurred on behalf of the Company.

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

Key management personnel compensation (continued)

On August 16, 2018, the Company appointed Daniel Cohen as the new CEO, and entered into a consulting agreement, providing for CEO services. In consideration for the services provided, the Company agreed to pay a monthly fee of $10,000. During the nine months ended September 30, 2018, the Company was charged $15,000 (2017 – $nil) for services provided by the CEO. As at September 30, 2018, $16,950 (December 31, 2017 – $nil) owing to the CEO was included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2018, the Company incurred professional fees of $44,750 (2017 – $36,000) from Branson Corporate Services Inc. ("Branson"), where Keith Li, the Chief Financial Officer ("CFO") of the Company is employed. Branson is party to a management services agreement, for providing CFO services to the Company, as well as other accounting and administrative services. As at September 30, 2018, $36,217 (December 31, 2017 – $13,587) owing to Branson was included in accounts payable and accrued liabilities, and $6,356 (December 31, 2017 – $6,356) was included in shares to be issued to settle with Branson.

On September 24, 2018, the Company granted 300,000 stock options to the CEO of the Company (see Note 10). The grant date fair value of $44,577 attributable to these options was recorded as stock-based compensation during the nine months ended September 30, 2018.

Unit subscription

In connection with the Concurrent Financing, the CEO subscribed for 100,000 units at a price of $0.49 per unit. In addition, the CEO also holds title to 250,000 units of the Company previously subscribed from the December 9, 2016 private placement.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, shares to be issued, equity component of convertible debentures, reserve for share-based payments and warrants, accumulated other comprehensive income and accumulated deficit. As at September 30, 2018, the Company's capital consisted of a deficit of $316,791 (December 31, 2017 – deficit of $642,549).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising capital in this manner.

The Company is not subject to externally imposed capital requirements.

14. FINANCIAL RISK MANAGEMENT

Fair value

The carrying amount of cash, other receivables, accounts payables and accrued liabilities on the unaudited condensed interim consolidated statements of financial position approximate fair value due to the relative short maturity of these financial instruments.

The fair value of the derivative liability was estimated based on the assumptions disclosed in Note 8.

Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2018, the Company does not have any financial instruments measured at fair value after initial recognition, except for the derivative liability which was calculated using Level 2 inputs.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and other receivables. Cash is held with a reputable Canadian chartered bank. Management believes that the credit risk concentration with respect to financial instruments included in cash and other receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at September 30, 2018, the Company had a cash balance of $455,139 (December 31, 2017 – $499,475) to settle current liabilities of $529,014 (December 31, 2017 – $533,400). Although the Company does not maintain a revolving credit facility, it has sufficient funds available to meet its current and foreseeable financial requirements.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company invests into the Sun Valley Clinics and from time to time, other investments denominated in foreign currencies, notably in US dollars. The Company's primary exposure to foreign exchange risk is that investments in foreign securities may expose the Company to the risk of exchange rate fluctuations.

15. COMMITMENTS

Two founders of the Company have compensation contracts effective September 1, 2016, in the amount of $12,000 per month, with $6,000 per month to be paid immediately and $6,000 per month to be paid subject to available financing. Upon the successful completion of an investment into a fifth Patient Assessment Clinic, the compensation amount will be increased to $18,000 per month, with $9,000 per month to be paid immediately and $9,000 per month to be paid subject to available financing. Effective September 1, 2017, the former CEO and the former COO agreed to defer the accrual of any salary or consulting fees until a public listing was obtained by the Company. As at September 30, 2018, total accrued salary was $110,540 (December 31, 2017 – $168,000).

16. PROPOSED TRANSACTIONS

HolyCanna

On August 22, 2018, the Company entered into a letter of intent ("LOI") to subscribe to an unsecured convertible note ("Convertible Note") in HolyCanna Ltd. ("HolyCanna"), an Israel-based company with a cannabis cultivation and sales license application ("License Application") submitted to the Israeli Ministry of Health (the "Ministry"). Terms of the LOI are as follows:

- The Company will provide HolyCanna with a bridge loan ("Bridge Loan") in the principal amount of approximately $356,606 (ILS 1,000,000). The Bridge Loan will be non-interest-bearing and is due on November 1, 2018, upon which the Bridge Loan will be cancelled and converted to principal within a Convertible Note investment;
- On November 1, 2018, the Company will subscribe for the Convertible Note in the maximum principal amount of approximately $3,566,060 (ILS 10,000,000), which will be advanced in tranches on the following timetable:
  - Approximately $713,212 (ILS 2,000,000) by December 15, 2018;
  - Approximately $1,248,121 (ILS 3,500,000) by February 1, 2019; and
  - The remaining sum of approximately $1,248,121 (ILS 3,500,000) will be advanced after February 1, 2019 upon request made by HolyCanna.
- Upon approval of the License Application, the Convertible Note will be automatically converted into a majority (54%) equity stake.

As HolyCanna will be the holder of the License, conversion of the Convertible Note which will grant the Company a majority equity stake will be subject to regulatory approval from the Ministry.

Subsequent to period-end, the Company entered into a definitive agreement with HolyCanna. See Note 18.

CannabiSendak

On September 4, 2018, the Company entered into a LOI to acquire 57% of the outstanding equity of CannabiSendak LTD. ("CannabiSendak"), an Israeli company intending to establish licensed medical cannabis dispensaries in Israel. CannabiSendak will use HolyCanna as its primary provider of branded cannabis products. Terms of the LOI are as follows:

- The Company will purchase common shares of CannabiSendak for USD $300,000 upon closing as set out in the LOI, and will make contingent payments of USD $200,000 after CannabiSendak reaches clientele of 500 active medical cannabis patients, and additional payments of USD $250,000 for every incremental 500 active patients CannabiSendak achieves thereafter;
- The Company will purchase common shares of CannabiSendak for USD $200,000, payable in equal tranches of USD $40,000 over a 5-month period, commencing once CannabiSendak obtains the necessary licenses and approvals for the establishment of dispensaries; and
- The Company will purchase common shares of CannabiSendak for USD $200,000 for the establishment of dispensaries. This consideration will be divided into 4 equal payments of USD $50,000 paid every 45 days, commencing the day of signing the Agreement.

(Expressed in Canadian Dollars)

17. SEGMENTED INFORMATION

As at September 30, 2018, the Company's operations were comprised of a single reporting operating segment engaged in the development and acquisition of medical marijuana health certification clinics in the US. The breakdown between operations in Canada and the US are as follows:

Statements of Financial Position

As at September 30, 2018	Canada	US	Total
	$	**$**	**$**
Current assets	375,662	4,029	379,691
Investment in joint venture	-	319,035	319,035
Total Assets	**375,662**	**323,064**	**698,726**
Current liabilities	503,124	25,890	529,014
Long-term liabilities	805,538	-	805,538
Total Liabilities	**1,308,662**	**25,890**	**1,334,552**

Statements of Loss and Comprehensive Loss

Nine months ended September 30, 2018	Canada	US	Total
	$	**$**	**$**
Operating expenses	693,658	44,443	738,101
Other expenses	2,309,652	159,886	2,469,538
Net Loss and Comprehensive Loss	**(3,003,310)**	**(204,329)**	**(3,207,639)**

18. SUBSEQUENT EVENTS

On October 26, 2018, the Company closed a non-brokered private placement offering of unsecured convertible debentures ("Debentures") for total gross proceeds of $400,000. The Debentures bear interest at a rate of 10% per annum, payable quarterly in arrears. Each Debenture is convertible at the conversion price of $0.365 into units of the Company consisting of one (1) common share and one-half (1/2) of a share purchase warrant, with each whole such warrant exercisable at the conversion price of $0.50 to acquire one common share for a period of 24 months from the date of issuance.

On November 12, 2018, subject to the CSE's approval, the Company approved the grant of 3,000,000 common shares (the "Compensation Shares") to be issued over three years as stock-based compensation. CEO Daniel Cohen and COO Howard Brass will receive an aggregate of 2,000,000 and 1,000,000 Compensation Shares, respectively. The Compensation Shares are to be issued in equal portions annually over three years, the first issuance being on the anniversary of the respective individual's commencement of services to the Company.

On November 22, 2018, the Company entered into a definitive agreement with HolyCanna to advance up to approximately $3.57 million (ILS 10,000,000) to HolyCanna and subscribed to the Convertible Note which automatically converts to 54% equity in HolyCanna once the Company is added to the License Application. The Company will be immediately entitled to a control position on the board of HolyCanna.

Subsequent to September 30, 2018, 92,500 options issued to former option holders of Lamêlée in relation to the RTO Transaction expired unexercised.

Subsequent to September 30, 2018, 553,000 common shares were issued as a result of the exercise of 550,000 warrants and 3,000 broker warrants for total cash proceeds of $82,800. All issued shares are fully paid.