LeanLife Health Inc.
(formerly LeenLife Pharma International Inc.)

Financial Statements

For the years ended March 31, 2018 and 2017

Expressed in Canadian dollars

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
LeanLife Health Inc. (formerly LeenLife Pharma International Inc.)

We have audited the accompanying financial statements of Leanlife Health Inc. (formerly LeenLife Pharma International Inc.), which comprise the statements of financial position as at March 31, 2018 and 2017, the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of LeanLife Health Inc. (formerly LeenLife Pharma International Inc.) as at March 31, 2018 and 2017, and its financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 30, 2018

LeanLife Health Inc.
(formerly LeenLife Pharma International Inc.)
Statements of Financial Position
(Expressed in Canadian dollars)

	Note		March 31, 2018		March 31, 2017
ASSETS					
CURRENT ASSETS					
Cash		**$**	**46,626**	$	179,962
Amounts receivable			**89,678**		19,497
Prepaids			**62,191**		-
TOTAL CURRENT ASSETS			**198,495**		199,459
Equipment	**6**		**432,997**		3,512
TOTAL ASSETS		**$**	**631,492**	$	202,971
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities		**$**	**192,212**	$	119,510
Advances and amounts owing to related parties	**10**		**73,452**		64,303
TOTAL LIABILITIES			**265,664**		183,813
SHAREHOLDERS' EQUITY					
Share capital	**9**		**7,309,664**		5,035,437
Equity reserves			**441,526**		8,050
Deficit			**(7,385,362)**		(5,024,329)
			365,828		19,158
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**631,492**	$	202,971

These financial statements were authorized for issue by the Board of Directors on July 30, 2018. They are signed on the Board's behalf by:

"Stan Lis" — Director

"Casey Forward" — Director

The accompanying notes are an integral part of these financial statements

LeanLife Health Inc.
(formerly LeenLife Pharma International Inc.)
Statements of Operations and Comprehensive Loss
For the years ended March 31,
(Expressed in Canadian dollars)

	Note		2018		2017
Expenses					
Amortization	**6**	**$**	**4,620**	**$**	2,427
Bank charges and interest			**1,151**		28,008
Consulting fees			**247,386**		204,471
Engineering and testing			**121,144**		31,969
Financial services			**122,000**		-
License fees	**7**		**100,000**		-
Management and director fees	**10**		**395,692**		224,500
Office and general	**10**		**65,406**		55,949
Professional fees	**10**		**353,307**		256,218
Product marketing	**9d**		**418,496**		-
Shareholder liaison and promotion			**90,236**		24,110
Stock based compensation	**9c, 10**		**295,975**		-
Transfer agent and filing fees			**23,320**		21,492
Travel			**114,269**		41,225
Website			**8,031**		-
			(2,361,033)		(890,369)
Other items					
Impairment of investments			**-**		(82,487)
Loss on settlement of debt			**-**		(9,632)
Loss and comprehensive loss		**$**	**(2,361,033)**	**$**	(982,488)
Loss per share, basic and diluted		**$**	**(0.06)**	**$**	(0.03)
Weighted average number of shares outstanding			**40,668,752**		35,386,653

The accompanying notes are an integral part of these financial statements

LeanLife Health Inc.
(formerly LeenLife Pharma International Inc.)
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

		Share Capital				
	Note	Shares	Amount	Equity reserves	Deficit	Total
Balance, March 31, 2016		31,733,106	$ 3,597,443	$ 8,050	$ (4,041,841)	$ (436,348)
Private placement - tranche #1		9,335,000	933,500	-	-	933,500
Private placement - tranche #2		450,000	45,000	-	-	45,000
Private placement - tranche #3		4,730,000	473,000	-	-	473,000
Issue costs		-	(13,506)	-	-	(13,506)
Return to Treasury		(12,232,788)	-	-	-	-
Loss for the period		-	-	-	(982,488)	(982,488)
Balance, March 31, 2017		34,015,318	$ 5,035,437	$ 8,050	$ (5,024,329)	$ 19,158
Balance, March 31, 2017		34,015,318	$ 5,035,437	$ 8,050	$ (5,024,329)	$ 19,158
Private placement		19,025,000	1,902,500	-	-	1,902,500
Issue costs		-	(66,500)	-	-	(66,500)
Exercise of warrants		1,625,000	243,750	-	-	243,750
Stock based compensation		-	-	295,975	-	295,975
Exercise of stock options		450,000	81,000	-		81,000
Fair value of stock options exercised		-	38,477	(38,477)		-
Fair value of warrants granted		-	-	175,978	-	175.978
Issuance of shares to BioCube		1,000,000	75,000	-	-	75,000
Loss for the period		-	-	-	(2,361,033)	(2,361,033)
Balance, March 31, 2018		56,115,318	$ 7,309,664	$ 441,526	$ (7,385,362)	$ 365,828

The accompanying notes are an integral part of these financial statements

LeanLife Health Inc.
(formerly LeenLife Pharma International Inc.)
Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flows from Operating Activities			
Loss for the period		**$ (2,361,033)**	$ (982,488)
Items not affecting cash:			
Amortization		**4,620**	2,427
Accrued interest (income)		**-**	-
Loss on settlement of debt		**-**	9,632
Impairment		**-**	82,487
Stock based compensation		**295,975**	-
Value of warrants granted		**175,978**	-
License fees		**75,000**	-
		(1,809,460)	(887,942)
Changes in non-cash working capital:			
Amounts receivable		**(70,181)**	433
Prepaid expenses and deposits		**(62,191)**	-
Accounts payable and accrued liabilities		**72,702**	17,864
Net cash provided by (used in) operating activities		**(1,869,130)**	(869,645)
Cash Flows from Financing Activities			
Issuance of shares		**2,227,250**	1451,500
Issue costs		**(66,500)**	(13,506)
Related parties		**9,149**	(277,556)
Loans paid		**-**	(107,957)
Net cash provided by financing activities		**2,169,899**	1,052,481
Cash Flows from Investing Activities			
Purchase of equipment		**(35,408)**	(3,049)
Purchase of manufacturing equipment		**(398,697)**	-
Leasehold improvements		**(6,500)**	-
Net cash used in investing activities		**(434,105)**	(3,049)
Change in cash and cash equivalents		**(133,336)**	179,787
Cash and cash equivalents at beginning of period		**179,962**	175
Cash and cash equivalents at end of period		**$ 46,626**	$ 179,962
Cash and cash equivalents consist of:			
Cash		**$ 46,626**	$ 179,962
Interest paid		**$ -**	$ -
Income taxes paid		**$ -**	$ -

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated as a numbered company under the laws of the Province of British Columbia on January 12, 2014. Pursuant to a plan of arrangement (the "Arrangement") dated January 14, 2014, between the Company and Vinergy Resources Ltd. ("Vinergy"), the Company acquired from Vinergy a business interest and $5,000 in cash as part of the Arrangement.

As consideration for the business interest and the cash, the Company issued to Vinergy 2,633,334 common shares in its capital, which shares were distributed by Vinergy to its shareholders. Vinergy completed the share distribution on June 18, 2014.

With the completion of the share distribution, on June 18, 2014, the Company became a reporting issuer in British Columbia, Alberta and Ontario and changed its name on August 1, 2014, to SPT Sulphur Polymer Technologies Inc. On December 17, 2014, the Company was listed and began trading on the Canadian Securities Exchange ("CSE") under the symbol "SEE".

In July 2015, the Company entered into an agreement to acquire a 90 interest in a Polish private company that had developed a process to isolate omega-3 fatty acids from flax seeds. The acquisition constituted a change of business for the Company for which final approval was received from the CSE on December 2, 2015 and the transaction was formally completed on February 18, 2016. In connection with the change of business, on December 3, 2015 the Company changed its name to LeenLife Pharma International Inc. and commenced trading on the CSE under the symbol "LLP". On January 15, 2018, the Company changed its name to LeanLife Health Inc.

The head office and registered and records office for the Company is located at Suite 380 – 680 Hornby Street, Vancouver, British Columbia, V6C 3B6,

Any business the Company proposes to undertake may take some time to achieve profitable operation and the amount of resulting income, if any, is difficult to determine with any certainty. As a development stage company, at March 31, 2018, the Company had not yet achieved profitable operations and has accumulated losses of $7,385,362 (2017 - $5,024,329) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. At March 31, 2018, the Company had working capital deficiency of $67,169 (March 31, 2016 - working capital of $15,646). The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity financing, or upon the generation of profits from its portfolio of biopharmaceutical assets, the outcome of which cannot be predicted at this time. These matters indicate the existence of a material uncertainty and may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments 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.

2. BASIS OF PRESENTATION

Statement of compliance

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

Basis of presentation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency and have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and 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 the revision affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include valuation of share-based transactions and provision for deferred income tax.

Judgments made by management that have the most significant effect on the financial statements are discussed in Notes 3d), 3e), 3f) and 3i).

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, 2018, there is $46,626 (2017 - $179,962) included as cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Shared-based payments

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors 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.

The fair value of the options 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.

c. Capital assets

Capital assets are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance basis at the following rates:

Equipment – 20%

Computer equipment – 30%

Depreciation is recognized using the straight-line method basis at the following rates:

Leasehold improvements – 3 years

Depreciation will be recognized using the declining balance basis at the following rates:

Manufacturing equipment – 20%

d. Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock, and any related amount recorded in warrants reserve is transferred to capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. 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.

f. Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial instruments at fair value through profit or loss (FVTPL).

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term.

Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method less any impairment.

Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any other financial asset categories. Subsequent to initial recognition, changes in fair value, other than impairment losses, are recognized in other comprehensive income (loss) and presented in the fair value reserve in shareholders' equity. When the financial assets are sold or an impairment write-down is required, losses accumulated in the fair value reserve recognized in shareholders' equity are included in profit or loss.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable, accrued liabilities and advance from parent company are classified as financial liabilities. Transaction costs incurred on initial recognition of financial instruments classified as loans and receivables and other financial liabilities are included in the initial fair value amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire. Financial liabilities are derecognized only when the Company's obligations are discharged, cancelled or they expire.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	FVTPL
Prepaid expenses	Loans and receivables
Due from a related party	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Loan payable	Other liabilities

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

g. Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

h. Comprehensive income (loss)

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

i. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Accounting standards issued but not yet effective

During the year ended March 31, 2018, there were no new IFRS or IAS accounting standards that became effective that had a material impact on the Company's consolidated financial statements. There are however a number of new standards and amendments to existing standards effective in future periods.

The following may impact the reporting and disclosures of the Company:

• New standard IFRS 9 "Financial Instruments" - This new standard will replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company has reviewed the implications of the adoption of IFRS 9 and the final standard will not have a material impact on the Company's consolidated financial statements other than increased levels of note disclosure.

• New standard IFRS 15 "Revenues from contracts with Customers" - This new standard establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has reviewed the implications of the adoption of IFRS 15 and concluded the final standard will not have a material impact on the Company's consolidated financial statements.

• IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. The new standard eliminates the classification of leases as either operating or finance leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Management is currently reviewing the impact that adoption of the new standard will have on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

- The preparation of these financial statements requires management to make judgments regarding the going concern of the Company. The Company likely has insufficient funds from which to finance its operating activities for the next 12 months; consequently, the Company remains dependent on external sources of financing until such time as it can internally generate sufficient revenue to service its on-going operating cost requirements.

Key sources of estimation uncertainty:

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

- the estimated useful lives and residual value of property, plant and equipment which are included in the statement of financial position and the related amortization included in the statement of loss and comprehensive loss;

- the inputs in accounting for share-based payment transactions in the statement of loss and comprehensive loss (using the Black-Scholes model) including volatility, probable life of options granted, time of exercise of the options and forfeiture rate; and

- the determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

5. SEGMENTED INFORMATION

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. As at March 31, 2018, the Company considers that it has one reportable business segment.

(Expressed in Canadian dollars)

6. EQUIPMENT

	Manufacturing equipment	Equipment	Leasehold improvements	Total
Cost				
Balance at March 31, 2016	$ -	$ 3,984	$ -	$ 3,984
Additions	-	3,050	-	3,050
Balance at March 31, 2017	-	7,034	-	7,034
Additions	398,698	28,908	6,500	434,106
Balance at March 31, 2018	$ 398,698	$ 35,942	$ 6,500	$ 441,140
Amortization and impairment				
Balance at March 31, 2016	$ -	$ 1,095	$ -	$ 1,095
Amortization	-	2,427	-	2,427
Balance at March 31, 2017	-	3,522	-	3,522
Amortization	-	4,260	361	4,621
Balance at March 31, 2018	$ -	$ 7,782	$ 361	$ 8,143
Carrying amounts				
at March 31, 2017	$ -	$ 3,512	$ -	$ 3,512
at March 31, 2018	$ 398,698	$ 28,160	$ 6,139	$ 432,997

Manufacturing equipment consists of equipment manufactured in Canada to maufacture the Company's omega oil products. At March 31, 2018 this equipment was at the manufacturer's premises and moved into the Company production warehouse in April 2018 (see note 14).

7. LICENCES

In October the Company announced it had entered into an exclusive agreement with BioCube Corporation Ltd. (“BioCube”), an Australian company with offices in British Columbia, whereby BioCube will supply BioCube processors on an exclusive worldwide basis to the Issuer for the processing of flax thereby enabling the Issuer to manufacture its Omega 3 products based on flax seed oil.

BioCube has agreed to manufacture the BioCube Processor for processing of flaxseed oil exclusively for the Company on following terms:

1. Advance payment of fixed fee to BioCube as an annual minimum royalty ($25,000) (paid in November) to be applied against a royalty of 2% of net sales of products produced using the BioCube Processor. The Company has the option to purchase one-half of the royalty for consideration of one million dollars.

2. Issuance of one million shares of the Company’s stock to BioCube of which 50% will vest after one year and 50% will vest after two years (issued with a fair value of $75,000, see note 9b).

3. The term of the agreement is 5 years with renewals of 5-year periods.

(Expressed in Canadian dollars)

8. COMMITMENTS

(a) Marketing Agreement

In January 2018, the Company entered into an agreement with RD Heritage Group, LLC ("RD Heritage") whereby RD Heritage undertook to market and sell the Company's products. The term of the agreement was for a period of 180 days after which the Company could terminate within 30 days notice. Pursuant to the agreement, RD Heritage was granted 800,000 warrants and paid $35,000 USD per month. The warrants have a fair value of $175,978 (see Note 9d). The company terminated the agreement on July 5, 2018.

(b) Operating Leases

The Company has entered into two lease commitments for office space, and warehouse and production space. The future minimum lease payments for the next five years and thereafter are as follows: The Company made payments of $9,844 during the year ended March 31, 2018. Payments include common area amounts and fees paid to the lessors.

2019	$ 112,128
2020	$ 74,628
2021	$ 62,190

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

For the year ended March 31, 2018

The Company closed a non-brokered private placement for a total of 19,025,000 Units at $0.10 per unit. Each Unit consists of one common share of the Company and one warrant to purchase an additional share at $0.15 per share for a period of three years, until December 11, 2020. The Company incurred issue costs of $66,500, paid in cash.

Warrants from the private placement completed in 2016, were exercised for a total of 1,625,000 warrants for a total of $243,750.

Stock options were exercised for a total of 450,000 shares at $0.18 per share for a total of $81,000. The fair value of the stock exercised is $38,477 based on stock-based compensation of $295,975 as shown in note (b) below.

Issuance of one million shares of the Company's stock to BioCube of which 50% will vest after one year and 50% will vest after two years. Fair value of the shares was $0.75 per share for a total of $75,000.

The Company granted 800,000 warrants to RD Heritage pursuant to a marketing agreement on January 5, 2018. The fair value of the warrants granted was $175,978 as shown in note (d) below

For the year ended March 31, 2017

The Company closed a non-brokered private placement in three tranches issuing a total of 14,515,000 Units at $0.10 per unit. Each Unit consists of one common share of the Company and one warrant to purchase an additional share at $0.15 per share for a period of two years. The first tranche of 9,335,000 Units closed on December 16, 2016 with the Company issuing 9,335,000 common shares and 9,335,000 warrants exercisable at $0.15 until December 16, 2018. The second tranche of 450,000 Units closed on December 30, 2016 with the Company issuing 450,000 common shares with 450,000 warrants exercisable until December 30, 2018. The third tranche of 4,730,000 Units closed on February 21, 2017 with the Company issuing 4,730,000 common shares with warrants exercisable until February 21, 2019. The Company incurred issue costs of $13,506.

On March 30, 2017, the Company returned to treasury and cancelled the 12,232,788 common shares issued in connection to the acquisition of LeenLife SA.

(Expressed in Canadian dollars)

9. SHARE CAPITAL continued

(c) Stock options

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares.

The changes in stock options were as follows:

	For the year ended March 31, 2018	Weighted Average Exercise Price	For the year ended March 31, 2017	Weighted Average Exercise Price
Balance, beginning of period	-	$ -	-	$ -
Activities during the period:				
Granted	3,400,000	0.18	-	-
Exercised	(450,000)	0.18	-	-
Expired	(500,000)	0.18	-	-
Balance, end of period	2,450,000	$ 0.18	-	$ -

During the year ended March 31, 2018, the Company granted a total of 3,400,000 options on June 20, 2017 to employees, consultants, directors and officers. A total of 450,000 stock options were exercised at $0.18 each, and 500,000 expired from retiring consultants.
Using the fair value method for share-based payments, a total expense of $295,975 was recorded in the statements of comprehensive loss for the year ended March 31, 2018.

The current amount was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a weighted average expected stock option life of 1.92 years, a weighted average annual volatility of the Company's share price of 113% and an average annual risk free interest rate of 1.25%.

(ii) The following table summarizes information about stock options outstanding at March 31, 2018.

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)
$ 0.18	2,450,000	2,450,000	2.2
	2,450,000	2,450,000	2.2

(Expressed in Canadian dollars)

9. SHARE CAPITAL continued

(d) Warrants

(i) The changes in warrants were as follows:

	For the year ended March 31, 2018	Weighted Average Exercise Price	For the year ended March 31, 2017	Weighted Average Exercise Price
Balance at beginning of period	14,515,000	$ 0.15	-	$ -
Activities during the period:				
Issued	19,025,000	$ 0.15	14,515,000	0.15
Granted	800,000	$ 0.40	-	-
Exercised	(1,625,000)	$ 0.15	-	-
Balance at end of period	32,715,000	$ 0.15	14,515,000	$ 0.15

Pursuant to a marketing agreement with RD Heritage (see note 8(a)), the Company granted 800,000 warrants for the term of the agreement.

A fair value of the warrants was calculated to be $175,978 and recorded in the statements of comprehensive loss for the year ended March 31, 2018.

The current amount was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a weighted average expected stock option life of 2.00 years, a weighted average annual volatility of the Company's share price of 141% and an average annual risk free interest rate of 1.25%.

(ii) The following table summarizes information about warrants outstanding at March 31, 2018:

	Number outstanding	Exercise price	Expiry date
	800,000	0.40	August 5, 2018
	8,310,000	0.15	December 16, 2018
	350,000	0.15	December 30, 2018
	4,230,000	0.15	February 21, 2019
	19,025,000	0.15	December 11. 2020
	32,715,000		

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company and companies controlled by key management personnel. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Management fees	$ 288,000	$ 224,500
Directors consulting fees	107,692	10,000
Professional fees	288,000	224,500
Automotive expenses	30,000	41,000
Stock based compensation	186,223	-
	$ 899,915	$ 500,000

As at March 31, 2018 accounts payable and accrued liabilities included $73,452 (March 31, 2017 - $64,303) owing to officers and directors. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

11. INCOME TAXES

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

	2018	**2017**
Net income (loss) for the year	**(2,361,033)**	(982,488)
Statutory income tax rates	26%	26%
Income tax benefit computed at Canadian statutory tax rate	(613,868)	(255,447)
Items not deductible for income tax purposes	1,817	1,730
Unrecognized benefit of deferred income tax assets	612,051	253,717
Change in timing difference	-	-
	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets.

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

Temporary differences for:	**2018**	**2017**
Income tax assets		
Non-capital loss carry-forward	$ 3,517,543	$ 1,696,219
Share issue costs	80,425	13,925
	$ 3,597,968	$ 1,710,144

As at March 31, 2018, the Company has estimated non-capital losses for Canadian income purposes that may be carried forward to reduce taxable income derived in future years. If not utilized, these losses will expire as follows:

Year of expiry	
2034	$ 3,000
2035	270,000
2036	456,000
2037	968,000
2038	1,821,000
	$ 3,518,000

12. CAPITAL DISCLOSURES

The Company's objectives when managing capital is 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 development of the real estate development Business. 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.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, investment in securities, short term loan, due from(to) a related party, accounts payable and accrued liabilities and property option payable. Cash is stated at fair value and classified within Level 1 of the fair value hierarchy. The fair values of accrued liabilities approximate their carrying values due to their short- term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to develop the real estate development Business. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

The Company's credit risk was primarily attributable to bank balances and subscriptions 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. Subscriptions receivable is due from the parent company and management believes that the credit risk to be minimal.

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, 2018, the Company had a cash balance of $46,626 (2017 - $179,962) and current liabilities of $265,664 (2017 - $183,813). All of the Company's financial liabilities have contractual maturities of less than 30 days, and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short-term and long-term cash requirements.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

14. EVENTS OCCURRING AFTER THE REPORTING DATE

In April 2018, manufacturing equipment purchased from BioCube Corporation was moved into the Company's manufacturing location in Vancouver, British Columbia, Canada. See also note 6 and 7.

In April 2018, 700,000 warrants were exercised at $0.15 per share for total proceeds of $105,000.

In July 2018, 1,000,000 warrants were exercised at $0.15 per share for total proceeds of $150,000.

In July 2018, notice was given to RD Heritage to terminate their marketing and sales agreement. See also note 8(a).

In July 2018, the Company granted stock options to directors, officers and consultants to purchase up to a total 3,400,000 common shares, exercisable at a price of $0.18 per share. The stock options are exercisable for three years until June 20, 2020.