True Leaf Medicine International Ltd.
Condensed Consolidated Interim Financial Statements
For the Six Months ended September 30, 2017 and September 30, 2016
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

The accompanying unaudited condensed consolidated interim financial statements of True Leaf Medicine International Ltd. for the six months ended September 30, 2017 and September 30, 2016 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

TRUE LEAF MEDICINE INTERNATIONAL LTD.
Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

		September 30, 2017 (Unaudited)		March 31, 2017
Assets				
Current assets				
Cash	$	819,093	$	159,575
Receivables (Note 5)		207,504		66,179
Inventories (Note 5)		837,160		392,908
Prepaid expenses		56,940		15,920
Total current assets		1,920,697		634,582
Non-current assets				
Marketable securities (Note 6)		50		50
Capital assets (Note 7)		80,732		12,356
Capital assets deposit		100,000		-
Intangible assets (Note 8)		132,815		124,635
Total assets	**$**	**2,234,294**	**$**	**771,623**
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	$	294,842	$	211,452
Due to related parties (Note 10)		-		23,771
Promissory note payable (Note 9)		46,428		46,428
Total current liabilities		341,270		281,651
Non-current liabilities				
Promissory note payable (Note 9)		45,835		63,169
Total liabilities	**$**	**387,104**	**$**	**344,820**
Shareholders' equity (deficit)				
Share capital (Note 11)		7,843,987		5,088,454
Reserves		1,070,032		339,802
Deficit		(7,066,830)		(5,001,453)
Total shareholders' equity (deficit)		**1,847,189**		**426,803**
Total liabilities and shareholders' equity (deficit)	**$**	**2,234,294**	**$**	**771,623**

Nature of Operations and Going Concern (Note 1)
Commitments (Note 13)
Events After the Reporting Period (Note 16)

Approved on behalf of the Board of Directors on November 24, 2017

"Kevin Bottomley" Director *"Darcy Bomford"* Director

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

TRUE LEAF MEDICINE INTERNATIONAL LTD.
Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Six Months Ended September 30, 2017	For the Six Months Ended September 30, 2016
Sales	$ 468,056	$ 90,900	$ 762,228	$ 128,675
Cost of sales	(268,087)	(57,809)	(465,373)	(88,517)
	$ 199,969	$ 33,091	$ 296,855	$ 40,158
Operating Expenditures				
Accounting and legal (Note 10)	$ 145,598	$ 92,677	$ 239,516	$ 144,975
Accretion	2,940	-	5,879	-
Administrative and office	236,406	97,734	428,749	190,433
Advertising and marketing	155,428	160,439	617,858	221,069
Amortization – intangible assets (Note 8)	5,304	-	10,609	-
Consulting fees	69,377	44,112	123,885	181,564
Management fees (Note 10)	22,500	15,000	40,000	30,000
Depreciation – capital assets (Note 7)	1,467	773	2,017	1,546
Directors' fees (Note 10)	1,875	1,875	3,750	3,750
Research	26,711	7,659	29,122	13,899
Share-based compensation (Note 10 - 11)	76,340	-	869,360	-
Total operating expenditures	(743,946)	(420,269)	(2,371,662)	(787,236)
Foreign exchange loss	13,058	(593)	9,430	(1,293)
Loss and comprehensive loss for the period	**$ (530,919)**	**$(387,771)**	**$ (2,065,377)**	**$(748,371)**
Loss per common share – basic and diluted	$ (0.01)	$(0.01)	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	69,874,408	53,479,105	66,501,985	50,752,442

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

TRUE LEAF MEDICINE INTERNATIONAL LTD.
Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Convertible Debt - Equity	Reserves	Deficit	Total Shareholders' Equity (Deficit)
Balance, March 31, 2016	**41,971,949**	**$ 2,436,675**	**$ 4,373**	**$ 312,795**	$ **(3,283,342)**	$ **(529,499)**
Shares issued for convertible debt	601,843	63,193	(4,373)	-	-	58,820
Shares issued for debt settlement	2,229,843	234,134	-	-	-	234,134
Private placements, net of share issue costs	7,028,404	726,007	-	-	-	726,007
Shares issued on exercise of warrants	2,264,497	455,020	-	(35,212)	-	419,808
Shares issued on exercise stock options	250,000	40,207		(15,207)		25,000
Loss for the period	-	-	-	-	(748,371)	(748,371)
Balance, September 30, 2016	**54,346,536**	**$ 3,955,236**	**$ -**	**$ 262,376**	**$ (4,031,713)**	**$ 185,899**
Balance, March 31, 2017	**60,427,383**	**5,088,454**	**-**	**339,802**	**(5,001,453)**	**426,803**
Private placements, net of share issue costs	7,741,645	2,289,574	-	-	-	2,289,574
Shares issued on exercise of stock options	1,488,759	409,709	-	(139,130)	-	270,579
Share issued on exercise of warrants	375,000	56,250	-	-	-	56,250
Share-based compensation	-	-	-	869,360	-	869,360
Loss for the period	-	-	-	-	(2,065,377)	(2,065,377)
Balance, September 30, 2017	**70,032,787**	**$ 7,843,987**	**$ -**	**$ 1,070,032**	**$ (7,066,830)**	**$ 1,847,189**

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

TRUE LEAF MEDICINE INTERNATIONAL LTD.
Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six months ended September 30, 2017	Six months ended September 30, 2016
Operating activities		
Loss for the period	$ (2,065,377)	$ (748,371)
Items not affecting cash:		
Depreciation – capital assets	2,933	1,546
Amortization – intangible assets	10,609	-
Accretion	5,879	-
Share-based compensation	869,360	-
Changes in non-cash working capital items:		
Prepaid expenses	(41,020)	4,074
Accounts payable and accrued liabilities	37,119	(23,279)
Due to related parties	(9,500)	(30,734)
Inventories	(400,933)	(54,409)
Receivables	(141,325)	(31,175)
Net cash used in operating activities	(1,732,255)	(890,448)
Investing activities		
Purchase of capital assets	(71,309)	(8,274)
Intangible asset costs	(30,108)	(2,936)
Deposit	(100,000)	
Net cash used in investing activities	(201,417)	(11,210)
Financing activities		
Proceeds from issuance of share capital	2,322,495	737,982
Share issue costs	(32,921)	(11,975)
Proceeds from exercise of options	270,579	25,000
Proceeds from exercise of warrants	56,250	419,808
Payment of promissory note	(23,2013)	-
Net cash provided by financing activities	2,593,190	1,170,815
Change in cash for the period	659,518	269,157
Cash, beginning of the period	159,575	3,737
Cash end of the period	$ 819,093	$ 272,894

Supplemental disclosure with respect to cash flows (Note 14)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

True Leaf Medicine International Ltd. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2014 and is the legal parent of True Leaf Investments Corp. ("TL Investments"), True Leaf Medicine Inc. ("TL Medicine"), True Leaf Pet Inc. ("TL Pet") and True Leaf Pet Europe LLC Sàrl ("TL Pet Europe"). TL Investments, TL Medicine and TL Pet were each incorporated under the *Business Corporations Act* (British Columbia) on March 26, 2014, July 4, 2013 and November 18, 2015, respectively, and TL Pet Europe was incorporated under the Business Corporation Act in Luxembourg on July 18, 2016. The Company's registered office is located at 200, 1238 Homer Street, Vancouver, BC, V6B 2Y5.

On May 23, 2014, TL Investments completed a share exchange with TL Medicine and the sole shareholder of TL Medicine in which TL Investments issued 25,000,000 common shares valued at $1,250,000 to that shareholder in exchange for all of the outstanding common shares of TL Medicine. The share exchange constituted a reverse takeover, with the sole shareholder of TL Medicine acquiring a control position in TL Investments.

On February 2, 2015, the Company completed a plan of arrangement which constituted a reverse takeover, with the shareholders of TL Investments acquiring a control position in the Company (the "Plan of Arrangement"). As a result of the Plan of Arrangement, the consolidated financial statements have been presented as a continuation of TL Medicine. On February 9, 2015, the Company's common shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "MJ".

The Company, through TL Medicine, is seeking to become a licensed producer of medical marijuana under Canada's *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") program administered by Health Canada. As at September 30, 2017, the Company does not have a license with the ACMPR and no products are in commercial production or use. The Company has not been granted an ACMPR license and will be required to satisfy additional obligations in order to qualify including the completion of a compliant facility on a parcel of leased land in Lumby, British Columbia. There is a significant risk that the Company will not receive an ACMPR license, thus rendering the Company unable to proceed with its business model. The Company continues to work diligently to comply with all of the requirements of Health Canada.

As the Company awaits approval of its license application from Health Canada, it is looking at new opportunities with hemp-based nutrition for pets. TL Pet and TL Pet Europe have entered the Canadian, US and European natural pet product market with a product line consisting of hemp functional chews and supplemental products for pets.

Going Concern

These condensed consolidated interim financial statements (these "financial statements") have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the six month period ended September 30, 2017, the Company incurred a loss of $2,065,377 (September 30, 2016 - $748,371) and earned $762,228 (September 30, 2016 - $126,675) in revenues all of which was associated with the Company's TL Pet and TL Pet Europe operations. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional funding through private placement financings. Management is of the opinion that it does not have sufficient working capital to fund future operations and will require external financing. There is a risk that financing will not be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd...)

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared using accounting policies consistent 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"), including International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

These financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended March 31, 2017.

(b) Principles of consolidation

These financial statements incorporate the financial statements of the Company and its controlled subsidiaries. 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. These financial statements include the accounts of the Company and its direct wholly-owned subsidiaries: TL Investments, TL Medicine, TL Pet and TL Pet Europe. All significant intercompany transactions and balances have been eliminated on consolidation.

(c) Basis of measurement and use of estimates

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries, with the exception of TL Pet Europe which has a functional currency of the Euro.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

2. BASIS OF PREPARATION (cont'd...)

(i) Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration and shares determined to have been issued at a discount. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Prior to listing on the CSE, the Company estimated the fair value of shares issued with reference to private placements with arm's length parties.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share- based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

(ii) Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for income taxes.

(iii) Accounting for the business combination

The fair value of assets acquired and the resulting bargain purchase option required that management make estimates based on the information provided by the acquiree. Changes to the provisional values of assets acquired, including the associated deferred income taxes and resulting bargain purchase option, may be retrospectively adjusted when the final measurements are determined (within one year of acquisition date). The determination of fair value as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, profitability of assets acquired, useful lives and discount rates.

(iv) Amortization rates for intangible assets

Amortization expenses are calculated based on assumed intangible asset lives. Should the intangible asset life or amortization rates differ from the initial estimate, an adjustment would be made in the consolidated statement of loss and comprehensive loss.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

(i) Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

2. BASIS OF PREPARATION (cont'd...)

(ii) Business combination

Determination of whether the set of assets acquired constitute a business required the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of the OregaPet assets (Note 4) was determined to constitute a business acquisition.

(iii) Financial instruments

Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the consolidated statements of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

3. NEW AND FUTURE ACCOUNTING STANDARDS

New standards not yet adopted

During the six month period ended September 30, 2017, there were no new IFRS or IAS accounting standards that became effective that had a material impact on the Company's 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 is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This new standard is tentatively effective for annual periods beginning on or after January 1, 2018.
- 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.
- New standard IFRS 16 "Leases". This new standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

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

(Expressed in Canadian dollars)

4. ACQUISITION OF OREGAPET ASSETS

On December 22, 2016, the Company entered into an Asset Purchase Agreement (the "Agreement") with T.L.M. Developments Ltd., a private British Columbia company ("TLM"), to purchase certain assets which make up the OregaPet pet product line ("OregaPet"). These assets consisted of trademarks, formulas, inventory and a customer list. No physical facilities, employees, market distribution systems or sales force were acquired. The Company acquired OregaPet with the intent to rebrand certain products under its TrueLeaf Pet branding.

On November 3, 2016, the Company made a non-refundable deposit of $1,000 upon signing a binding term sheet and a further non-refundable deposit on December 9, 2016 of $99,000 to secure the Agreement. The Company also issued 476,190 common shares with a fair value of $100,000 and issued a Promissory Note (the "Note") (Note 9) with a face value of $139,283. The Note is repayable in equal monthly instalments over a term of three years commencing January 31, 2017. The Note does not bear interest, except in the case of a breach of the repayment terms for a period of more than 30 days in which case the entire balance of the Note will be payable immediately, and interest at a rate of 12% will be payable on the unpaid balance from the date of such non-payment until the Note is repaid in full.

The acquisition of OregaPet was considered a business combination and was accounted for using the acquisition method. The excess of the aggregate fair value of net assets acquired over the consideration paid was considered a gain on bargain purchase and was recognized to profit and loss.

The purchase price allocation based on the fair value of OregaPet's assets acquired and liabilities assumed is summarized as follows:

		December 31, 2016
Purchase Price:		
Cash	$	100,000
Common shares		100,000
Promissory Note – current		43,870
Promissory Note – long term		74,142
Total purchase price	$	318,012
Purchase Price Allocation:		
Intangible assets	$	55,500
Inventories		267,850
Net assets acquired		323,350
Gain on bargain purchase	$	5,338

5. RECEIVABLES AND INVENTORIES

Receivables

		September 30, 2017		March 31, 2017
Trade receivables	$	204,666	$	62,098
Goods and services tax receivable		2,838		4,081
	$	207,504	$	66,179

(Expressed in Canadian dollars)

5. RECEIVABLES AND INVENTORIES (cont'd...)

Trade receivables are non-interest bearing and are due within 30 days. As at September 30, 2017, the Company did not have any trade receivables that were past due. The Company's allowance for doubtful accounts at September 30, 2017 was $nil (September 30, 2016 - $nil).

During the six month period ended September 30, 2017, revenues from the two largest customers amounted to 36.26% (September 30, 2016 - 35.43%) of total sales. As at September 30, 2017, these two customers amounted to 4.86% (March 31, 2017 - 4.27%) of total trade receivables.

Inventories

		September 30, 2017		March 31, 2017
Finished goods	$	572,968	$	92,207
Supplies		264,192		300,701
	$	837,160	$	392,908

6. MARKETABLE SECURITIES

In connection with the Plan of Arrangement (Note 1), the Company received 5,000 common shares of Noor Energy Corporation valued at $0.01 per share.

7. CAPITAL ASSETS

Cost:		**Website**		**Office Furniture**		**Office Equipment**		**Leasehold Improvements**		**Total**
Balance, March 31, 2016	$	10,801	$	-	$	2,105	$	-	$	12,906
Additions		-		-		5,537		3,694		9,231
Balance, March 31, 2017		10,801		-		7,642		3,694		22,137
Additions		-		15,090		6,238		49,981		71,309
Balance, September 30, 2017	$	10,801	$	15,090	$	13,880	$	53,675	$	93,446

Accumulated depreciation:

Balance, March 31, 2016	$	3,655	$	-	$	535	$	-	$	4,190
Depreciation for the year		3,601		-		1,251		739		5,591
Balance, March 31, 2017		7,256		-		1,786		739		9,781
Depreciation for the period		1,800		-		764		369		2,933
Balance, September 30, 2017		9,056	$	-		2,550	$	1,108	$	12,714
Carrying value										
As at March 31, 2017		3,545		-		5,856		2,955		12,356
As at September 30,2017	**$**	**1,745**	**$**	**15,090**		**11,330**	**$**	**52,567**	**$**	**80,732**

(Expressed in Canadian dollars)

8. INTANGIBLE ASSETS

Cost:		**Trademarks and related costs**		**Intellectual property**		**Total**
Balance - March 31, 2016	$	35,008	$	-	$	35,008
Additions		45,268		55,500		100,768
Balance - March 31, 2017		80,276		55,500		135,776
Additions		18,789		-		18,789
Balance - September 30, 2017	$	99,065	$	55,500	$	154,565
Accumulated amortization:						
Balance - March 31, 2016	$	-	$	-	$	-
Amortization for the year		5,591		5,550		11,141
Balance - March 31, 2017		5,591		5,550		11,141
Amortization for the period		5,059		5,550		10,609
Balance - September 30, 2017	$	10,650	$	11,100	$	21,750
Carrying value						
As at March 31, 2017	$	74,685	$	49,950	$	124,635
As at September 30, 2017	**$**	**88,415**	**$**	**44,400**	**$**	**132,815**

9. PROMISSORY NOTE

As at September 30, 2017, the Company had an obligation under a Promissory Note (Note 4) totaling $92,263 (March 31, 2017 - $109,597).

10. RELATED PARTY BALANCES AND TRANSACTIONS

During the six month period ended September 30, 2017, the Company:

1. Paid or accrued a total of $40,000 (2016 - $30,000) to its Chief Executive Officer for management fees;
2. Paid or accrued a total of $15,000 (2016 - $ 15,000) to a company controlled by its Chief Executive Officer for rent;
3. Paid or accrued a total of $12,000 (2016 - $12,000) to its Chief Financial Officer for accounting fees; and
4. Paid or accrued a total of $3,750 (2016 - $3,750) in directors' fees.

As at September 30, 2017, the Company is indebted to its Chief Executive Officer (including companies controlled by its Chief Executive Officer) in the amount of $Nil (March 31, 2017 - $14,271), its Chief Financial Officer in the amount of $nil (March 31, 2017 - $2,000), and $nil (March 31, 2017 - $7,500) for directors' fees and expense reimbursement to the Company's other directors. The amounts are unsecured, non-interest bearing and have no scheduled terms of repayment.

On May 29, 2017, the Company granted a total of 3,900,000 stock options, 1,400,000 of which were to directors and officers of the Company having a fair value of $284,675.

11. SHARE CAPITAL

Authorized:

Unlimited common voting shares with no par value
Unlimited preferred non-voting shares with no par value

Issued:

The Company had the following share capital transactions during the six month period ended September 30, 2016:

1. The Company issued a total of 2,264,497 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $419,808.
2. On May 11, 2016, the Company closed a private placement of 7,028,404 common shares at a price of $0.105 per share for gross proceeds of $737,982. The Company paid a cash finder's fee of $11,975 in association with the financing.
3. On May 11, 2016, the Company issued a total of 2,229,843 common shares pursuant to debt settlement agreements with various vendors. The Company settled aggregate debt totaling $234,134 through issuance of the shares at a value of $0.105 per share.
4. On May 11, 2016, the Company issued a total of 601,843 common shares and 300,921 share purchase warrants pursuant to the conversion of debt and interest owing on a loan from a related party.
5. On August 31, 2016, the Company issued a total of 250,000 common shares pursuant to the exercise of stock options for gross proceeds of $25,000.

The Company had the following share capital transactions during the six month period ended September 30, 2017:

1. The Company issued 1,488,758 common shares pursuant to the exercise of stock options for gross proceeds of $270,575.
2. The Company issued 375,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $56,250.
3. On May 29, 2017, the Company completed a private placement by issuing 3,099,829 units at a price of $0.30 per unit for gross proceeds of $929,950. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of $0.45 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering. The Company incurred $12,474 in share issue costs associated with this financing.
4. On June 12, 2017, the Company completed a private placement by issuing 4,641,816 units at a price of $0.30 per unit for gross proceeds of $1,392,545. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at a price of $0.45 per share for a period of two years. No value was assigned to the warrants issued as part of the unit offering. The Company incurred $20,447 in share issue costs associated with this financing.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (cont'd…)

Share purchase warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, March 31, 2016	10,215,304	$	0.19
Warrants expired	(5,886,664)		0.21
Warrants and broker warrants exercised	(2,813,163)		0.19
Warrants issued	300,921		0.15
Balance, March 31, 2017	1,816,398		0.15
Warrants issued	7,741,645		0.45
Warrants expired	(150,000)		0.15
Warrants exercised	(375,000)		0.15
Balance, September 30, 2017	**9,033,043**	**$**	**0.41**

As at September 30, 2017 the following share purchase warrants are outstanding:

	Number of Warrants	Exercise Price ($)	Expiry Date
Warrants	990,477	0.15	January 18, 2018
Warrants	300,921	0.15	May 12, 2018
Warrants	3,099,829	0.45	May 29, 2019
Warrants	4,641,816	0.45	June 12, 2019
	9,033,043		

Stock options

The Company has a Stock Option Plan (the "Plan") in place under which it is authorized to grant options to directors, executive officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company in any twelve-month period. Under the Plan, the exercise price of each stock option is subject to a minimum of $0.10 and may not be less than the closing market price of Company's common shares on the trading day immediately preceding the date of grant of the options. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (cont'd…)

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance March 31, 2016	3,850,000	$	0.10
Stock options exercised	(3,090,000)		0.10
Stock options expired	(410,000)		0.10
Stock options granted	2,799,995		0.19
Balance, March 31, 2017	3,149,995		0.18
Stock options exercised	(1,488,759)		0.19
Stock options granted	4,200,000		0.40
Balance, September 30, 2017	**5,861,236**	**$**	**0.34**

As at September 30, 2017 the following stock options are outstanding and exercisable:

	Number of Options	Exercise Price ($)	Expiry Date
Stock options	175,521	0.12	February 17, 2018
Stock options	100,000	0.14	February 19, 2018
Stock options	1,385,715	0.19	December 12, 2018
Stock options	3,900,000	0.40	May 29, 2019
Stock option	300,000	0.45	July 18, 2019
	5,861,236		

On December 12, 2016, the Company granted a total of 2,799,995 stock options to directors, officers, employees and consultants that vested immediately. The stock options were valued at $265,917 ($0.095 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, historical volatility of 97.5%, risk-free rate of 0.76% and expected dividends of $nil.

On May 29, 2017, the Company granted a total of 3,900,000 stock options to directors, officers, employees and consultants that vested immediately. The stock options were valued at $793,020 ($0.203 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, historical volatility of 95.8%, risk-free rate of 0.71% and expected dividends of $nil.

On July 18, 2017, the Company granted 300,000 stock options to an employee that vested immediately. The stock option were valued at $76,340 ($0.254 per option) using the Black-Scholes option pricing model with the following assumptions: term of 2 years, historical volatility of 94.76%, risk-free rate of 1.19% and expected dividends of $nil.

12. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT

Fair Value

Financial instruments recorded at fair value on the consolidated interim 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:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of accounts payable and accrued liabilities and due to related parties approximates their fair value because of the short-term nature of these instruments.

The fair values of cash and marketable securities are measured based on level 1 inputs of the fair value hierarchy.

Risk

The Company is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of September 30, 2017:

Credit risk

Credit risk refers to the risk that another entity will default on its contractual obligations which will result in a loss for the Company. At September 30, 2017, the Company's maximum exposure to credit risk was the carrying value of cash. The Company limits its credit exposure on cash by holding its deposits mainly with Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting future obligations with financial liabilities. The Company is exposed to this risk mainly in respect to finance future growth. As at September 30, 2017, the Company had cash of $819,093 to settle current liabilities of $341,270.

Currency risk

The Company was not exposed to any currency risk as of September 30, 2017.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risk from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. As at September 30, 2017, the Company did not have any liabilities that bear interest at rates fluctuating with the prime rate.

12. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd…)

Capital Management

The Company's capital includes share capital and the accumulated deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. The Company has not changed its approach to capital management during the six month ended September 30, 2017.

13. COMMITMENTS

The Company had the following commitments as of September 30, 2017:

1. On May 1, 2014, the Company entered into a contractual agreement with its Chief Executive Officer whereby the Company will pay or accrue $5,000 per month for management fees. The agreement has no specified term.
2. On May 20, 2014, the Company entered into a contractual agreement with its Chief Financial Officer whereby the Company will pay or accrue $2,000 per month for accounting and financial reporting services rendered for an initial term of two years. Subsequent to September 30, 2017, the Company is negotiating the terms of a new agreement with its Chief Financial Officer, and continues to accrue $2,000 per month in line with the original agreement.
3. On March 27, 2014, the Company entered into an agreement to lease a property located in Lumby, British Columbia for purposes of its future medical marijuana production. The rental agreement has an initial term of one year at a rate of $2,000 per month commencing April 1, 2014. In August 2016, under a mutual verbal agreement, the rent was reduced to $1,000 per month commencing September 1, 2016 with no expiry date. The owner of the property has the right to cancel the rental agreement within 30 days' notice if no significant progress or feedback is shown in regards to the Company's medical marijuana license application.
4. On January 1, 2016, the Company entered into a verbal consulting agreement with its Controller whereby the Company will pay or accrue a maximum of $5,000 per month for accounting and financial reporting services rendered. The agreement has no specified term.
5. On February 1, 2016, the Company (through TL Pet) entered into an agreement with Pet Horizons Ltd., UK ("Pet Horizons") whereby Pet Horizons will develop strategic plans to launch the TL Pet products in Europe for an initial term ending June 2019. The sales territory includes the European Union, Switzerland and Norway, as well as central and eastern Europe including Russia, Ukraine and Belarus. Pursuant to the agreement, the Company will pay a fixed amount of $5,000 per month from February to June 2016 and $3,500 per month from July 2016 to December 2016. Once distributors for the products have been appointed, remuneration to Pet Horizons will be at the rate of a 7% commission for the year ended June 30, 2017 and for the second and third year of the agreement the commission will be reduced to 5%.
6. On September 21, 2017, the Company entered into an option agreement to acquire a property located in Lumby, B.C. for total consideration of $3,300,000 to be paid on or before December 31, 2017. During the six month period ended September 30, 2017, the Company paid a non-refundable deposit of $100,000 to the optionor, which will be applied towards the total purchase price.

(Expressed in Canadian dollars)

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing activities during the six month period ended September 30, 2016 consisted of the following:

1. The Company issued 2,229,843 common shares to settle debt totaling $234,134.
2. The Company issued 601,843 common shares on conversion of convertible debt totalling $63,103.
3. The fair value of $20,812 relating to 1,223,832 share purchase warrants exercised during the period was recorded as an increase to share capital a reduction from reserve.

The significant non-cash investing and financing activities during the period ended September 30, 2017 consisted of the following:

1. The fair value of $139,130 relating to 1,488,759 stock options exercised during the period was recorded as an increase to share capital and a reduction from reserves.
2. As at September 30, 2017, a total of $64,600 in inventory costs are included in accounts payable and accrued liabilities.

15. SEGMENTED INFORMATION

As at September 30, 2017, the Company had one operating segment, being the sale of hemp-based nutrition for pets in North America and Europe, which accounted for all of the Company's revenues since inception.

Geographic segment details as at September 30, 2017 is as follows:

	North America	Europe	Total
Cash	$ 738,701	$ 80,392	$ 819,093
Capital assets	80,732	-	80,732
Intangible assets	132,815	-	132,815
Total assets	$ 952,248	$ 80,392	$ 1,032,640

As at March 31, 2017, the Company had one operating segment, being the sale of hemp-based nutrition for pets in North America and Europe, which accounted for all of the Company's revenues from inception.

Geographic segment details as at March 31, 2017 is as follows:

	North America	Europe	Total
Cash	$ 152,906	$ 6,669	$ 159,575
Capital assets	12,356	-	12,356
Intangible assets	124,635	-	124,635
Total assets	$ 289,897	$ 6,669	$ 296,566

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six month period ended September 30, 2017:

The Company issued 100,000 common shares pursuant to the exercise of stock options for gross proceeds of $18,500.

The Company issued 427,249 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $192,262.

The Company engaged Boustead Securities, LLC Member: FINRA/SIPC ("Boustead"), as lead underwriter in connection with the Company's proposed offering pursuant to the Regulation A framework. The purpose of the offering is to issue new common shares to raise gross proceeds of up to $10,000,000 to help grow the Company's TL Pet division, and to advance the efforts of the TL Medicine division with the goal of becoming a licensed producer of medicinal marijuana under the ACMPR. Once the offering has been qualified by the Securities and Exchange Commission, it will be made available to the general public.