



THERAMED HEALTH CORPORATION

Formerly, EviTrade Health Systems Corp.

Consolidated Financial Statements
(Unaudited)

March 31, 2019 (Q3)
(Expressed in Canadian dollars)

THERAMED HEALTH CORPORATION
Index to Consolidated Financial Statements
March 31, 2019

CONTENTS	PAGE(S)
Consolidated Statements of Financial Position	4
Consolidated Statements of Loss and Comprehensive Loss	5
Consolidated Statements of Changes in Shareholders' Equity (Deficit)	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-31

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 by its auditor and have been prepared by and are the responsibility of management and Board of Directors for all financial statement information and reporting.

The attached unaudited condensed consolidated financial statements for the three and nine months ended March 31, 2019 (Q3) have not been reviewed by the Company's auditor and should be read in conjunction with the Company's amended and restated audited consolidated financial statements and management discussion and analysis (MD&A) on Form 51-102F1 for the year ended June 30, 2018, as filed on SEDAR.

MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements ("consolidated financial statements") of THERAMED HEALTH CORPORATION are the responsibility of the management and Board of Directors of the Company. The consolidated 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 consolidated 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 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.

C.K. Cheung
Chief Executive Officer

Vancouver, BC
May 30, 2019

THERAMED HEALTH CORPORATION

Consolidated Statement of Financial Positions

As at March 31, 2019

(Expressed in Canadian dollars)

		March 31, 2019 \$	June 30, 2018 \$
	Note		
ASSETS			
Cash & cash equivalents		232,585	449,815
Accounts receivable	4	94,233	63,965
Loans receivable	9	425,095	100,000
Loans receivable – related parties	9, 12	39,583	—
Marketable securities	16	2,166	3,666
Prepays	5	340,261	53,030
Inventories	6	121,603	—
Total Current Assets		1,255,526	670,476
Deposits	7	59,000	391,595
Property, plant and equipment	8	889,104	—
Goodwill	20	11,558,994	—
Leasehold improvements		161,664	—
Investments in subsidiaries	20	505,916	—
Interest in joint venture	20	343,431	—
Total Assets		14,773,635	1,062,071
LIABILITIES			
Accounts payable	9, 13	349,362	37,230
Accrued liabilities	12	228,669	267,169
Interest payable	9	120,796	223,687
Loans payable	9	68,947	1,223,199
Management fees payable	12	105,443	175,000
Preferred shares	7, 16	4,000	4,000
Convertible debt	9	826,210	826,210
Total Current and Total Liabilities		1,703,427	2,756,495
Shareholders' Equity (Deficiency)			
Accumulated other comprehensive income		54,725	—
Equity portion of convertible debt		25,892	25,892
Share capital	8, 16	31,073,718	16,253,967
Contributed surplus		2,099,187	349,187
Deficit		(20,183,314)	(18,323,470)
Total Shareholders' Equity (Deficiency)		13,070,208	(1,694,424)
Total Liabilities and Shareholders' Equity (Deficiency)		14,773,635	1,062,071

*Going Concern (Note 2b)**Commitments (Note 17)**Subsequent Events (Note 21)**The accompanying notes are an integral part of these Consolidated Financial Statements*

Approved and authorized for issue by the Board of Directors on May 30, 2019:

"C.K. Cheung"

C.K. Cheung, Director and CEO

"Faisal Manji"

Faisal Manji, Director and CFO

THERAMED HEALTH CORPORATION

Consolidated Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

		For the three months ended		For the nine months ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Note	\$	\$	\$	\$
Continuing Operations					
Revenue					
		—	—	—	—
Expenses					
Bank and other charges		210	124	988	462
Brokerage services	9	—	80,143	400,000	80,143
Consulting fees		323,241	30,000	851,257	63,000
Finance charges	12	—	—	—	1,054,600
Facilities lease	20	39,431	—	96,522	—
General and administration		8,654	—	8,813	692
Interest expense		130	—	130	56,110
Investor communications		59,221	5,000	74,221	5,000
Listing fees		1,950	2,835	8,470	14,318
Management fees	15	45,000	45,000	135,000	90,000
Professional fees		5,350	7,500	47,350	33,000
Transfer agent & filing fees		50	—	9,700	—
Travel		47,103	—	47,103	663
Operating loss before other items		(530,340)	(170,602)	(1,679,553)	(1,397,988)
Other Items:					
Gain (loss) on marketable securities		133	(3,500)	(1,500)	1,166
Gain (loss) on foreign exchange		(31)	(10,340)	278	(594)
Operating losses from joint venture	20	(156,569)	—	(156,569)	—
Loss on acquired debt		—	—	(22,500)	—
Total other items		(156,467)	(13,840)	(180,290)	572
Loss from continued operations		(716,807)	(184,442)	(1,859,844)	(1,397,416)
Loss from discontinued operations		—	—	—	—
Total net loss		(716,807)	(184,442)	(1,859,844)	(1,397,416)
Other Comprehensive Income					
Foreign currency translation		54,725	—	54,725	—
Comprehensive loss		(662,082)	—	(1,805,119)	—
Loss per common share – basic and diluted		(0.01)	(0.01)	(0.03)	(0.07)
Weighted average number of common shares outstanding		86,208,601	36,386,932	56,788,604	21,140,357

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

THERAMED HEALTH CORPORATION
Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
For the Three Months Ended March 31, 2019 and 2018
(Expressed in Canadian dollars, except the number of shares)

	Number of Outstanding Shares	Share Capital \$	Equity Portion of Convertible Debts, \$	Contributed Surplus, \$	Accum. OCI, \$	Deficit, \$	Total Shareholders' Equity (Deficiency), \$
Balance, June 30, 2017	15,390,265	13,109,106	47,125	795,454		(17,383,911)	(3,432,226)
Share units issued for debt financing	7,030,667	1,054,600	—	—	—	—	1,054,600
Share units issued for equity financing	7,969,333	1,195,400	—	—	—	—	1,195,400
Fair market value of warrants issued for debt financing	—	—	—	1,054,600	—	—	1,054,600
Fair market value of warrants issued for equity financing	—	(1,195,400)	—	1,195,400	—	—	—
Allocate equity portion of convertible debt on transition to standard loan	—	—	(21,233)	21,233	—	—	—
Net comprehensive loss for the period	—	—	—	—	—	(1,397,417)	(1,397,417)
Balance, March 31, 2018	30,390,265	14,163,706	25,892	3,066,687	—	(18,781,328)	(1,525,043)
Balance, June 30, 2018	36,390,265	16,253,967	25,892	349,187	—	(18,323,470)	(1,694,424)
Common shares issued for cash	10,000,003	3,000,001	—	—	—	—	3,000,001
Common shares issued for services	1,000,000	400,000	—	—	—	—	400,000
Common shares issued to settle debt	35,000	12,250	—	—	—	—	12,250
Common shares issued to acquire HETC	23,333,333	7,000,000	—	—	—	—	7,000,000
Common shares issued to acquire WASS	20,000,000	6,000,000	—	—	—	—	6,000,000
Common shares returned to treasury under MTA	(4,550,000)	(1,592,500)	—	1,750,000	—	—	157,500
Net comprehensive loss for the period	—	—	—	—	54,725	(1,859,844)	(1,805,119)
Balance, March 31, 2019	86,208,601	31,073,718	25,892	2,099,187	54,725	(20,183,314)	13,070,208

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

THERAMED HEALTH CORPORATION

Consolidated Statement of Cash Flows

For the Nine Months Ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

	2019	2018
Cash flows from operating activities		
Loss for the period	(1,859,844)	(1,397,417)
Adjustments for non-cash items:		
Finance charges	—	1,054,600
Loss (gain) on marketable securities	1,500	(1,166)
Gain on foreign exchange	(278)	—
Operating losses from joint venture	156,569	—
Shares issued for brokerage services	400,000	—
Change in non-cash working capital items:		
Accounts receivable	(30,268)	(2,572)
Prepaid expenses	(363,834)	(113,225)
Accounts payable	312,132	22,380
Accrued liabilities	(38,500)	25,000
Interest payable	—	(11,850)
Management fees payable	(69,557)	90,000
Cash used in operating activities	(1,492,080)	(334,250)
Cash flows from investing activities		
Cash acquired in acquisitions	(848,812)	—
Deposits, acquisitions	(15,000)	72,411
Net assets in acquisitions	2,086,497	—
Acquisition of debt	22,500	—
Leasehold improvements	(161,664)	—
Equipment acquired in acquisitions	(592,545)	—
Investment in joint venture	(500,000)	—
Loans receivable, related parties	(229,678)	—
Purchase of property, plant and equipment	(296,559)	—
Cash provided by (used in) investing activities	(535,261)	72,411
Cash flows from financing activities		
Debt settled for shares	—	—
Proceeds from the issuance of common shares	3,000,001	1,195,400
Payment of Interest on convertible debt	(102,891)	—
Proceeds from loans payable	5,000	99,971
Repayment of loans payable, related parties	(816,086)	(1,082,155)
Repayment of loans payable	(330,916)	160,977
Cash provided by financing activities	1,755,108	374,193
Net increase in cash and cash equivalents for the period	(272,233)	112,354
Effect of foreign exchange on cash and equivalents	55,003	—
Cash and equivalents, June 30	449,815	1,498
Cash and cash equivalents, March 31	232,585	113,852
Supplemental information:		
Interest paid	—	57,627
Income taxes paid	—	—

See Note 13: Non-Cash Transactions

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

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS:

Theramed Health Corporation (formerly, *EVITrade Health Systems Corp.; Auxellence Health Corporation*) (hereinafter the “Company” or “Theramed”) was incorporated on November 9, 2011 under the laws of British Columbia, Canada. The Company’s office and mailing address is #168 – 11280 Twigg Place, Richmond, BC V6V 0A6. THERAMED is focused on developing technology and products for common health problems.

The Company’s shares are listed on Canadian Securities Exchange (“CSE”) under the symbol “EVA” and the OTC Markets Group Inc.’s marketplace under (“OTCQB: EVAHF”).

On September 16, 2016, the Company announced and affected a name change to Evitrade Health Systems Corp. and share trading symbol to EVA on the Canadian Securities Exchange (CSE) 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.

On May 24, 2018, the Company announced the launch of its new website <http://www.evahealthsystems.com/>.

The Company has signed several letters of intent and agreements for potential acquisitions, joint-venture, and proposed transactions during and after fiscal 2018. (see Notes 17 and 18)

On May 1, 2019, the Company changed its name to Theramed Health Corporation and, effective on May 8, 2019, began trading under the new stock symbol “TMED” on the Canadian Securities Exchange.

These unaudited consolidated financial statements (hereinafter “financial statements”) of the Company for the interim period ended March 31, 2019 have been prepared by management and reviewed and authorized for publication by the Board of Directors on May 30, 2019.

2. BASIS OF PRESENTATION:

a. Statement of compliance -

These unaudited consolidated financial statements for the interim period ended March 31, 2019 have been prepared in accordance with *IAS 34 - Interim Financial Reporting* in addition to other applicable International Accounting Standards (IAS) as 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 consolidated 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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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. As at March 31, 2019, the Company had limited operations, recurring losses from continuing operations, a deficit of \$20,183,314 (June 30, 2018: \$18,323,470). The Company expects to incur further losses in the development of its business and acquisitions subsequent to year end.

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 audited 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 natural.

c. Principles of consolidation -

These consolidated financial statements include the assets, liabilities and results of operations for wholly-owned subsidiaries Hemp Extraction Technologies Ltd. and Western Agri Supply Solutions Corp., both acquired in October 2018, in addition to several inactive numbered companies that are wholly-owned entities in relation to the Company's 2017 Plan of Arrangement. (see Notes 18 and 20)

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. Significant accounting judgments and estimates -

The preparation of these consolidated financial statements is in conformity with *IAS 34 – Interim Financial Reporting*, and other applicable International Accounting and Reporting Standards (IAS & IFRS), including but not limited to IFRS 9 (Note 3(e)) that 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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION: (Continued)

f. Significant accounting judgments and estimates – (continued)

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:

Judgments:

(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 2b), whose subsequent changes could materially impact the validity of such an assessment.

Estimates:

(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. Refer to Note 8 for further details.

(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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION: (Continued)

f. 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 but not limited to: current and future economic conditions and net realizable sale prices; that 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.

3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below are in effect for the years ended June 30, 2018 and 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. As at March 31, 2019, the Company had \$4,400 (June 30, 2018: \$nil) in cash equivalents.

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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***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
Receivables	Loans and receivables	Amortized cost
Prepays and deposits	Other financial asset	Fair Value
Goodwill	Other financial asset	Fair Value
Investments	Other financial asset	Fair Value
Property, plant and equipment	Tangible assets	Fair Value
Joint Venture	Other financial asset	Amortized cost
Leasehold improvements	Other financial asset	Amortized cost
Marketable securities	Securities	Fair Value
Loans receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Loans and debt	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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***3. SIGNIFICANT ACCOUNTING POLICIES: (continued)**

d. 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.

3. SIGNIFICANT ACCOUNTING POLICIES: (continued)

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

d. Financial instruments - (continued)

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.

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.

Marketable Securities

Equity securities included in marketable securities are recoded at fair market value of \$2,033 (June 30, 2018: \$3,666). Any realized gains and losses on the sale of securities are based on the average cost of all the units of a particular security held at the time of sale.

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

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.

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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

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.

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. Other comprehensive income -

Other comprehensive income (OCI), if any, 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.

OCI 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 foreign exchange valuation adjustments on assets and liabilities during the period.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

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 period ended March 31, 2019 and 2018, \$nil was incurred or expensed on research activities other than those conducted through the Company's joint venture. (see Note 20)

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

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**k. Research and development costs – (continued)**

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 Assets -

The Company owns intangible assets consisting of licensed patent rights and development costs. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. 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.

m. New standards and interpretations not yet applied -**IFRS 16, Leases**

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***4. ACCOUNTS RECEIVABLE:**

	March 31, 2019	June 30, 2018
	\$	\$
Accounts receivable	—	60,000
Government remittances recoverable	109,445	3,965
Total Accounts Receivable	109,445	63,965

5. PREPAIDS

The Company has prepaids as of March 31, 2019 as follows:

	March 31, 2019	June 30, 2018
	\$	\$
Consulting	331,429	50,800
Business services	8,832	2,230
Total Accounts Receivable	340,261	53,030

6. DEPOSITS

The Company has deposits as of March 31, 2019 as follows:

	March 31, 2019	June 30, 2018
	\$	\$
Acquisition	15,000	387,595
Leases	40,000	—
Plans of arrangement (Note 18)	4,000	4,000
Total Accounts Receivable	59,000	391,595

7. INVENTORIES

Inventories consisted of the following as of March 31, 2019:

	March 31, 2019	June 30, 2018
	\$	\$
Raw materials	104,231	—
Finished goods	17,372	—
Total Accounts Receivable	121,603	—

Inventories are valued at the lower of cost and net realizable value.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***8. PROPERTY, PLANT AND EQUIPMENT**

As at

	March 31, 2019	June 30, 2018
	\$	\$
Cost	889,104	—
Amortization	—	—
Net Book Value	889,104	—

Property, plant and equipment consists of extraction and production equipment in WASS. No amortization has been recorded to date as the equipment is still undergoing installation and testing.

9. ACCOUNTS PAYABLE

As at

	December 31, 2018	June 30, 2018
	\$	\$
Accounts payable	349,362	36,221
Advances payable to related parties (Note 15)	—	1,009
	349,362	37,230

10. REDEEMABLE PREFERRED SHARES

(a) Authorized - unlimited Class A - preferred shares

(b) Issued:

	March 31, 2019		June 30, 2018	
	Shares	Amount, \$	Shares	Amount, \$
Class A preferred shares				
Balance, beginning of period	31,161,060	4,000	52,349,902	6,000
Issued – Plans of Arrangement	—	—	(21,188,842)	(2,000)
Redeemed	—	—	—	—
Closing balance	31,161,060	4,000	31,161,060	4,000

The Class A - preferred shares, with an average redemption price of \$0.000115 each for a total value of \$4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the Plans of Arrangement. On April 3, 2018, the Company completed its arrangement with Monterey Minerals Corp. under its 2014 Plan of Arrangement and 10,594,421 Class A preferred shares were mandatorily redeemed. On May 4, 2018, the Company completed its arrangement with Rotonda Ventures Corp. under its 2014 Plan of Arrangement and 10,594,421 Class A preferred shares were mandatorily redeemed.

As at March 31, 2019, 31,161,060 convertible Class (or series) A preferred shares with \$4,000 fair value (June 30, 2018: 31,161,060; \$4,000 value) were outstanding and will be redeemed once the spin-out (divesting) transactions are completed under the 2017 Plans of Arrangement. (Note 18)

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***11. SHARE CAPITAL**

- a. Authorized: unlimited Common shares, without par value; and
unlimited Preferred shares, without par value.
- b. Issued and Outstanding as of March 31, 2019:

Common shares – 86,208,601 (June 30, 2018: 36,386,932), excluding 3,333 common shares with a fair market value of \$10,000 bought into treasury.

Reserved for issuances – 27,403,386 (1,101,613 – convertible debt; 16,301,773 – warrants; and 10,000,000 joint venture)

During the three months and nine ended March 31, 2019, the following transactions occurred:

On August 30, 2018, the Company closed on \$3,000,001 in subscription funds for the non-brokered private placement at \$0.30 per common share and issued a total of 10,000,003 common shares.

On October 2, 2018, the Company issued 23,333,333 common shares with a fair value of \$7,000,000 to acquire Hemp Extraction Technologies Corp. ("HETC") (See Note 20)

On October 5, 2018, the Company issued 1,000,000 common shares with a fair value of \$0.40 and total consideration of \$400,000 for brokerage services.

On October 16, 2018, the Company issued 20,000,000 common shares with a fair value of \$6,000,000 to acquire Western Agri Supply Solutions Corp. (See Note 20)

On October 16, 2018, the Company issued 35,000 common shares to Faisal Manji, CFO for \$12,250 in past services rendered.

On October 29, 2018, 4,550,000 common shares of the 5,000,000 common shares held in escrow (the "Escrow Share") for pending acquisition of Artillery with a fair market value of \$0.35 per share and total consideration of \$1,592,500 were returned to treasury and cancelled. The balance of 450,000 from the Escrow Shares, with a fair market value of \$157,500, were allocated to the purchase of USD\$100,000 in debt from a third-party. (see Note 20)

Share purchase warrants

As of March 31, 2019, the following warrants were outstanding and exercisable:

<i>Number of Warrants Outstanding</i>	<i>Exercise Price</i>	<i>Expiry Date</i>	<i>Number of Common Shares Issuable</i>
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
15,000,000	\$ 0.25	December 20, 2022	15,000,000
16,301,773			16,301,773

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***11. SHARE CAPITAL (continued)**

b. Issued and Outstanding: (continued)

A summary of the Company's issued and outstanding warrants as at March 31, 2019 is presented below:

	Warrants Outstanding	Weighted Average Exercise Price, \$
Balance, June 30, 2017	1,608,440	1.50
Granted	15,000,000	0.25
Expired	(306,667)	(1.50)
Balance, June 30, 2018	16,301,773	0.35
Balance, March 31, 2019	16,301,773	0.35

A total of 16,301,773 warrants remained outstanding with an average exercise price of \$0.35

Share Options

The Company has 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, 2019, there were no stock options outstanding.

12. LOANS AND CONVERTIBLE DEBTa. *Convertible debentures*

The following table summarized outstanding convertible debentures:

Balance, June 30, 2017	\$1,490,761
Accretion capitalized	10,145
Transfer to demand loan	(674,696)
Balance, June 30, 2018	\$ 826,210
Balance, March 31, 2019	\$ 826,210

- i. Eighteen-month convertible debt: On February 19, 2016 the Company issued \$827,681 of convertible debt. The debt matures eighteen months from the date of issuance and may be converted by the debtholder into common shares of the company at a price of \$0.75 per common share. Interest is payable on this debt at an annual rate equal to ten percent (10%), compounded on an annual basis.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***12. LOANS AND CONVERTIBLE DEBT** (continued)*a. Convertible debentures (continued)*

As of March 31, 2019, the balance owing and convertible is \$826,210 (2018: \$826,210) held by a non-related party. The Company is continuing to negotiate settlement of the debt. Total interest payable of \$120,796 is due on the convertible note.

Loans Receivable

The Company has unsecured loans receivable of \$425,095 (June 30, 2018: \$100,000) that is non-interest-bearing and due upon demand from non-related parties and \$39,583 (June 30, 2018: \$nil) due from Ron Ozols, director (related party) which has subsequently been repaid in full. During the period ended March 31, 2019, Sydney Au, director was loaned \$515,000 and Mr. Au repaid the full amount during the period with \$133,050 offset against management fees owed by the Company.

Unsecured loans payable:

The following table summarizes unsecured demand loans as of March 31, 2019:

	Balance, June 30, 2018 \$	Debt Conversion \$	Loan Repayments \$	Loan Proceeds \$	Balance, March 31, 2019 \$
Amounts owing to third parties (i)	441,583	—	(418,073)	45,437	68,947
Amounts owing to related parties (ii)	781,616	—	(816,086)	34,470	—
Total	1,223,199	—	(1,199,689)	79,907	68,947

- (i) Amounts owing to third parties are non-interest bearing with no specific terms of repayment.
- (ii) Amounts owing to related parties are non-interest bearing with no specific terms of repayment.

13. 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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

13. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

a. Capital management (continued)

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 and loan 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. Loan receivable is due from a non-related party and the Company continues to negotiate repayment terms.

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, 2019, the Company had a cash balance of \$1,099,685 (June 30, 2018: \$449,815) and accounts payable and accrued liabilities of \$584,898 (June 30, 2018: \$304,399). 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. The Company has working capital of \$473,583 (June 30, 2018: deficit of \$2,086,019).

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.

e. Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and some business and purchases are transacted in United States dollars (USD). As a result, the Company is exposed to USD foreign currency risk that is not hedged against. As a result, the Company may incur material and uncontrolled losses on USD foreign exchange.

14. 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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***14. FAIR VALUE** (continued)

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, 2019:

	March 31, 2019		June 30, 2018	
	Level 1	Level 2	Level 1	Level 2
Financial assets at fair value through profit or loss				
Cash and cash equivalents	\$ 232,585	—	\$ 449,815	—
Marketable securities	\$ 2,166	—	\$ 3,666	—

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 measured at Level 1 input.

15. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2019, the following related party transactions occurred:

- (a) Sydney Au, Director, was provided a short-term advance of \$515,000 and Mr. Au repaid the full amount advanced during the period with \$133,050 offset against management fees owed by the Company.
- (b) 918368 BC Ltd., a company controlled by Sydney Au, Director, loaned the Company \$41,000 and remains outstanding.
- (c) Ron Ozols, Director, was advanced \$38,000 as a demand loan without interest or terms of repayment that remained outstanding as of March 31, 2019 and subsequent to period ended he repaid the \$38,000 amount in full.
- (d) Included in management fee expense is \$45,000 (2017: \$Nil) and management fees payable totaling \$105,443 (June 30, 2018: \$175,000) to Sydney Au, director (Chairman);
- (e) The Company was advanced \$8,668 for listing and other operating expenses through vendor payments made by Sydney Au, director, on behalf of the Company.
- (f) The Company has \$224,169 as of March 31, 2019 (June 30, 2018: \$199,169) recorded in accrued liabilities due to Decanex, Inc., the Company's operator under its General Services Agreement for services fees due. The Company and Decanex are on an agreed stand-still and no further fees or commitments are being accrued pending settlement. (see Note 21)

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.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

*(Expressed in Canadian dollars)***16. NON-CASH ACTIVITIES**As of March 31, 2018

On December 21, 2017, the Company recorded debt financing costs of \$1,054,600 for the Black-Scholes fair market value of warrants issued under debt financing for settlement of loans payable.

As of March 31, 2019

On October 2, 2018, the Company issued 23,333,333 common shares with a fair value of \$7,000,000 to acquire Hemp Extraction Technologies Corp. ("HETC") (See Note 17)

On October 5, 2018, the Company issued 1,000,000 common shares with a fair value of \$0.40 and total consideration of \$400,000 for brokerage services.

On October 16, 2018, the Company issued 20,000,000 common shares with a fair value of \$3,000,000 to acquire Western Agri Supply Solutions Corp. (See Note 17)

On October 16, 2018, the Company issued 35,000 common shares to Faisal Manji, CFO for settlement of \$12,250 in past services rendered.

On October 29, 2018, the Company returned to treasury and cancelled 4,550,000 common shares with a fair value of \$1,592,500 for the terminated acquisition of Artillery. The Company issued 450,000 common shares, previously held in escrow, with a fair market value of \$157,500 to acquire \$135,000 (USD\$100,000) in debt from a third party. The Company recorded a loss on acquisition of the debt of \$22,500. (see Note 20)

17. COMMITMENTS

For the year ended	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	TOTAL
	\$	\$	\$	\$	\$	\$
Warehouse lease	60,135	240,540	240,540	240,540	240,540	1,022,295
Joint venture	2,156,000	1,682,000	—	—	—	3,838,000
Total	2,216,135	1,922,540	240,540	240,540	240,540	4,860,295

Warehouse Lease

Effective December 1, 2018, WASS, a wholly-owned a subsidiary of the Company entered into a lease for a warehouse space located in Nevada for a term of five (5) years for approximately \$20,045 (USD\$15,000) per month.

The Company is in arrears payments of \$2,156,000 payment due on March 1, 2019 and an additional \$1,682,000 from May 1, 2019 through September 2019, for total of \$3,838,000 in commitments for the Company's interest in the JV regarding the excipient delivery system.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

18. PLANS OF ARRANGEMENT

2014 Plan of Arrangement

The Company completed the final two subsidiaries spin outs with all outstanding Series A Preferred share conversions completed for its 2014 court approved Plan of Arrangement (2014-POA) on April 3, 2018 (Monterey Minerals Corp.) and May 4, 2018 (Rotonda Ventures Corp.). Each transaction represents \$1,000 fair value in convertible preferred shares, and related letters of intent for businesses in each former subsidiary company that ceased to be subsidiaries of the Company on 2014 effective dates for those arrangements. The Company has \$nil (2017: \$2,000) in remaining deposits related to the spin outs under the 2014-POA as of March 31, 2019.

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 spinout of Eviana Health Corporation ("Eviana"), formerly C&C Cosmeceuticals Corp., and four newly formed subsidiary corporations Ecovatec Health Solutions Inc. (formerly 1109863 B.C. Ltd.), 1109858 B.C. Ltd., 1109870 B.C. Ltd., Automated Techno Medical Corp. (formerly 1109871 B.C. Ltd.) to facilitate other contemplated spin-out transactions.

On April 7, 2017, the Company entered into a Share Exchange Agreement with 2554191 Ontario, Inc. ("255ON"). Pursuant to the agreement, the Company issued 3,500,000 common shares to shareholders of 255ON to acquire 100% ownership as a wholly-owned subsidiary of Eviana.

The Company recorded \$5,000 to deposits in regard to convertible preferred share commitment in regard to Series A preferred shares to be exchanged under the 2017-POA for fiscal 2017. A \$1,000 deposit was allocated with the Eviana spinout (divesting) from the Company on May 24, 2017. The Company has \$4,000 (2018: \$4,000) in remaining deposits related to contemplated spin outs under the 2017-POA as of March 31, 2019.

On May 31, 2018, the Company transferred the TULIP IP to Automated Techno Medical Corp. (formerly 1109871 B.C. Ltd.) under an asset transfer agreement for \$10 and other good and valuable consideration pursuant to the 2017 Plan of Arrangement. No assets were classified as held for sale as the Eviana spin-out as it was pursuant to the Company's 2017 Plans of Arrangement and contemplation, identification, and completion of the transaction occurred in the same fiscal year with all transaction details and amounts agreed between parties in Q4 of fiscal 2017. All other arrangements have no determinable fair value of letters of intent and as such there are no assets and respective amounts classified as held for sale.

19. DISCONTINUED OPERATIONS

On May 24, 2017, the Company completed the spin-out of Eviana, including its wholly-owned subsidiary 2554191 Ontario, Inc. that is now classed as discontinued operations. There were no reportable discontinued operations for the three and nine months ended March 31, 2019 and 2018.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

20. ACQUISITIONS, BUSINESS COMBINATIONS, AND JOINT VENTURE**Joint Venture**

On April 7, 2018, the Company signed a non-binding joint venture and operating agreement to develop intellectual property for an excipient delivery system for pharmaceutical and nutraceutical applications. The JV definitive agreement gave the Company a 30 percent interest in the JV with two private corporations in exchange for the 10 million common shares reserved for the transaction and the Company investing a minimum of \$2,156,000 in working capital through March 1, 2019, currently in arrears, and an additional \$1,682,000 from May 1, 2019 through September 2019, for total of \$3,838,000 in working capital over those periods as the Company's JV contributions. As of March 31, 2019, the Company had invested \$500,000 towards its JV 30% interest. The JV has commenced some limited research and development with the Company's proportional JV expenditures and operating losses of \$156,569 for the three and nine months ended March 31, 2019.

Acquisitions and Business CombinationsHemp Extraction Technology Corp.

On October 2, 2018, the Company closed on the acquisition of Hemp Extraction Technology Corp. ("HETC"), which is in the business and technology of industrial hemp extraction, for total consideration of \$7,000,000. Pursuant to the acquisition agreement, Theramed acquired all of the issued and outstanding common shares of HETC in exchange for an aggregate of 23,333,333 common shares of Theramed issued at the deemed price of \$0.30 per share to the former holders of HETC common shares. As a result, HETC became a wholly-owned subsidiary of the Company. The Company determined that the fair value of net assets acquired was \$1,145,085 with the balance of the consideration allocated to goodwill.

Western Agri Supply Solutions Corp.

On October 16, 2018, the Company announced closing of the acquisition of Western Agri Supply Solutions Corp. ("WASS") that specializes in industrial hemp biomass supply. Pursuant to the agreement, the Company will issue 20,000,000 at a fair value of \$0.30 per share and total consideration of \$6,000,000 to acquire all of the issued and outstanding common shares of WASS. As a result, WASS is now a wholly-owned subsidiary of Theramed. The Company determined that \$52,948 in net assets were acquired and the balance of the consideration allocated to goodwill.

Terminated and Rectified AcquisitionsWest Coast Medical Solutions Ltd.

On June 22, 2018, the Company had signed a letter of Intent to collaborate with West Coast Medical Solutions Ltd. ("WCMS") to form or acquire a Licensed Dealer (LD) as issued by Health Canada for Class A precursors. The Company had been continuing its due diligence and assessment of this LOI and has announced its cancellation May 21, 2019.

Cantech Molecular Research Inc.

On May 25, 2018, the Company entered into a binding letter of intent to acquire Cantech Molecular Research Inc., a BC producer of true homozygotic plants with a highly select and consistent set of traits, in exchange for 5 million common shares with a fair market value of \$0.35 per share or

20. ACQUISITIONS, BUSINESS COMBINATIONS, AND JOINT VENTURE: (continued)

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

\$1,750,000 to acquire CMR as a wholly-owned subsidiary of the Company with a planned spin out to become a separate reporting issuer. The Company will retain 49% of the CMR spin out upon completion of the proposed transaction. The Company terminated the LOI on January 22, 2019.

Tree Chest Safety Corp.

On August 23, 2018, the Company announced an LOI to acquire Tree Chest Safety Corp. (TREE). TREE manufactures and markets lockable airtight storage compartments specifically designed to store and preserve products while preventing children from accessing the contents. Pursuant to the LOI with TREE, Theramed has agreed to negotiate with TREE to complete a transaction (the "Proposed Transaction") whereby Theramed will acquire all of the outstanding shares of TREE for a combination of cash and shares. On January 31, 2019, the company terminated this LOI and acquisition.

Terminated and Rectified Acquisitions (*continued*)

Artillery Holding Inc.

On October 29, 2018, the Company signed a rectification agreement with Artillery Holding Inc. (dba Artillery Labs) ("Artillery") to terminate the Company's planned acquisition of Artillery, proposed a new spin out transaction with fees, agree on terms for \$117,690 in outstanding debts payable by Artillery to the Company, and assignment of \$135,000 (\$100,000 USD) in Artillery debt (the "Artillery Debt") from a third party.

Pursuant to the rectification agreement, the Company allocated 450,000 common shares with a fair value of \$0.30 per share or \$135,000 from the Artillery escrow to acquire the Artillery and recorded a loss of \$22,500 for the terminated acquisition. The remaining 4,550,000 common shares held in escrow by the Company with a fair value of \$0.35 per share were returned to treasury and cancelled pursuant to the rectification. The Company had paid a total of \$115,095 in deposits towards the acquisition prior to rectification.

At the Company's option the amount of the Artillery Debt (including any interest) shall be convertible into common shares of Artillery or the common shares (or if there are no common shares but another class of securities then such class of securities) of any resulting/successor issuer to Artillery that results from a merger, amalgamation, acquisition, arrangement, or similar transaction at a conversion price equal to the lower of: (a) the price of the relevant security at the founder's round for Artillery or its resulting issuer (as applicable) that is being or has just been offered at time of the conversion; or (b) \$0.02 per the relevant Artillery or resulting issuer security as applicable. The option herein shall be perpetual unless limited in duration by applicable law.

West Coast Medical Solutions Ltd.

On June 22, 2018, the Company had signed a letter of Intent to collaborate with West Coast Medical Solutions Ltd. ("WCMS") to form or acquire a Licensed Dealer (LD) as issued by Health Canada for Class A precursors. The Company had been continuing its due diligence and assessment of this LOI and has announced its cancellation May 21, 2019.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

Pending Acquisitions

Veri-Medical Systems Inc.

On June 11, 2018, the Company signed a letter of intent Veri-Medical Systems Inc. ("VeriMed") to potentially acquire the Company which is involved in developing a blockchain based "seed-to-sale" protocol focussed on enhancing the integrity of the sale of Hemp based products. A total of \$15,000 in deposits have been paid towards this acquisition and the parties are continuing discussions on structuring a potential deal. The Company is continuing its due diligence and assessment of this LOI.

20. ACQUISITIONS, BUSINESS COMBINATIONS, AND JOINT VENTURE: (continued)

Pending Acquisitions (continued)

West Coast Medical Solutions Ltd.

On June 22, 2018, the Company signed a letter of Intent to collaborate with West Coast Medical Solutions Ltd. ("WCMS") to form or acquire a Licensed Dealer (LD) as issued by Health Canada for Class A precursors. The Company had been continuing its due diligence and assessment of this LOI and has announced its cancellation May 21, 2019.

Terminated and Rectified Acquisitions

Cantech Molecular Research Inc.

On January 22, 2019, the Company announced that, effective on said date, it mutually terminated the previously announced contemplated transaction and underlying agreement with Cantech Molecular Research Inc. Management of Theramed believe that the contemplated transaction was no longer in line with the business and commercialization strategies of the Company leading to the mutual termination by the parties.

Tree Chest Safety Corp.

On January 31, 2019, the Company effected and announced the mutual termination and unwinding of the previously announced transaction and underlying agreement with Tree Chest Safety Corp. ("TCS") for the acquisition of TCS by Theramed. Post-closing due diligence on the integration of TCS into Theramed's corporate structure revealed matters that the parties could not agree upon resulting in the failure to fully effect closing of the transactions under the agreement between the parties including the issuance of any securities and/or cash consideration to TCS shareholders for the acquisition.

21. SUBSEQUENT EVENTS

West Coast Medical Solutions Ltd.

On June 22, 2018, the Company had signed a letter of Intent to collaborate with West Coast Medical Solutions Ltd. ("WCMS") to form or acquire a Licensed Dealer (LD) as issued by Health Canada for Class A precursors. The Company had been continuing its due diligence and assessment of this LOI and has announced its cancellation on May 21, 2019.

THERAMED HEALTH CORPORATION

Notes to the Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian dollars)

21. SUBSEQUENT EVENTS (continued)

Medical Green Natural List Corp.

On April 22, 2019, the Company signed a binding letter of intent a binding agreement to acquire Medical Green Natural List Corp. ("MGNL") with business consisting of software and portal for a medical marketplace app, which connects buyers with sellers. The purchase price of the transaction is \$1,450,000 CAD; consisting of 7,037,037 common shares at a deemed price of \$0.135 per share and \$500,000 in cash with an immediate cash payment of \$250,000 and an additional milestone cash payment of \$250,000 upon the successful launch of the MGNL app on or before September 1, 2019.

Financing

On May 21, 2019, the Company closed on \$705,000 of gross proceeds as a first tranche on a non-brokered private placement of up to one million Canadian dollars for units at \$0.10 comprised of one common share and one full warrant exercisable at \$0.15 into one common share for a period of three years from the closing. The warrants will be subject to an acceleration clause where in the event the share price of the Company's shares as currently constituted close at \$0.30 or above for 20 consecutive days the Company may accelerate the expiration of the warrants to 30 calendar days from the day that notice is given for the exercise of the warrants. The Company paid a finders' fee of \$30,300 and 303,000 broker warrants in conjunction with the financing.

General Services Agreement

Decanex, Inc.

The Company continues to work through final negotiations and drafting of a Mutual Termination and Settlement Agreement (the "MTSA") with Decanex, Inc., its services operator. The GSA remains in a mutually agreed stand-still since August 2017.