Network Life Sciences Inc.
(formerly Network Oncology Inc.)

Unaudited Consolidated Financial Statements

September 30, 2015

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Network Life Sciences Inc. (formerly Network Oncology Inc.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	September 30, 2015	December 31, 2014
		$	$
ASSETS			
Current Assets			
Cash		**103**	35,156
Sales tax receivable		**19,313**	-
Inventory		**5,689**	-
		25,105	35,156
Deposits on Acquisition Agreement	4	**-**	175,000
Intangible asset	5	**2,140,000**	-
		2,165,105	**210,156**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	4	**1,176,363**	45,880
Interest payable	6	**5,172**	-
Short term loan	6	**104,660**	-
Due to related party	10	**47,250**	-
		1,333,445	45,880
SHAREHOLDERS' EQUITY			
Share capital	7	**2,059,458**	100
Subscriptions received	7	**-**	250,000
Reserves	7	**252,556**	
Deficit		**(1,480,354)**	(85,824)
		831,660	164,276
		2,165,105	**210,156**

Nature of operations and going concern	1
Corporate restructuring and commitments	4

Approved and authorized for issuance by the Board of Directors on November 27, 2015:

Approved on Behalf of the Board of Directors:

/s/ William Thomas
Director

/s/ Manfred G. von Nostitz
Director

Network Life Sciences Inc. (formerly Network Oncology Inc.)
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
	$	$	**$**	$
Expenses				
Bank charges and fees	**101**	-	**760**	-
Consulting	**23,999**	-	**172,130**	-
Development costs	**-**	-	**877,087**	-
Interest expense	**2,819**	-	**5,172**	-
Investor relations	**9,375**	-	**11,628**	-
Office and miscellaneous	**-**	2,925	**22,237**	9,682
Professional fees	**16,083**	13,355	**49,562**	23,466
Regulatory fees	**3,744**	519	**32,440**	3,381
Stock-based compensation	**221,914**	-	**221,914**	-
Travel	**-**	-	**1,600**	-
Net loss and comprehensive loss	**(278,035)**	(15,898)	**(1,394,530)**	**(36,529)**
Basic and diluted loss per common share	**(0.01)**	(317.96)	**(0.06)**	(730.58)
Weighted average number of common shares outstanding	**26,836,411**	50	**23,137,983**	50

Network Life Sciences Inc. (formerly Network Oncology Inc.)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Share Capital						
	Number of Shares	Amount	Subscription receivable	Reserves Options	Warrants	Accumulated Deficit	Total
		$	$	$	$	$	$
Balance December 31, 2013	33	100	-	-	-	-	100
Share subscription received	-	-	135,000	-	-	-	135,000
Stock split	38	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(36,529)	(36,529)
Balance, September 30, 2014	71	100	135,000	-	-	(36,529	98,571
Balance December 31, 2014	**71**	**100**	**250,000**	-	**-**	(85,824)	**164,276**
Issuance on Plan of Arrangement	12,003,077	-	-		-	-	-
Issuance on acquisition closing	5,666,667	340,000	-		-	-	340,000
Issuance on license acquisition	5,000,000	1,500,000	-		-	-	1,500,000
Stock-based compensation	-	-	-	221,914	-	-	221,914
Private placement:							
Gross proceeds	4,166,667	250,000	(250,000)		-	-	-
Share issuance costs		(30,642)	-		30,642	-	-
Loss for the period	-	-	-		-	(1,394,530)	(1,394,530)
Balance, September 30, 2015	**26,836,482**	**2,059,458**	**-**	**221,914**	**30,642**	**(1,480,354)**	**831,660**

Network Life Sciences Inc. (formerly Network Oncology Inc.)
CONDENSED INTERIM STATEMENTS OF CASH FLOW
(Expressed in Canadian dollars)

	Nine Months Ended September 30	
	2015	2014
	$	$
Cash flow from operating activities		
Net loss	**(1,394,530)**	(36,529)
Non-cash items:	**221,914**	-
Stock-based compensation		
Change in non-cash working capital components:		
Sales tax receivable	**(19,313)**	-
Deposits and prepaid	**175,000**	-
Inventory	**(5,689)**	-
Accounts payable and accrued liabilities	**830,483**	12,514
Interest payable	**5,172**	-
Due to related party	**47,250**	-
Net cash used in operating activities	**(139,713)**	(24,015)
Investing activities		
Deposit on acquisition agreement	**-**	(100,000)
Financing activities		
Share subscription received	**-**	135,000
Short term loan	**104,660**	-
	104,660	135,000
Increase (decrease) in cash	**(35,053)**	10,985
Cash, beginning of year	**35,156**	-
Cash, ending of year	**103**	10,985
Cash paid for interest expense	-	-
Cash paid for income taxes	-	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Network Life Sciences Inc. (formerly Network Oncology Inc.) ("NOI", or the "Company"), was incorporated under the Business Corporations Act (British Columbia) on September 19, 2013 and operates from its registered head office located at 815 Hornby Street, Suite 605, Vancouver, BC, Canada V6Z 2E6. The Company underwent a name change on June 22, 2015 and was previously known as Network Oncology Inc. Previous to this, the Company had its name changed from Organach Beverage Acquisition Corp. to Network Oncology Inc. on August 12, 2014. On January 15, 2015, the Company was approved for listing on the Canadian Securities Exchange and trades under the stock symbol “NOI”.

The Company was initially formed as a subsidiary of Web Watcher Systems Ltd. (“Web Watcher”) for the purpose of developing the letter of intent with WULU Beverage Co. (“WULU”) dated June 27, 2013 to distribute quality organic and fair trade coffees, glacier drinking water, and carbonated water manufactured by WULU. The Company entered into to a Plan of Arrangement (the “Plan of Arrangement”) with Web Watcher Systems and WULU dated October 23, 2013. This Letter of Intent was cancelled by WULU on March 21, 2014 (see also Note 4).

On May 12, 2014, the Company entered into a Supply Agreement Sale and Assignment (the “Acquisition Agreement”) with Resolute Oncology Limited (“ROL”), an Ireland company. The Company is now in the process of commencing operations as an emerging specialty pharmaceutical company working with ROL’s core portfolio of oncology-targeted generic pharmaceuticals, which address a market comprised of up to 50% of new cancer patients in the European Union. The Company intends to focus on the acquisition and commercialization of proven, and thus low-risk, generic pharmaceutical oncology based products that provide a cost effective response to unmet needs in the market, specifically Germany and other major European countries, with possible expansion to the United States (see also Note 4).

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company’s continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully raise the capital to complete the Acquisition Agreement and subsequently carry out its business plan. If the Company is unable to fund its future plan, its business, financial condition or results of operations could be materially and adversely affected. The success of the Company depends on its ability to profitably penetrate its target market with its new products on a sustainable basis. The Company has never generated revenue, cash flows or profits from operations.

The Company’s ability to launch its operations as intended is dependent on its ability to generate revenue and raise capital sufficient to cover its marketing and other costs. All of these factors raise significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual financial statements for the year ended December 31, 2014. The disclosures provided below are incremental to those included with the annual financial statements. Certain information and disclosures normally included in the notes to the annual financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

The consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2015.

Presentation and functional currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's reporting and functional currency. The functional currency of the Company's wholly-owned subsidiary Emerald Oncology Limited is the EURO(€). These consolidated financial statements are prepared on a historical cost basis except for financial instruments classified as at fair value through profit or loss ("FVTPL") as described at Note 3 of the December 31, 2014 audited financial statements, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Emerald Oncology Limited which was incorporated on September 29, 2014 in the jurisdiction of Ireland. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

Future changes in accounting policies

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended at December 31, 2014, and have not been applied in preparing these financial statements. The following standards and interpretations have been issued by the IASB and the IFRIC effective for annual periods beginning on or after January 1, 2015:

IAS 32 - *Financial Instruments: Presentation*
In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

2. FUTURE CHANGES IN ACCOUNTING POLICIES continued

IAS 36 – *Impairment of Assets*
In May 2013, the IASB, as a consequential amendment to IFRS 13 *Fair Value Measurement*, modified some of the disclosure requirements in IAS 36 regarding measurement of the recoverable amount of impaired assets. The amendments resulted from the IASB's decision in December 2010 to require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal.

IFRIC 21 – *Levies*
IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and*

Contingent Assets and those where the timing and amount of the levy is certain.

The following standard will be effective for annual periods beginning on or after January 1, 2017:
IAS 1 – *Presentation of Financial Statements*

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IFRS 15 - *Revenue from contracts with customers*
IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets*
In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standard will be effective for annual period beginning on or after January 1, 2019:

IFRS 9 – *Financial Instruments*
IFRS 9 includes requirements for recognition and measurement, derecognition and hedge accounting. IFRS 9 was originally issued on November 2009, reissued in October 2010, and then amended in November 2013. The IASB is adding to the standard as it completes the various phases of its comprehensive project on financial instruments, and so it will eventually form a complete replacement for IAS 39 Financial Instruments: Recognition and Measurement.

In July 2014, the IASB published the final version of IFRS 9 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB project to replace IAS 39. This

3. FUTURE CHANGES IN ACCOUNTING POLICIES continued

version adds a new expected loss impairment model and limited amendments to classification and measurement of financial assets. IFRS 9 is effective for periods beginning on or after May 1, 2018.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

4. CORPORATE RESTRUCTURING AND COMMITMENTS

According to the Plan of Arrangement as described in Note 1, the Company is required to issue 4,801,233 common shares (pre-stock split) to shareholders of Web Watcher ("Distributed Shares"). The Plan of Arrangement was approved by Web Watcher's shareholders on December 19, 2013 and by the Supreme Court of British Columbia on January 7, 2014. Subsequent to the year end, the Company issued 12,003,082 common shares after the effect of the stock split on July 11, 2014.

On May 12, 2014, the Company entered into an Acquisition Agreement with ROL for an asset acquisition whereby certain assets were acquired in exchange for $50,000 in cash (paid in April 2014), issuance of 5,000,000 common shares, payment of 3% net sales royalty and continued fund raising as part of the private placement. On July 31, 2014, the Acquisition Agreement was amended to change the closing date to the date that the shares of the Company are approved for trading on the Canadian Stock Exchange and increased the number of shares to be issued to 5,666,667 common shares (post-stock split) (issued in January 2015). In addition the Company had advanced $125,000 to ROL as of December 31, 2014. The assets to be acquired by the Company under the Acquisition Agreement comprise the following material agreements:

1. Agreement on Sale and Purchase of Dossier for Docetaxel between AqVida GmbH of Hamburg, Germany and ROL, dated June 6, 2013. Pursuant to the agreement, AqVida GmbH granted to ROL and its affiliates the non-exclusive right to use dossier and know-how associated with Docetaxel concentrate, to obtain marketing authorizations and to sell products in Germany, France, the United Kingdom, Spain, Italy, the Netherlands, Belgium, Austria, Switzerland, Sweden, Denmark, Finland, and Norway. The purchase price is EUR70,000 for marketing authorizations in Germany, and EUR10,000 for every other country, payable in the following installments:

   (i) EUR35,000 after signing the binding term sheet (signed and not paid by ROL);
   (ii) EUR35,000 after replying to a deficiency letter and restarting the procedure (not paid by ROL);
   (iii) EUR10,000 upon receipt of marketing authorizations in each further country in the territory.

   In addition, the Company is also responsible for all the fees charged by the Governmental or Regulatory Authorities related to obtaining the marketing authorizations.

2. Agreement on Sale and Purchase of Dossier for Paclitaxel, dated February 22, 2013, between AqVida GmbH of Hamburg, Germany and ROL and Resolute Oncology Inc. ("ROI"), the parent company of ROL, incorporated in Nevada, the United States of America. Pursuant to the agreement, Aqvida GmbH granted to ROL and ROI the non-exclusive right to use the dossier and know-how associated with Paclitaxel concentrate, to obtain marketing authorizations and to sell products in Germany, France, the United Kingdom, Spain, Republic of Ireland, Italy, the

4. CORPORATE RESTRUCTURING AND COMMITMENTS continued

Netherlands, Belgium, Austria, Switzerland, Sweden, Denmark, Finland, and Norway. The purchase price is EUR70,000 for marketing authorizations in Germany, and EUR10,000 for every other country, payable in the following installments:

(i) EUR35,000 after signing the binding term sheet (signed) (paid by ROL);
(ii) EUR35,000 after transferring the German marketing authorization in the name of ROI (paid by ROL);
(iii) EUR10,000 upon receipt of marketing authorizations in each further country in the territory.

In addition, the Company is also responsible for all the fees charged by the Governmental or Regulatory Authorities related to obtaining the marketing authorizations.

3. Agreement on Sale and Purchase of Dossier for Oxaliplatin between AqVida GmbH of Hamburg, Germany and ROL and ROI, dated March 28, 2013. Pursuant to the agreement, Aqvida GmbH granted to ROL and ROI the non-exclusive right to use the dossier and know-how associated with Oxaliplatin concentrate, to obtain marketing authorizations and to sell products in Germany, France, the United Kingdom, Spain, Republic of Ireland, Italy, the Netherlands, Belgium, Austria, Switzerland, Sweden, Denmark, Finland, and Norway. The

    a. purchase price is EUR50,000 for the marketing authorization in Germany, and EUR 10,000 for every other country, payable in the following installments:

(i) EUR50,000 upon transfer of the German marketing authorizations in the name of Resolute or its affiliates (paid by ROL);
(ii) EUR10,000 upon receipt of a marketing authorization in each further country in the territory.

In addition, the Company is also responsible for all the fees charged by the Governmental or Regulatory Authorities related to obtaining the marketing authorizations.

4. Principal Agreement between Neogen Developments N.V. (“Neogen”) of Anderlecht, Belgium and ROL, dated March 20, 2013. Pursuant to the agreement, Neogen granted ROL a personal, non-exclusive, and non-transferable right to use registration documentation for zoledronic acid 4 mg/5 ml vial and zoledronic acid 4 mg/100 ml to obtain one marketing authorization in Spain, the United Kingdom, Germany, and Italy and two marketing authorizations in France, for the purpose of selling, marketing, and distributing the products in the territory. The initial term of this agreement is 5 years. Upon expiry of the initial term, the agreement will automatically extend for consecutive periods of 2 years.

ROL has the right to convert the license to an exclusive license in Spain, the United Kingdom, France, and Germany within six months of signing the agreement by matching any offer made by a third party for a license in that country within seven days of being notified by Neogen or by paying an additional EUR39,000, whichever is higher. For Italy, ROL has the option of converting the license to a semi-exclusive license (two parties) within six months of signing the agreement by matching any offer made by a third party for a license in that country within seven days of being notified by Neogen or by paying an additional EUR39,000, whichever is higher.

On February 11, 2015 the Principal Agreement between Neogen and ROL was amended such that that the rights on the registration documents will be limited to the 4 mg/5 ml product and to Germany only. All other rights will be transferred back to Neogen. In addition, the total amount to be paid for 4 mg/5 ml product would be to as follows:

4. CORPORATE RESTRUCTURING AND COMMITMENTS continued

(i) EUR 145,000 in relation to this agreement covering milestones, service charges as well as fees paid to regulatory authorities;
(ii) An amount of EUR 186,500 in relation to the purchase orders.

The amended agreement indicated ROL will pay only EUR 150,000 by monthly installments of EUR 10,000 each month with the first payment due on February 15, 2015 (paid). Prior to December 31, 2014, ROL has paid EUR 50,000 to Neogen. In any event any payment is missed, Neogen shall be entitled to initiate proceedings for the overall debt of EUR 331,500 less the payments which have been made.

On March 19, 2015 the Company signed a letter of guarantee for the repayment of the outstanding balance payable on this agreement by ROL. EUR 130,000 remains unpaid at September 30, 2015 and is included in accounts payable.

5. Three year Service Agreement between World Medical Care GmbH & Co ("WMC") KG of Hamburg, Germany and ROL, dated March 20, 2014. Pursuant to the agreement, WMC will exclusively sell and distribute ROL products.

On August 15, 2014, ROL terminated the service agreement.

bioLytical Laboratories Inc. Licensing Agreement

Separate from the ROI acquisitions, a twenty year license agreement between the Company and bioLytical Laboratories Inc. ("bioLytical")for an exclusive worldwide license for a rapid Ebola testing kit was agreed upon. The Company agreed to pay a non-refundable sum of $250,000 (not paid) in cash and issue 5,000,000 common shares (issued) at a deemed price of $0.10 per share to bioLytical to acquire this product. After commercialization is complete, a 9% royalty on net sales will also be paid to bioLytical in perpetuity for the license term.

(Expressed in Canadian dollars)

5. INTANGIBLE ASSET

The intangible asset comprises the Acquisition Agreement assets described in Note 1 and Note 4.

	Acquisition Agreement Assets
COST	$
Balance, January 1, 2015	-
Additions	2,140,000
Balance, September 30, 2015	2,140,000

	Acquisition Agreement Assets
ACCUMULATED AMORTIZATION	$
Balance, January 1, 2015	-
Additions	-
Balance, September 30, 2015	-

	Acquisition Agreement Assets
Balance, January 1, 2015	$
Additions	-
Balance, September 30, 2015	-

6. SHORT TERM LOANS

During the period ended September 30, 2015, the Company received a $104,660 short term and unsecured loan. The short term loans can be called at any time and bears an annual 8% simple interest rate.

7. SHARE CAPITAL

(a) Authorized: unlimited common shares without par value
(b) Issued and Outstanding:

Period Ended September 30, 2015

On January 8, 2015 the Company completed its private placement and issued 4,166,667 units at $0.06 per unit for proceeds of $250,000. Each unit comprised of one common share and one common share purchase warrant exercisable at $0.15 until January 8, 2016.

7. SHARE CAPITAL continued

On January 8, 2015 the Company issued 12,003,077 common shares under the plan of arrangement between the Company and Web Watcher Systems Ltd. which was approved by the shareholders of Web Watcher Systems Ltd. on December 19, 2013 and the Supreme Court of British Columbia on January 7, 2014.

On January 8, 2015, the Company issued 5,666,667 common shares in accordance with the Acquisition Agreement of which 833,333 common shares were issued to officers and directors of the Company.

On June 6, 2015, the Company issued 5,000,000 common shares in accordance with the license agreement with bioLytical (Note 4).

On June 25, 2015, the Company consolidated its outstanding shares on the basis of one (new) post consolidation share for each three (old) pre-consolidation shares. Total shares issued and outstanding post-consolidation was 26,836,392.

Year Ended December 31, 2014

On July 11, 2014, the Company completed a stock split of its existing share capital on the basis of two and one-half new common shares (2.5) for every one (1) currently issued and outstanding common share, resulting in an aggregate of 250 common shares.

As at December 31, 2014, the Company had received $250,000 in private placement proceeds for 4,166,667 units at $0.06 per unit. Each unit comprised of one common share and one common share purchase warrant exercisable at $0.15 for a period of one year from the closing date. The shares and warrants were issued subsequent to the year end on January 8, 2015.

(c) Stock Options:

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.

(d) Options:

The Company granted incentive stock options, exercisable to purchase up to an aggregate of 2,100,000 common shares of the Company to certain directors, officers, employees, and consultants of the Company. The options are exercisable at a price of $0.25 per common share for a two year term. The weighted average fair value of stock option was determined using the Black-Scholes option pricing model using the following assumptions: expected life of stock option of 2 years, volatility of 120%, annual rate of dividends of 0.00% and a risk free rate of 1.07%. As at September 30, 2015, the weighted average life remaining of these options was 1.88 years.

(e) Warrants:

As part of the January 8, 2015 private placement, the Company granted 4,166,667 share purchase warrants exercisable at $0.15 per share. These warrants expire on January 8, 2016. As at September 30, 2015, the weighted average life remaining of these warrants was 0.27 years.

8. CAPITAL DISCLOSURES

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

9. FINANCIAL INSTRUMENTS

Classification of financial instruments

	Ref.	**September 30, 2015**	December 31, 2014
		$	$
FVTPL financial asset	a	**19,416**	35,156
Other financial liabilities	b	**1,333,445**	45,880

a. Comprises cash and sales tax receivable
b. Comprises accounts payable, accrued liabilities, due to related parties, short term loans, and interest payable.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Management of Industry and Financial Risk

The Company is engaged primarily in the sales and distribution of approved drugs and manages related industry risk issues directly. The Company may be at risk for regulatory issues and fluctuations in exchange rates.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and other receivables. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Other receivables comprise refundable sales tax credits from the Canadian federal government.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash.

9. FINANCIAL INSTRUMENTS continued

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

10. RELATED PARTY TRANSACTIONS

The Company incurred $47,250 (September 30, 2014 – $NIL) of consulting fees from the Chief Financial Officer and Director of the Company relating to consulting services provided. As at September 30, 2015, $47,250 (December 31, 2014 - $NIL) remains unpaid.

11. SUBSEQUENT EVENTS

On October 8, 2015, a shareholder exercised 500,000 warrants at $0.15 per warrant share for total proceeds of $75,000.