**Amended and Restated**

November 16, 2017

EVITRADE HEALTH SYSTEMS CORP.
#168 – 11280 Twigg Place
Richmond, BC V6V 0A6

Re: Amended and Restated Consolidated Financial Statements for Interim Period Ended March 31, 2017

Dear Reader:

This letter is to inform you that the BCSC had identified the deficiencies, including conformity with *IAS 34 – Interim Financial Reporting*, in the Company's Interim Financial Statements for the interim period ended March 31, 2017.

Management has made the appropriate amendments as disclosed in its press release dated**, August 25, 2017**, along with other current informational updates and have re-filed the Consolidated Interim Financial Statements herein as an addition to those originally filed on SEDAR on May 30, 2017, filing reference: Project#0263588, DocID#4129846.

Thank you for your attention to this matter.

Sincerely,
EVITRADE HEALTH SYSTEMS CORP.

*/s/ Sydney Au*

Sydney Au
CEO and Director

**Amended and Restated**

# EVITRADE Health Systems Corp.

Consolidated Financial Statements
(Unaudited)

Interim Period Ended March 31, 2017 (Q3)

(Expressed in Canadian dollars)

## EVITRADE Health Systems Corp.

Index to Consolidated Interim Financial Statements

March 31, 2017

## NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), the Company hereby informs all readers that the accompanying unaudited condensed interim consolidated financial statements of the Company have not been reviewed the its auditor and have prepared by and are the responsibility of management and Board of Directors for all financial statement information and reporting.

The attached **amended and restated** unaudited condensed interim consolidated financial statements for the period ended March 31, 2017 have not been reviewed by the Company's auditor and should be read in conjunction with the Company's consolidated financial statements and management and discussion on Form annual report for the fiscal year ended June 30, 2016 as restated in the Company's consolidated financial statements for the year ended June 30, 2017 as filed on SEDAR on October 31, 2017.

## MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying **amended and restated** unaudited condensed interim consolidated financial statements ("financial statements") of EVITRADE Health Systems Corp. are the responsibility of the management and Board of Directors of the Company. The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the financial statement notes. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are compliant with *IAS 34 - Interim Financial Reporting* as issued by the International Accounting Standards Board.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Sydney Au
Chief Executive Officer

Vancouver, BC
November 16, 2017

**EVITRADE Health Systems Corp.**
Consolidated Statement of Financial Position
As at
(Expressed in Canadian dollars)

| Assets | Note | March 31, 2017 $ | June 30, 2016 (Restated) $ |
|---|---|---|---|
| Current: | | | |
| Cash & cash equivalents | | 2,231 | 3,875 |
| Accounts receivable | 5, 13 | 170,565 | 91,385 |
| Prepaid expenses | | 13,176 | 27,686 |
| Total Current Assets | | 185,972 | 122,946 |
| Deposits | 16 | 7,000 | 2,000 |
| Intangible properties | 6, 17 | 6,519,908 | 4,859,748 |
| **Total Assets** | | **6,712,880** | **4,984,694** |
| **Liabilities** | | | |
| Current Liabilities: | | | |
| Accounts payable and accrued liabilities | 7 | 43,811 | 38,696 |
| Interest payable | 10 | 30,294 | 30,294 |
| Loans payable | 10, 13 | 1,742,447 | 896,477 |
| Preferred shares | 8, 16 | 7,000 | 2,000 |
| Convertible debt | 10 | 806,104 | — |
| Total Current Liabilities | | 2,629,656 | 967,467 |
| Convertible debt | 10 | 653,464 | 1,459,568 |
| Total Liabilities | | 3,283,120 | 2,427,035 |
| **Shareholders' Equity** | | | |
| Equity portion of convertible debt | | 47,125 | 47,125 |
| Share capital | 9, 16 | 3,949,106 | 2,195,606 |
| Contributed surplus | | 728,883 | 742,383 |
| Deficit | | (1,295,354) | (427,455) |
| Total Shareholders' Equity | | 3,429,760 | 2,557,659 |
| **Total Liabilities and Shareholders' Equity** | | **6,712,880** | **4,984,694** |

*2016 Restatement (Note 4)*
*Commitments (Note 15)*
*Plans of Arrangement (Note 16)*

*The accompanying notes are an integral part of these Consolidated Financial Statements*

Approved and authorized for issue by the Board of Directors on November 16, 2017:

| ***"Sydney Au"*** | ***"Ron Ozols"*** |
|---|---|
| Sydney Au, Director | Ron Ozols, Director |

**Amended and Restated**

**EVITRADE Health Systems Corp.**
Consolidated Statement of Loss and Comprehensive Loss
For the three and nine months ended March 31, 2017
(Expressed in Canadian dollars)

| | | For the Three Months Ended March 31, | | For the Nine Months Ended March 31, | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | $ | $ | $ | $ |
| Expenses: | | | | | |
| Bank charges | | 289 | — | — | — |
| Brokerage services | 9 | 730,000 | — | 730,000 | — |
| Consulting fees | | 89,148 | — | 97,198 | 39,175 |
| Interest expense | | — | — | — | 421 |
| Business fees & Licensing | | 1,600 | 2,000 | 3,090 | 5,000 |
| Listing and transfer agent | | 4,700 | — | 14,303 | 8,749 |
| Office & miscellaneous | | 369 | 128 | 534 | 589 |
| Professional fees | | — | 1,000 | — | 1,000 |
| Rent | | — | — | 19,466 | — |
| Travel | | 1,776 | — | 2,307 | 614 |
| Loss before other items | | (827,882) | (3,128) | (867,899) | (55,548) |
| Other Items: | | | | | |
| Other income | | — | 26,000 | — | 33,048 |
| Net income (loss) and total comprehensive income (loss) | | (827,882) | 22,872 | (867,899) | (22,500) |
| Income (loss) per common share – basic | | $ (0.10) | $ 0.00 | $ (0.11) | $ (0.00) |
| Income (loss) per common share - diluted | | $ (0.06) | $ 0.00 | $ (0.07) | $ (0.00) |
| Weighted average number of common shares outstanding | | 8,331,376 | 7,156,952 | 8,185,853 | 7,156,952 |
| Fully diluted number of common shares outstanding | | 12,944,572 | 7,156,952 | 12,799,049 | 7,156,952 |

*The accompanying notes are an integral part of these Consolidated Financial Statements*

**Amended and Restated**

**EVITRADE Health Systems Corp.**
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars except the number of shares)

| | Note | Number of Outstanding Shares | Share Capital $ | Equity Portion of Convertible Debts $ | Contributed Surplus $ | Deficit $ | Total Shareholders' Equity $ |
|---|---|---|---|---|---|---|---|
| **Restated Balance, June 30, 2015** | | **7,025,285** | **2,056,553** | **-** | **592,762** | **(82,180)** | **2,567,135** |
| Shares issued for cash | | 33,333 | 50,000 | - | - | - | 50,000 |
| Share issuance costs | | - | (3,000) | - | - | - | (3,000) |
| Shares issued for services | | 10,000 | 15,000 | - | - | - | 15,000 |
| Exercise of warrants for settlement of debt | | 45,000 | 67,500 | - | - | - | 67,500 |
| Net loss and comprehensive loss for the period | | - | - | - | - | (22,500) | (22,500) |
| **Balance, March 31, 2016** | | **7,113,618** | **2,186,053** | **-** | **592,762** | **(104,680)** | **2,674,135** |
| | | | | | | | |
| **Restated Balance, June 30, 2016** | | **7,290,285** | **2,195,606** | **47,125** | **742,383** | **(427,455)** | **2,557,659** |
| Share rounding on 15:1 consolidation | | (20) | - | - | - | - | - |
| Common shares issued to acquire IP | | 500,000 | 875,000 | - | - | - | 875,000 |
| Convertible preferred shares for 2017 Plan of Arrangement | | - | (5,000) | - | - | - | (5,000) |
| Exercise of warrants for settlement of debt | 10 | 100,000 | 163,500 | - | (13,500) | - | 150,000 |
| Shares issued for broker services | 9 | 500,000 | 730,000 | - | - | - | 730,000 |
| Purchase of common shares to treasury | 9 | (3,333) | (10,000) | - | - | - | (10,000) |
| Net loss and comprehensive loss for the period | | - | - | - | - | (867,899) | (867,899) |
| **Balance, March 31, 2017** | | **8,386,932** | **3,949,106** | **47,125** | **728,883** | **(867,899)** | **3,429,760** |

*The accompanying notes are an integral part of these Consolidated Financial Statements*

**Amended and Restated**

**EVITRADE Health Systems Corp.**
Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

| | | Nine Months Ended March 31, | |
|---|---|---|---|
| | | 2017 | 2016 |
| | Note | $ | $ |
| Operating Activities: | | | |
| Net loss and comprehensive loss | | (867,899) | (22,500) |
| Shares issued for services | 9 | 730,000 | — |
| Change in non-cash working capital items: | | | |
| Accounts receivable | | (79,180) | (1,364) |
| Prepaid expenses | | 14,510 | |
| Accounts payable and accrued liabilities | | 115 | (39,735) |
| Cash used in operating activities | | (202,454) | (63,599) |
| Investing Activities: | | | |
| Intangible properties | 6 | (785,160) | (628,505) |
| Cash used in investing activities | | (785,160) | (628,505) |
| Financing Activities: | | | |
| Proceeds from subscriptions for common shares | | — | 62,000 |
| Proceeds from loans payable | 10, 13 | 1,611,739 | 625,750 |
| Repayment of loans payable | 10, 13 | (625,769) | — |
| Cash provided by financing activities | | 985,970 | 687,750 |
| Net cash decrease the period | | (1,644) | (4,354) |
| Cash, beginning of period | | 3,875 | 6,910 |
| Cash, end of period | | 2,231 | 2,556 |

| | | |
|---|---|---|
| Non-cash items: | | |
| Repayment of loans through the exercise of warrants | 150,000 | 67,500 |
| Shares issued to acquire intellectual properties | 875,000 | — |
| Shares issued for services | — | 15,000 |
| Supplemental information: | | |
| Interest paid | — | — |
| Income taxes paid | — | — |

*The accompanying notes are an integral part of these Consolidated Financial Statements*

## 1. NATURE OF OPERATIONS

EVITRADE Health Systems Corp. (formerly Auxellence Health Corporation) (the "Company" or "EVITRADE") was incorporated on November 9, 2011 under the laws of British Columbia, Canada.

EVITRADE is a technology company offering Automated Biomedical Care online for common health problems. The Company has developed a platform for electro-physiologically interactive computing that supports therapeutic-diagnostic along with multiple online software applications that are to be used for personal health management.

The Company's office and mailing address is #168 – 11280 Twigg Place, Richmond, BC V6V 0A6.

On September 16, 2016, the Company announced and affected a name change to Evitrade Health Systems Corp. In conjunction with the name and symbol change, the Company announced and consolidated its common shares 15:1 with a September 21, 2016 record date.

The Company's shares are listed on Canadian Securities Exchange ("CSE") under the symbol "EVA", as changed on September 19, 2016, and trades on the OTC Markets Group Inc.'s marketplace under ("OTCQB: AXHLF").

## 2. BASIS OF PRESENTATION

a. Statement of compliance

These unaudited condensed consolidated financial statements for the interim period ended March 31, 2017 have been prepared in accordance with *IAS 34 - Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"). The Company's significant accounting policies are described in the Note 3. Significant accounting estimates, judgments and assumptions have been used or exercised by management in the preparation of these financial statements.

b. Going concern basis of presentation

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption, which may require management to reassess the financial viability of the Company as a going concern.

The Company's licensed proprietary medical device and systems may take several years to reach successful commercialization and require over $2 million in additional investment to complete, if ever, that may result in positive operating revenues and profitability. Subsequent to the interim period ended March 31, 2017, the Company recognized full impairment and write-down on its TULIP™ and related intellectual property to $Nil; recording a loss on impairment of $16,810,748 on June 30, 2017.

## 2. BASIS OF PRESENTATION (continued)

b. Going concern basis of presentation - (Continued)

As a Company in early development stage, management does not anticipate generating operating revenues for several years, other than incidental revenue. At March 31, 2017, the Company had not yet achieved profitable operations, had recurring losses, a deficit of $1,295,354 [June 30, 2016: $427,455 (restated)]. As at March 31, 2017, the Company has a working capital deficit of $1,637,580 (2016: $844,521). The Company expects to incur further losses and potential working capital deficits in the development of its business.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material in nature.

c. Principles of consolidation

These consolidated financial statements include the assets, liabilities and results of operations for C&C Cosmeceuticals Corp., a wholly-owned subsidiary, along with 1109871 BC Ltd., 1109870 BC Ltd., 1109863 BC Ltd., and 1109858 BC Ltd. that are wholly-owned entities setup for the Company's 2017 Plan of Arrangement.

All inter-company balances, transactions and unrealized profits are eliminated on consolidation.

d. Basis of measurement -

These consolidated financial statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value.

e. Functional and presentation currency -

All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

f. Reclassification of prior year amounts –

Certain prior year financial figures have been reclassified for consistency in financial reporting with the current interim period ended March 31, 2017.

## 2. BASIS OF PRESENTATION (Continued)

g. Significant accounting judgments and estimates -

The preparation of these consolidated financial statements in conformity with *IAS 34 – Interim Financial Reporting* 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 period. Actual results could differ from these estimates.

These financial statements include estimates which, 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Ability to continue as a going concern -

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

(ii) Share-based compensation expense -

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

(iii) Impairment of financial assets -

The carrying value and the recoverability of intangible properties, which are included in the statements of financial position. The recoverability of intangible property is evaluated at each reporting date to determine whether there are any indications of impairment.

## 2. BASIS OF PRESENTATION (Continued)

g. Significant accounting judgments and estimates - (continued)

(iii) Impairment of financial assets - (continued)

The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible asset. External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affect the recoverability of its intangible asset. Internal sources of information the Company considers include the manner in which intangible asset are being used or are expected to be used and indications of economic performance of the assets.

(iv) Income taxes -

The Company operates in the United States and Canada and is subject to multiple tax jurisdictions, and consequently, income is subject to various rates and rules of taxation. As a result, the Company's effective tax rate may vary significantly from the Canadian statutory tax rate depending upon the profitability of operations in a different jurisdiction. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including: current and future economic conditions, net realizable sale prices, and can either be increased or decreased where, in the view of management, such change is warranted. In determining whether a deferred tax asset is probable, management reviews the timing of expected reversals of taxable temporary differences, the estimates of future taxable income and prudent and feasible tax planning that could be implemented. Refer to Note 15 for further details.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are in effect for the interim period ended March 31, 2017 and have been applied consistently to all periods presented in these financial statements.

a. Cash and cash equivalents -

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

b. Shared-based payments -

The fair value of any options granted is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. There are currently no options outstanding.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Deferred income taxes -

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

d. Financial instruments -

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The initial measurement of financial assets and liabilities is fair value and their subsequent measurement is dependent on their classification as described below. Classification of a financial instrument depends on the purpose for which it was acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

| **Asset / Liability** | **Classification** | **Subsequent measurement** |
|---|---|---|
| Cash and cash equivalents | Fair value through profit or loss | Fair Value |
| Accounts receivable | Loans and receivables | Amortized cost |
| Accounts payable | Other financial liabilities | Amortized cost |
| Accrued liabilities | Other financial liabilities | Amortized cost |
| Client deposits | Other financial liabilities | Amortized cost |
| Convertible debt | Other financial liabilities | Amortized cost |
| Loans payable | Other financial liabilities | Amortized cost |
| Notes payable | Other financial liabilities | Amortized cost |
| Preferred shares | Other financial liabilities | Amortized cost |

*Financial assets or financial liabilities at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets typically acquired for resale prior to maturity or that are designated as held-for-trading. They are measured at fair value at the period end date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in profit or loss.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

b. Financial instruments - (continued)

*Financial assets or financial liabilities at fair value through profit or loss (continued)*

Financial liabilities at fair value through profit or loss are those non-derivative financial liabilities that the Company elects to designate on initial recognition as financial instruments that it will measure at fair value. These are accounted for in the same manner as financial assets at fair value through profit or loss. The Company has not designated any non-derivative financial liabilities as financial liabilities at fair value through profit or loss.

Refer to compound financial instruments note below for details on measurement of option component of convertible debt and derivatives.

*Held-to-maturity*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method.

*Available-for-sale*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or financial assets or financial liabilities at fair value through profit or loss investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized or deemed to be an other than temporary impairment when the cumulative loss is transferred to profit or loss.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost. Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

*Loans and receivables*

Loans and receivables are accounted for at amortized cost using the effective interest method.

*Other financial liabilities*

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

*Compound financial instruments*

Compound financial instruments issued by the Company comprise convertible debt that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial instruments - (continued)

The liability component of compound financial instruments is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, if any, is recognized initially at the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not measured again subsequent to initial recognition. Interest, dividends, losses and gains relating to financial liabilities are recognized in profit or loss.

*Transaction costs*

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

*Effective interest method*

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

e. Impairment of financial assets -

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Impairment of financial assets – (continued)

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale (AFS) equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

f. Impairment of non-financial assets -

The carrying amounts of non-financial assets are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Reviews are undertaken on an asset-by-asset basis.

If the carrying amount of a non-financial asset exceeds the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use, an impairment loss is recognized in net earnings as the excess of the carrying amount over the recoverable amount.

Where the recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed production plans. The mine plan is the basis for forecasting production output in each future year and for forecasting production costs. For value-in-use calculations, production costs and output may be revised to reflect the continued use of the asset in its present form.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Impairment of non-financial assets - (continued)

Non-financial assets that have suffered an impairment are tested for a possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. In these instances, the impairment loss is reversed to the recoverable amount but not beyond the carrying amount, net of amortization, that would have arisen if the prior impairment loss had not been recognized. Goodwill impairments are not reversed.

g. Share capital -

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

h. Comprehensive loss -

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholder and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholder's equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

i. Loss per share -

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Provisions -

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

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

k. Research and development costs -

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred. During the interim periods ended March 31, 2017 and 2016, $nil was incurred or expensed on research activities.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized if, and only if, it has demonstrated all of the following:

- development costs can be measures reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the Company intends to and has sufficient resources to complete development and to use or sell the asset

Upon a determination that the criteria to capitalize development expenditures have been met, the expenditures capitalized will include the cost of materials, direct labour, contracting, consulting, professional fees, administration and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses.

l. Intangible Properties -

The Company owns intangible properties consisting of licensed patent rights, acquired intellectual assets, and development costs. Intangible properties are measured on initial recognition at cost or the fair market value of acquisition, if applicable. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

l. Intangible Assets – (continued)

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by charging the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in research and development expenses.

Amortization is recognized in profit or loss on a straight-line basis over the useful lives of intangible assets from the date they are available for use. The Company recognized the payments made to Decanex as development costs and amortization of the development costs is recognized over their useful lives, on the straight-line basis over 10 years, commencing upon commercialization. Therefore, there has been no amortization to date.

n. New standards and interpretations not yet applied -

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt this standard when it becomes effective. The following pronouncements are being assessed to determine its impact on the Company's results and financial position:

- Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard. The Company is currently evaluating the impact of this standard.

**4. CORRECTION OF PRIOR PUBLISHED FINANCIAL STATEMENTS**

During fiscal 2016, the Company entered into a debt settlement agreement whereby the Company issued a convertible note for an outstanding account payable balance of $150,000 owing to Decanex, Inc.; responsible for the development of the Company’s intangible asset. Management has restated its consolidated financial statements herein to reflect this modification in terms under its General Services Agreement that constitutes a debt conversion expense for the extinguishment of a financial liability under paragraph IAS 39.40.

The audited consolidated financial statements for the year ended June 30, 2016 have therefore been restated to reflect the aforementioned financing charge and remove the intangible asset of date with specific financial statement line adjustments as follows:

(Expressed in Canadian dollars)

## 4. CORRECTION OF PRIOR PUBLISHED FINANCIAL STATEMENTS (continued)

**Consolidated Statement of Financial Position**
As at June 30, 2016

| | SEDAR Filed<br>$ | Adjustments<br>$ | **Restated**<br>**$** |
|---|---|---|---|
| Intangible Assets | 5,009,748 | (150,000) | **4,859,748** |
| Shareholders' Equity: | | | |
| Retained Earnings (Deficit) | (277,455) | (150,000) | **(427,455)** |

**Consolidated Statement of Loss and Comprehensive Loss**
For the Year Ended June 30, 2016

| | SEDAR Filed<br>$ | Adjustments<br>$ | **Restated**<br>**$** |
|---|---|---|---|
| Comprehensive income: | | | |
| Debt conversion expense | — | (150,000) | **(150,000)** |
| **Net Loss and Comprehensive Loss** | **(195,275)** | **(150,000)** | **(345,275)** |

**Consolidated Statement of Changes in Shareholders' Equity (Deficit)**
As at June 30, 2016

| | SEDAR Filed<br>$ | Adjustments<br>$ | **Restated**<br>**$** |
|---|---|---|---|
| Net loss and comprehensive loss | (195,275) | (150,000) | **(345,275)** |

**Consolidated Statement of Cash Flows**
As at June 30, 2016

| | SEDAR Filed<br>$ | Adjustments<br>$ | **Restated**<br>**$** |
|---|---|---|---|
| Net loss and comprehensive loss | (195,275) | (150,000) | **(345,275)** |
| Cash used in operating activities | (68,060) | (150,000) | **(218,060)** |
| Investing activities | (928,475) | 150,000 | **(778,475)** |

(Expressed in Canadian dollars)

## 5. ACCOUNTS RECEIVABLE

| | March 31, 2017 $ | June 30, 2016 $ |
|---|---|---|
| Accounts receivable, related parties | 83,562 | 87,367 |
| Accounts receivable | 81,500 | — |
| Government remittances recoverable | 5,503 | 4,018 |
| | 170,565 | 91,385 |

## 6. INTANGIBLE ASSETS

### Cost and Carrying Amounts

| | Patents $ | Additions $ | Acquisitions $ | Development Costs $ | Total $ |
|---|---|---|---|---|---|
| Balance, July 1, 2014 | - | - | - | 2,047,432 | 2,047,432 |
| Additions | 400,000 | - | - | 1,140,000 | 1,540,000 |
| Balance, June 30, 2015 | 400,000 | - | - | 3,187,432 | 3,587,432 |
| Additions | - | - | - | 1,272,316 | 1,272,316 |
| Balance, June 30, 2016 | 400,000 | - | - | 4,459,748 | 4,859,748 |
| Additions | - | 785,160 | - | 785,160 | 785,160 |
| Acquisitions | - | - | 875,000 | - | 875,000 |
| **Balance, March 31, 2017** | **400,000** | **785,160** | **875,000** | **5,244,908** | **6,519,908** |

On December 16, 2016, the Company signed an Asset Purchase Agreement to acquire intellectual property complementary to the TULIP™ technologies. The Company issued 500,000 common shares with a fair market value of $875,000 or $1.75 per share. The IP was subsequently determined to be impaired along with other intangible assets of the Company and full impairment and write-down of $875,000 was record at June 30, 2017.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at

| | March 31, 2017 $ | June 30, 2016 $ |
|---|---|---|
| Accounts payable | 38,811 | 3,999 |
| Accrued liabilities | 5,000 | 21,000 |
| Advances payable, related parties | — | 13,697 |
| | 43,811 | 38,696 |

(Expressed in Canadian dollars)

## 8. REDEEMABLE PREFERRED SHARES

(a) Authorized - Unlimited Class A preferred shares
(b) Issued:

| | March 31, 2017 | | June 30, 2016 | |
|---|---|---|---|---|
| | Shares | Amount, $ | Shares | Amount, $ |
| Class A preferred shares | | | | |
| Balance, beginning of year | 21,188,842 | 2,000 | 21,188,842 | - |
| Issued – Plans of Arrangement | 38,951,325 | 5,000 | - | 4,000 |
| Redeemed | - | - | - | (2,000) |
| Closing balance | 60,140,167 | 7,000 | 21,188,842 | 2,000 |

The Class A preferred shares, with an average redemption price of $0.000115 each for a total value of $7,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the Plans of Arrangement. As at March 31, 2017, 60,140,167; $7,000 value (June 30, 2016: 21,188,842; $2,000 value) convertible Series A preferred shares were outstanding and will be redeemed once the spin-out transactions are completed under the 2014 and 2017 Plans of Arrangement. (Note 16)

## 9. SHARE CAPITAL

a. Authorized: unlimited Common shares without par value; and
unlimited Preferred shares without par value. (Note 8)

b. Issued and Outstanding:

*Common shares – 8,386,932 (June 30, 2016: 7,290,285) issued and outstanding as of March 31, 2017, excluding 3,333 common shares bought into treasury.*

*Reserved for issuance – 4,613,196 as of March 31, 2017.*

On September 19, 2016, in conjunction with the name and symbol change, the Company announced and consolidated its common shares 15:1 with a September 21, 2016 record date. The consolidation resulted in the cancellation of 20 shares due to rounding.

On December 16, 2016, the Company signed an Asset Purchase Agreement to acquire intellectual property complementary to the TULIP™ technologies. The Company issued 500,000 common shares with a fair market value of $875,000 or $1.75 per share. The IP was subsequently written-off at June 30, 2017.

On March 22, 2017, the Company issued 500,000 common shares with a fair market value of $730,000 or $1.46 per share to a broker for financial advisory services.

On March 23, 2017, the Company issued 100,000 common shares for the exercise of warrants at $1.50 per warrant for total consideration of $150,000 paid through settlement of debt.

Issuances totalled 600,000 and 1,100,000 common shares for the three and nine months ended March 31, 2017, respectively.

(Expressed in Canadian dollars)

## 9. SHARE CAPITAL (continued)

*Share purchase warrants*

*As of March 31, 2017, the following warrants were outstanding and exercisable:*

| Number of Warrants Outstanding | Exercise Price | Expiry Date | Number of Common Shares Issuable |
|---|---|---|---|
| 100,000 | $ 1.50 | August 17, 2017 | 100,000 |
| 206,667 | $ 1.50 | August 29, 2017 | 206,667 |
| 551,000 | $ 1.50 | August 29, 2019 | 551,000 |
| 530,773 | $ 1.50 | September 1, 2019 | 530,773 |
| 86,667 | $ 1.50 | March 16, 2021 | 86,667 |
| 133,333 | $ 1.50 | April 7, 2021 | 133,333 |
| 1,608,440 | | | 1,608,440 |

*A summary of the Company's issued and outstanding warrants as at March 31, 2017, June 30, 2016, and 2015 and changes during those periods is presented below:*

| | Warrants Outstanding | Weighted Average Exercise Price |
|---|---|---|
| Balance, June 30, 2015 | 1,533,440 | 1.50 |
| Granted | 220,000 | 1.50 |
| Exercised | (45,000) | (1.50) |
| Balance, June 30, 2016 | 1,708,440 | $ 1.50 |
| Granted | — | — |
| Exercised | (100,000) | $ 1.50 |
| Balance, March 31, 2017 | 1,608,440 | $ 1.50 |

The fair value of warrants issued during the year were determined using the Black-Scholes Option Pricing Model with assumptions as follows:

| | 2017 | 2016 |
|---|---|---|
| *Weighted average risk-free interest rate* | — | *1.34 %* |
| *Weighted average estimated volatility* | — | *252.06 %* |
| *Weighted average expected life* | — | *3.65 years* |
| *Weighted average expected dividend yield* | — | *- %* |

On March 23, 2017, $150,000 of demand loans payable were settled through the exercise of warrants, with $13,500 in previously recorded share-based compensation transferred from contributed surplus and to share capital under the settlement.

(Expressed in Canadian dollars)

## 9. SHARE CAPITAL (continued)

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

*As of March 31, 2017, there were no stock options were outstanding and exercisable with all of the following options being cancelled:*

| *Number of Options* | *Exercise Price per Share* | *Expiry Date* |
|---|---|---|
| *16,667* | *$ 0.75* | *May 13, 2018* |
| *58,333* | *$ 1.50* | *May 13, 2018* |
| *29,167* | *$ 2.25* | *May 13, 2019* |
| *29,167* | *$ 3.00* | *May 13, 2019* |
| *133,334* | | |

*A summary of the status of the Company's stock options as at March 31, 2017, June 30, 2016, and 2015 and changes during those periods is presented below:*

| | Options Outstanding | Weighted Average Exercise Price |
|---|---|---|
| Balance, June 30, 2015 | — | — |
| Granted (i) | 133,334 | $ 1.95 |
| Balance, June 30, 2016 | 133,334 | $ 1.95 |
| Cancelled (ii) | (133,334) | ($ 1.95) |
| Balance, March 31, 2017 | — | — |

Option activity for the interim period ended March 31, 2017 is as follows:

(i) All $0.75 and $1.50 options were cancelled in November 2016; and

(ii) On February 23, 2017, officers and directors agreed to cancel all of their outstanding stock options.

As a result, there are no stock options outstanding options are outstanding as of March 31, 2017.

(Expressed in Canadian dollars)

## 10. DEBT

a. Convertible debentures

The following table summarizes issued and outstanding convertible debentures as at March, 31, 2017:

| | |
|---|---|
| Balance, June 30, 2015 | - |
| Issuance of 18-month convertible debenture (i) | $800,318 |
| Issuance of 18-month convertible debenture (ii) | $653,464 |
| Accretion capitalized | $5,786 |
| Balance, June 30, 2016 | $1,459,568 |
| No activity | — |
| Balance, March 31, 2017 | $1,459,568 |

(i) Eighteen-month convertible debt (dated February 19, 2016): Consists of $827,681 (current liability) of convertible debt, with an accreted value of $806,104 as at March 31, 2017, issued to Decanex, Inc., controlled by a major shareholder of the Company, and has a term of 18 months, bears interest at 10% per annum compounded annually, and has a conversion feature of $0.75 per common share. Subsequent to March 31, 2017, Decanex did not convert its debt as scheduled on August 19, 2017 or as of November 16, 2017 and the Company is currently renegotiating the debt. (Note 17)

(ii) Eighteen-month convertible debt (dated June 30, 2016): Consists of $674,697 (long-term liability) of convertible debt, with an accreted value of $653,464 as at March 31, 2017, issued to Sydney Au, CEO and Director and has a term of 18 months, bears interest at 10% per annum compounded annually, and has a conversion feature of $0.75 per common share. Mr. Au may, within the specified time period, convert his debt at his sole discretion.

Total interest payable of $30,294 (2016: $30,294) is due on the convertible notes as at March 31, 2017.

b. Demand loans

The following table summarizes issued and outstanding demand loans as at March, 31, 2017 and June 30, 2016:

| | Note | March 31, 2017<br>$ | June 30, 2016<br>$ |
|---|---|---|---|
| Loans payable | | 1,072,666 | 493,969 |
| Loans payable, related parties | 13 | 669,781 | 402,508 |
| | | 1,742,447 | 896,477 |

## 10. DEBT (continued)

b. Demand loans (continued)

On March 23, 2017, $150,000 of demand loans payable were settled through the exercise of warrants. (Note 9)

As at March 31, 2017, the Company had total loans payable of $1,742,447 (2016: $896,477) that are of due upon demand, without interest or terms of repayment.

c. Secured loans

On February 17, 2017, the Company entered into a loan agreement with 255ON whereby 255ON agreed to loan the Company $250,000, due upon demand without interest and full secured as first-priority over all present and future property of the Company.

On March 21, 2017, the Company into another loan agreement with 255ON for $150,000 that is non-interest bearing, due on demand, and secured under a general security agreement along with the February 17, 2017 loan from 255ON. (Note 17)

## 11. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions.

To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

b. Credit risk

The Company's credit risk was primarily attributable to bank balances, GST/HST receivable. The Company limits its credit exposure on cash held in bank accounts firstly by holding its key transactional bank accounts with banks of international financial institutions. GST/HST receivable is due from Canadian Government and management believes that the credit risk to be minimal.

(Expressed in Canadian dollars)

## 11. FINANCIAL AND CAPITAL RISK MANAGEMENT

c. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

As at March 31, 2017, the Company had a cash balance of $2,231 (2016: $3,875) and accounts payable and accrued liabilities of $43,811 (2016: $38,696). All of the Company's financial liabilities have or are treated with maturities of less than one year, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt, loan extensions, or equity financing to meet the Company short term and long-term cash requirement.

d. Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

## 12. FAIR VALUE

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements on a recurring basis by within the fair value hierarchy. The Company does not have any non-recurring fair value measurements. Measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2017 and June 30, 2016:

| | March 31, 2017 | | June 30, 2016 | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 1 | Level 2 |
| Financial assets at fair value through profit or loss | $ | $ | $ | $ |
| Cash and cash equivalents | 2,231 | 2,231 | 3,875 | 3,875 |

The methods of measuring each of these financial assets and liabilities have not changed during the past year. The Company does not have any financial assets or liabilities measured at fair value based on unobservable inputs (Level 3). The fair values of financial instruments measured at amortized cost approximate their carrying amounts.

(Expressed in Canadian dollars)

## 13. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2017, the following related party transactions occurred:

(a) No management fees were expensed or accrued for the interim period ended March 31, 2017 (Note 17)
(b) Ron Ozols, Director, was repaid demand loans of $42,715 by the Company.
(c) Sydney Au, CEO and Director, loaned $334,429 and was repaid $379,000 of his demand loans with the Company.
(d) The Company was loaned $312 for miscellaneous operating expenses by a family member of a major shareholder of the Company.
(e) The Company has advances receivable of $85,671 due from Decanex, and an accrued liability of $69,840 for service payments due under the GSA, that when combined represents a net receivable of $15,831 at March 31, 2017. (Note 17)

During the nine months ended March 31, 2017, the following related party transactions occurred:

(a) No management fees were expensed or accrued for the interim period ended March 31, 2017 (Note 17)
(b) Ron Ozols, Director, was repaid demand loans of $42,715 by the Company.
(c) Sydney Au, CEO and Director, loaned $847,079 and was repaid $529,212 of his demand loans with the Company.
(d) The Company was loaned $562 for miscellaneous operating expenses by a family member of a major shareholder of the Company.
(e) The Company has advances receivable of $85,671 due from Decanex, and an accrued liability of $69,840 for service payments due under the GSA, that when combined represents a net receivable of $15,831 at March 31, 2017. (Note 17)

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

## 14. INCOME TAXES

The Company has accumulated non-capital losses expire as follows (tax attributes are subject to revision and potential adjustment by tax authorities):

| YEAR | $ |
|---|---:|
| 2032 | 305,534 |
| 2033 | 798,008 |
| 2034 | 1,040,896 |
| 2035 | 1,530,647 |
| 2036 | 427,455 |
| 2037 | 867,899 |

(Expressed in Canadian dollars)

## 14. INCOME TAXES (continued)

A reconciliation of income taxes at statutory rates is as follows:

| | March 31, 2017 $ | March 31, 2016 $ |
|---|---|---|
| Loss before income taxes | (867,899) | (22,500) |
| Expected income tax (recovery) at 26% | (225,654) | (5,850) |
| Tax effects of: | | |
| Non-deductible expenses and other deductions | — | — |
| Prior period adjustment | — | — |
| Change in valuation allowance | 225,654 | 5,850 |
| Deferred income tax recovery | — | — |

The significant components of the Company's deferred income tax assets are as follows:

| | March 31, 2017 $ | June 30, 2016 $ |
|---|---|---|
| Substantively enacted tax rate | 26% | 26% |
| Deferred income tax assets: | | |
| Non-capital losses | 1,724,983 | 1,499,329 |
| Eligible capital expenditures | 14,649 | 14,649 |
| Deferred development costs | — | (1,302,534) |
| Valuation allowance | (1,739,632) | (211,444) |
| Net deferred income tax assets | — | — |

Estimated taxable income for the period is $Nil. Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the Company can utilize the benefits from the deductible temporary differences and unused tax losses.

## 15. COMMITMENTS

On February 25, 2016, the Company amended the licensing, development, collaboration, marketing and GSA with Decanex Inc. The agreement requires monthly payments of $95,000 for a term of five years commencing April 2016 for the further research and development of the TULIP™ intangible assets. (Note 6)

| Year | Commitments $ |
|---|---|
| 2017 | 1,140,000 |
| 2018 | 1,140,000 |
| 2019 | 1,140,000 |
| 2020 | 855,000 |

For the interim period ended March 31, 2017, the Company made $785,160 in service payments under its GSA with Decanex, and accrued $69,840 for overdue payments as of March 31, 2017.

## 16. PLANS OF ARRANGEMENT

**2014 Plan of Arrangement**

The Company has two former subsidiaries with outstanding Series A Preferred share conversions and pushout for common shares under the 2014 court approved Plan of Arrangement (2014-POA) as of the date of this statement.

Each transaction represents $1,000 fair value in convertible preferred shares, and related letters of intent for businesses in each former subsidiary company. $506,537 has been recorded as share reserve with offsetting common share capital for pending shares conversions under the 2014-POA. The Company has $2,000 (2016: $2,000) in remaining deposits related to the spin-outs under the 2014-POA as of March 31, 2017.

**2017 Plan of Arrangement**

In March 2017, the Company filed and received court approval for its 2017 Plan of Arrangement ("2017-POA") for the planned spin-out of C&C Cosmeceuticals Corp. ("C&C") and four newly formed subsidiary corporations to facilitate other contemplated spin-out transactions.

The Company recorded $5,000 in deposits regarding the redeemable preferred shares issued under the 2017-POA for fiscal 2017. As of March 31, 2017, the Company has $5,000 in remaining deposits under the 2017-POA. (Note 17)

## 17. SUBSEQUENT EVENTS

Material events and transactions subsequent to the interim period ended March 31, 2017, excluding those non-material in nature and occurring during the normal course of operations, consist of the following:

On April 3, 2017, the Company issued 50,000 common shares with a fair market value of $2.88 per share or $144,000 to acquire industrial hemp related intellectual property for its wholly-owned subsidiary C&C Cosmeceuticals. C&C subsequently determined the IP was impaired and wrote it off in April 2017.

On April 3, 2017, the Company issued 3,450,000 common shares with a fair market value of $2.88 per share for total consideration of $9,936,000 to acquire VoiceofHeart™ and related intellectual property to compliment the TULIP™ IP. The Company determined the IP was impaired along with the TULIP™ and related intellectual properties and recorded a full impairment write-down for the year end June 30, 2017.

On April 7, 2017, the Company entered into a Share Exchange Agreement with 2554191 Ontario, Inc. ("255ON"). Pursuant to the agreement, C&C would acquire 255ON and the Company would exchange shares with 255ON as the purchase price to be paid on behalf of C&C, the Company's wholly-owned subsidiary.

(Expressed in Canadian dollars)

**17. SUBSEQUENT EVENTS (continued)**

On April 28, 2017, the acquisition of 255ON closed and the Company exchanged 3,500,000 common shares for all issued and outstanding shares of 255ON on behalf of C&C. The fair market value of shares exchanged as consideration for the purchase of 255ON was $10,990,000 based on the $3.14 trading price representing fair market value of the Company's shares at closing. For the purchase price allocation, C&C recorded net assets acquired of $919,991 and transaction costs of $10,070,009. C&C also recorded a demand loan payable to the Company for the full $10,990,000 purchase price paid on its behalf. The C&C demand loan was forgiven pursuant to May 15, 2017 debt forgiveness and exchange agreements with the Company, as further described below.

The excess consideration of $10,070,009 paid to acquire 255ON was immediately expensed by C&C as transaction costs for the court-approved spin-out that includes 255ON as a wholly-owned subsidiary pursuant to the 2017 Plan of Arrangement. No goodwill was recorded as a result of 255ON being a non-operating holding company.

| Net assets acquired: | |
|---|---|
| Cash acquired | $ 613,765 |
| Notes receivable | 460,000 |
| Payables | (159,900) |
| Net assets | $ 919,991 |

| Purchase price allocation: | |
|---|---|
| Net assets | $ 919,991 |
| Transaction costs | 10,070,009 |
| FMV of consideration | $ 10,990,000 |

On May 15, 2017, regarding the planned C&C spin-out transaction, the Company entered into the following agreements:

- C&C IP transfer agreement whereby C&C transferred $1,136,000 in IP consisting of all of its remaining IP TULIP™ development that was associated with its 2013 Decanex general service agreement in exchange for a non-secured, non-interest-bearing loan payable from Evitrade in amount of $1,136,000 with no fixed terms of repayment that was immediately forgiven pursuant to debt forgiveness and exchange agreements between the Company and its subsidiaries.
- A debt forgiveness agreement with C&C whereby the Company forgave $10,228,200 in debt, excluding $975,000 in non-interest-bearing debt due in 18 months.

On May 24, 2017, the Company completed the spinout of C&C, including its wholly-owned subsidiary 255ON, and recorded a gain of $284,900 on net assets and $7,964,000 write down of its investment in C&C, along with derecognition of $302,537 in original share capital when C&C acquired the Company in a reverse-take-over in 2013.

(Expressed in Canadian dollars)

## 17. SUBSEQUENT EVENTS (continued)

The Company calculated a gain on the C&C spinout transaction as follows:

| | |
|---|---|
| FMV of net assets disposed | $(285,900) |
| Deposit due | 1,000 |
| Gain on spinout of C&C | $ 284,900 |

As a result of the May 24, 2017 spin-out, C&C and 255ON became discontinued operations for the year ended June 30, 2017.

On June 22, 2017, the Company sold $975,000 in loans receivable from C&C Cosmeceuticals Corp. (former subsidiary of the Company as of May 24, 2017) debt to non-related parties for $3 that resulted in a loss on sale of debt of $974,997.

On June 30, 2017, the Company identified and recorded full impairment and write-down of all TULIP™ and related intangible properties totalling $16,810,748.

On October 30, 2017, the Company issued a press announcing the passing of Dr. Radu Leca, the founder, medical advisor, and lead scientist for the TULIP™ Health System and confirming the write-down of the Company's related intellectual properties.

In August 2017, the following warrants expired:

| *Number of Warrants Outstanding* | *Exercise Price* | *Expiry Date* | *Number of Common Shares Issuable* |
|---|---|---|---|
| *200,000* | *$ 1.50* | *August 17, 2017* | *200,000* |
| *206,667* | *$ 1.50* | *August 29, 2017* | *206,667* |

On October 12, 2017, the Company's general security agreement pertaining to demand loans with 2554191 Ontario, Inc. was terminated as mutually agreed in conjunction with May 15, 2017 debt forgiveness and exchange agreements.

To date of filing these financial statements, the $827,681 of convertible debt owing to Decanex, Inc. has not been converted as schedule on August 19, 2017. The Company and Decanex are currently under a mutual "stand-still" agreement to renegotiate and/or settle all outstanding matters, including overdue service payments, general service agreement, and debt conversion. The Company has reserved 1,103,575 common shares for the conversion of debt, until such time as its converted or settled under current negotiations.