# ENDOCAN SOLUTIONS INC.

(formerly Worldwide Marijuana Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended April 30, 2018

(Unaudited – Prepared by Management)

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of this financial report.

**ENDOCAN SOLUTIONS INC.**
(formerly Worldwide Marijuana Inc.)
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

| | Note | | April 30, 2018 | | October 31, 2017 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 7,049 | $ | 1,856 |
| GST recoverable | | | 20,365 | | 19,580 |
| **Total assets** | | $ | 27,414 | $ | 21,436 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 4,5 | $ | 652,184 | $ | 613,867 |
| Loan payable to related party | 5 | | - | | 32,540 |
| | | | 652,184 | | 646,407 |
| **Non-current liability** | | | | | |
| Loan payable | 6 | | 65,288 | | - |
| **Total liabilities** | | | 717,472 | | 646,407 |
| **Shareholders' deficiency** | | | | | |
| Share capital | 7 | | 4,161,636 | | 4,161,636 |
| Contributed surplus | | | 143,700 | | 143,700 |
| Deficit | | | (4,995,394) | | (4,930,307) |
| **Total shareholders' deficiency** | | | (690,058) | | (624,971) |
| **Total liabilities and shareholders' deficiency** | | $ | 27,414 | $ | 21,436 |

**Event after the reporting period** (Note 12)

The financial statements were authorized for issue by the board of directors on September 25, 2018 and were signed on its behalf by:

*"Bruce Clark"* Director *"Robert Marsh"* Director

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

**ENDOCAN SOLUTIONS INC.**
(formerly Worldwide Marijuana Inc.)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

| | Note | Three Months Ended April 30, 2018 | Three Months Ended April 30, 2017 | Six Months Ended April 30, 2018 | Six Months Ended April 30, 2017 |
|---|---|---|---|---|---|
| **EXPENSES** | | | | | |
| Loan interest | 5 | $ 545 | $ - | $ 1,861 | $ - |
| Management fees | 5 | - | 65,000 | 37,000 | 110,000 |
| Transfer agent and filing fees | | 25,532 | 2,137 | 26,226 | 4,274 |
| **Loss and comprehensive loss for the period** | | $ (26,077) | $ (67,137) | $ (65,087) | $ (114,274) |
| **Basic and diluted loss per common share** | 7 | $ (0.01) | $ (0.03) | $ (0.03) | $ (0.05) |
| **Weighted average number of common shares outstanding** | | 2,323,855 | 2,323,855 | 2,323,855 | 2,323,855 |

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

**ENDOCAN SOLUTIONS INC.**
(formerly Worldwide Marijuana Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)

| | Note | Number of Shares | | Share capital | | Contributed surplus | | Deficit | | Total equity (deficiency) |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance, October 31, 2017 | | 2,323,855 | $ | 4,161,636 | $ | 143,700 | $ | (4,930,307) | $ | (624,971) |
| Comprehensive loss for the period | | - | | - | | - | | (65,087) | | (65,087) |
| Balance, April 30, 2018 | | 2,323,855 | $ | 4,161,636 | $ | 143,700 | $ | (4,995,394) | $ | (690,058) |

| | Note | Number of Shares | | Share capital | | Contributed surplus | | Deficit | | Total equity (deficiency) |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance, October 31, 2016 | | 2,323,855 | $ | 4,161,636 | $ | 143,700 | $ | (4,692,757) | $ | (387,421) |
| Comprehensive loss for the period | | - | | - | | - | | (114,274) | | (114,274) |
| Balance, April 30, 2017 | | 2,323,855 | $ | 4,161,636 | $ | 143,700 | $ | (4,807,031) | $ | (501,695) |

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

**ENDOCAN SOLUTIONS INC.**
(formerly Worldwide Marijuana Inc.)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)

| | Note | 2018 | 2017 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net loss for the period | | $ (65,087) | $ (114,274) |
| Item not affecting cash: | | | |
| Loan interest | | 1,861 | - |
| Changes in non-cash working capital items: | | | |
| Receivables | | (785) | - |
| Accounts payable and accrued liabilities | | 38,317 | 114,274 |
| Net cash used in operating activities | | (25,694) | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Interest paid on related party loan | | (2,113) | - |
| Repayment of related party loan | | (32,000) | - |
| Loan proceeds | | 65,000 | - |
| Net cash provided by financing activities | | 30,887 | - |
| **Change in cash during the period** | | 5,193 | - |
| **Cash, beginning of the period** | | 1,856 | 494 |
| **Cash, end of the period** | | $ 7,049 | $ 494 |

There were no significant non-cash transactions during the six month period ended April 30, 2018 and 2017.

## 1. NATURE OF BUSINESS

Endocan Solutions Inc. (the "Company") was incorporated on May 11, 2011 under the laws of British Columbia, Canada and maintains its head office at 14th Floor – 1050 West Georgia Street, Vancouver, B.C. V6E 4H8. The Company is engaged in the acquisition of companies and assets in the medical marijuana sector with a view to ultimately having multiple subsidiaries that are licensed producers. The Company was listed on the Canadian Securities Exchange (the "CSE") under the symbol "WWM". On August 18, 2016, the Company received a cease trade order from the CSE due to failing to file its annual financial statement for fiscal 2015 and became delisted from the CSE effective December 6, 2016. The Company is currently in the process of raising adequate capital to bring the filings up to date and to become relisted on the CSE.

## 2. BASIS OF PREPARATION

### Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended October 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

### Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

### Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

## 2. BASIS OF PREPARATION (cont'd…)

### Going concern of operations

These condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. The Company has a history of losses with no operating revenue. As at April 30, 2018, the Company reported a working capital deficiency of $624,770 (October 31, 2017 - $624,971) and has an accumulated deficit of $4,995,394. The Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company's ability to complete equity financings, secure project debt financing, and / or generate profitable operations in the future. There is no assurance that further financing efforts will be successful or the Company will attain profitable levels of operations.

These condensed interim consolidated financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

### Significant estimates and assumptions

The preparation of these condensed interim consolidated financial statements requires management to make estimates 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. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of stock options using stock option pricing models, requires the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

ii) 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.

### Significant judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements in applying the Company's condensed interim consolidated financial statements include:

i) The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

ii) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual consolidated financial statements for the year ended October 31, 2017 were consistently applied to all the periods presented unless otherwise noted below.

### Comparative information

Certain comparative information in these financial statements has been reclassified to conform to the presentation of the current period financial statements.

### New accounting policies

There were no new standards effective for periods beginning on or after January 1, 2017 that had an impact on the Company's financial statements. A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2018, or later periods. The Company has not applied these new standards in preparing these condensed interim consolidated financial statements. The following pronouncements are considered by the Company to be the most significant of several pronouncements that may affect the financial statements in future periods.

- New standard IFRS 9 *Financial Instruments* ("IFRS 9") has been issued by the IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018.

- New standard IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") has been issued by IASB to replace IAS 18 *Revenue* and IAS 11 *Construction Contracts*. This new standard sets out the requirements for recognizing and disclosing revenues that apply to all contracts with customers. The effective date of IFRS 15 is for annual periods beginning on or after January 1, 2018.

- New standard IFRS 16 *Leases* ("IFRS 16") has been issued by the IASB to replace IAS 17 Leases. This new standard sets out the requirements for recognizing and disclosing leases. The objective is to ensure that lessees and lessors provide relevant information that faithfully represents the transactions. The effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019.

The Company is currently assessing the impact that these new standards will have on its financial statements and has not early adopted any of the new standards.

## 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | | April 30, 2018 | | October 31, 2017 |
|---|---|---|---|---|
| Trade payables | $ | 37,150 | $ | 35,833 |
| Accrued management fees (Note 5) | | 615,034 | | 578,034 |
| | $ | 652,184 | $ | 613,867 |

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

## 5. RELATED PARTY TRANSACTIONS

Included in accounts payable are $615,034 (October 31, 2017 - $578,044) related to management fees charged to the Company by the former Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

On September 15, 2017, the Company arranged a $250,000 credit facility from Phi Beta Capital Advisors Ltd., a company indirectly controlled by a family member of the former CEO of the Company. During the year ended October 31, 2017, the Company advanced $32,000 from the credit facility. During the six months ended April 30, 2018, the Company repaid the principal amount of $32,000 in full together with the accrued interest of $2,113.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended April 30 is as follows:

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Management fees | $ | 37,000 | $ | 110,000 |
| Share-based payments | | - | | - |
| Total | $ | 37,000 | $ | 110,000 |

The Company entered into the following related party transactions during the six month period ended April 30, 2018:

a) Paid or accrued management fees of $22,000 (2017 - $50,000) to the former CEO of the Company.

b) Paid or accrued management fees of $15,000 (2017 - $60,000) to the former CFO of the Company.

## 6. LOANS PAYABLE

In March 2018, the Company arranged a $150,000 loan facility from a non-related third party. The loan is secured by a certain first priority security interest in all of the tangible and intangible property of the company, bears interest at 3% per annum and is repayable on or before June 1, 2023. As at April 30, 2018, the Company had advanced $65,000 from the loan facility and the accrued interest on the loan was $288.

## 7. SHARE CAPITAL

### Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

### Issued share capital

At October 31, 2017 and April 30, 2018, the Company had 2,323,855 common shares outstanding.

### Share consolidation

On August 8, 2017, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share, stock option and warrant for every ten (10) pre-consolidation common shares, stock options and warrants. All information relating to basic and diluted loss per share, issued and outstanding common shares, share options and warrants in these consolidated financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

### Basic and diluted loss per share

The calculation of basic and diluted earnings per share for the six months ended April 30, 2018 was based on the loss attributable to common shareholders of $65,087 (2017 - $114,274) and a weighted average number of common shares outstanding of 2,323,855 (2017 - 2,323,855).

## 8. SHARE-BASED PAYMENTS

### Stock option plan

The Company has adopted an incentive stock option plan (the "SOP") pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants. The SOP provides that the number of common shares issuable on the exercise of options granted to all persons together with all of the Company's other previously granted options may not exceed 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and certain options vest 25% on the date of grant and 25% every 6 months thereafter for 18 months, while others vest immediately.

The Company had no stock option transactions during the year ended October 31, 2017 and during the six months ended April 30, 2018.

The Company had no stock options outstanding at October 31, 2017 and April 30, 2018.

## 9. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash as fair value through profit or loss; accounts payable, loan payable to related party and loan payable as other financial liabilities and measured at amortized cost. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: accounts payable (Note 4), loan payable to related party (Note 5), and loan payable (Note 6).

The carrying amounts of cash, accounts payable, loan payable to related party and loan payable carried at amortized cost is a reasonable approximation of their fair value due to the relatively short period to maturity of these financial instruments and/or the rate of interest being charged.

### Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

*Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash is available to fund its projects and operations. As at April 30, 2018, the Company had a cash balance of $7,049 and current liabilities of $652,184. The Company's financial liabilities include accrued expenses and trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the optioning of its exploration and evaluation assets. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company has arranged a loan facility of $150,000 to fund its short term operating requirements.

*Interest rate risk*

The Company is exposed to interest rate risk arising from the cash maintained at Canadian financial institutions. The loan facility is based on a fixed interest rate. The exposure to interest rates for the Company is considered minimal. The Company has not used any financial instrument to hedge potential fluctuations in interest.

## 10. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Assets and liabilities measured at fair value on a recurring basis on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the six months ended April 30, 2018.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| April 30, 2018 | | | | |
| FVTPL | | | | |
| Cash | $ 7,049 | $ - | $ - | $ 7,049 |
| October 31, 2017 | | | | |
| FVTPL | | | | |
| Cash | $ 1,856 | $ - | $ - | $ 1,856 |

## 11. CAPITAL MANAGEMENT

In the management of capital, the Company includes components of shareholders' equity in the definition of capital. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and development of medical marijuana business. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financing to fund its activities. In order to carry out the planned activities, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new opportunities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements

## 12. EVENT AFTER THE REPORTING PERIOD

In August 2018, the Company advanced additional $65,000 from the third party loan facility (Note 6).