Canna-V-Cell Sciences Inc.

(Formerly Midnight Star Ventures Corp.)

Condensed Consolidated Interim Financial Statements
For the Three Months Ended July 31, 2019 and 2018
(U.S. dollars in thousands)

NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Canna-V-Cell Sciences Inc. (formerly Midnight Star Ventures Corp.) for the three months ended July 31, 2019 have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

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

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

U.S. dollars in thousands

	Note		**July 31, 2019**		**April 30, 2019**
			(Unaudited)		**(Audited)**
ASSETS					
Current					
Cash		**$**	**147**	$	532
Amounts Receivable and prepaid expenses	10		**76**		336
Total current assets			**223**		868
License	4		**4,757**		4,757
Total Assets		**$**	**4,980**	$	5,625
EQUITY AND LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**40**	$	27
Total current liabilities			**40**		27
Non-current					
Warrant liability	8		**625**		1,291
Royalties Commitment	10		**616**		590
Total liabilities		**$**	**1,281**	$	1,908
Shareholders' Equity					
Share capital	6	**$**	**8,305**	$	8,305
Reserves	7		**644**		552
Deficit			**(5,250)**		(5,140)
Total shareholders' equity			**3,699**		3,717
Total liabilities and shareholders' equity		**$**	**4,980**	$	5,625

September 26, 2019	Zaki Rakib	David Ryan
Date of approval of the financial statements	Director	President

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

U.S. dollars in thousands, except per share data

	Note		For the three months ended July 31	
			2019	**2018**
			(Unaudited)	
Operating expenses				
Research and development	1	$	**446**	
General and administrative			**212**	-
Total operating expenses			**658**	-
Loss from operations			**(658)**	-
Finance income			**548**	-
Net loss and comprehensive loss		$	**(110)**	-
Basic loss per share			**(0.00)**	-
Weighted Average Number of Shares Outstanding			**96,577,013**	100,000

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

Canna-V-Cell Sciences Inc. (Formerly Midnight Star Ventures Corp.)

Condensed Consolidated Interim Statement of Changes in shareholders' equity

For the Three Months Ended July 31, 2019 and 2018

U.S. dollars in thousands

	Number of Shares		Share Capital		Reserve		Accumulated Deficit		Total Shareholders' Equity
Balance, February 26, 2018 (date of incorporation)	-	$	-	$	-	$	-	$	-
Issuance of shares for incorporation costs	100,000		1				-		1
Net profit for the period	-		-		-		(5)		(5)
Balance April 30, 2018 (unaudited)	**100,000**	**$**	**1**	**$**	**-**	**$**	**(5)**	**$**	(4)
Issuance of shares to Bioharvest in respect of license agreement (Note 4)	900,000		4,234		-		-		4,234
RTO	95,577,013		4,070		123		-		4,193
Stock based compensation (Note 7)	-		-		429		-		429
Net loss for the period	**-**		-		-		(5,135)		(5,135)
Balance April 30, 2019	**96,577,013**	**$**	**8,305**	**$**	**552**	**$**	**(5,140)**	**$**	**3,717**
Stock based compensation (Note 7)	-		-		92		-		92
Net loss for the period	**-**		-		-		(110)		(110)
Balance July 31, 2019 (unaudited)	**96,577,013**	**$**	**8,305**	**$**	**644**	**$**	**(5,250)**	**$**	**3,699**

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

Canna-V-Cell Sciences Inc. (Formerly Midnight Star Ventures Corp.)
Condensed Consolidated Interim Statements of Cash Flows
U.S. dollars in thousands

		For the Three
		Jul
		2019
		(Unau
Cash flows from operations		
Net loss for the period	$	**(110)**
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Stock based compensation		**92**
Changes in fair value of warrant liability		**(666)**
Charnge in fair value of royalty commitment		**26**
Changes in prepaid expenses		**260**
Changes in accounts payable and accrued liabilities		**13**
		(385)
Net change in cash		**(385)**
Cash, beginning of period		**532**
Cash, end of period	**$**	**147**

The accompanying notes are an integral part of these Condensed Consolidated Interim Finan

1. General

Canna-V-Cell Sciences Inc. (formerly Midnight Star Ventures Corp. ("Midnight Star") (the "Company" or "CannaVCell", or collectively with its subsidiaries, the "Group") was incorporated under the Business Corporations Act of British Columbia on April 19, 2013.

On September 27, 2018, the Company completed a qualifying transaction (the Transaction") with Bio Harvest Ltd. ("BioHarvest"), a company incorporated in Israel, and BioHarvest's 100% wholly owned subsidiary, Dolarin Ltd. ("Dolarin"), a corporation incorporated in the Israel ("Business Combination Agreement"). The Company issued 48,337,496 shares to BioHarvest in consideration for 100% of the issued share capital of Dolarin (1,000,000 shares). As a result of the Transaction, Dolarin became a wholly-owned subsidiary of the Company. Completion of the Transaction resulted in a Reverse Takeover and change of business for the Company (the "RTO"). BioHarvest is the ultimate parent of the Group.

Following the completion of the Transaction, Midnight Star Ventures Corp. changed its name to Canna-V-Cell Sciences Inc. Subsequent to the Transaction, the Company's principal business is to develop and produce cannabis active ingredients based on biopharming technology. The Company obtained final approval for the Transaction from the Exchange on October 2, 2018 and is traded on the Canadian Securities Exchange under the symbol "CNVC".

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 26, 2019.

A. Licensing and Service Agreement

On April 19, 2018, BioHarvest and Dolarin entered into a license agreement, which has an effective date of the closing of the Transaction ("License Agreement"). Pursuant to the license agreement Dolarin acquired certain worldwide, non-transferable, Sales-based royalty bearing license in perpetuity from BioHarvest for the use of BioHarvest's biotechnology for the production and sale of cannabis products for the medical and recreational markets (the "License").

Dolarin acquired the licenses for the following consideration:

a) The issuance of 900,000 common shares of Dolarin to BioHarvest.

b) The payment of $160 in 16 equal monthly payments of $10 commencing on the effective date.

c) The payment to BioHarvest of a milestone payment comprising $840 upon the commencement of construction of the first manufacturing facility for relevant licensed product.

On April 19, 2018, BioHarvest and Dolarin also entered into a services agreement with an effective date of the closing of the Transaction ("Service Agreement"). Pursuant to the Service Agreement, Dolarin contracted BioHarvest to perform certain limited research, development and commercialization of BioHarvest's technology in the field of cannabis including the equipment, materials, facilities and personnel.

B. Going Concern

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary, should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed consolidated interim financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profit levels of operations. These conditions indicate the existence of material uncertainties that may cause significant doubt about the Company's ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values. The Company has yet to have any revenues and has incurred losses to date resulting in a cumulative deficit of $5,250 as at July 31, 2019. The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute its business strategy or be successful in future financing activities.

2. Basis of Preparation

Statement of Compliance

The Company prepares its unaudited condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The unaudited condensed consolidated interim financial statements are in compliance with IAS 34. Accordingly, certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS have been omitted or condensed.

Basis of Presentation

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Since Dolarin was incorporated on February 26, 2018, these condensed consolidated interim financial statements do not include a statement of loss or a statement of cash flows for the three months ended July 31, 2018.

Foreign currencies

These condensed consolidated interim financial statements are presented in United States dollars. The functional currency of the Company and its subsidiary is the United States dollar.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its directly owned 100% subsidiary, Dolarin.

All inter–company balances, and transactions, have been eliminated upon consolidation.

Significant accounting judgments and estimates

Determining the fair value of share-based payment transactions

The fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model. The inputs to the model include share price, exercise price, assumptions regarding expected volatility, expected life of share option and expected dividend yield.

Fair value of derivative financial instruments

Management assesses the fair value of the Company's financial derivatives in accordance with the accounting policies in the consolidated financial statements. Fair value of the warrant liability has been measured using the Black-Scholes model, taking into account the terms and conditions upon which the warrants are granted. These calculations require the use of estimates and assumptions. Changes in assumptions concerning volatilities, interest rates, foreign exchange rates, and expected life could have a significant impact on the fair value attributed to the Company's financial derivatives.

Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

2. Basis of Preparation (continued)

Significant accounting judgments and estimates(continued)

Business Combination

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

Amortization of intangible assets

Amortization of intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment and market comparable information.

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amounts capitalized are written off to net income in the period the new information becomes available.

3. Critical accounting estimates and judgements:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

4. License:

As part of the License Agreement, Dolarin issued 900,000 common shared to BioHarvest to consummate the License Agreement. The fair value of the shares issued was determined by reference to the 49,867,707 shares issued by The Company to BioHarvest to acquire Dolarin. Accordingly, the fair value of the shares issued is $4,234.

As the company considers it is probable that it will reach the milestone and construct the factory, it recorded a liability for the Milestone payment. The company currently does not consider the royalty stream probable and therefore did not recognize a liability for future streams.

As Dolarin assumed an amount payable of $590 to BioHarvest to recognize the periodic payments pursuant to the agreement, the fair value of the License Agreement has been computed by the total consideration transferred which is $4,757.

(U.S. dollars in thousands, except per share data)

5. Derivative liability - Warrants:

The following table summarizes information about warrants outstanding as at July 31, 2019:

Date of issuance	Date of expiry	Exercise price	Exercisable at July 31, 2019
September 27, 2018	September 26, 2020	$ 0.17 (CAD 0.23)	20,890,148

Each warrant entitles the holder to purchase one common share of the Company.

The Company uses the Black-Scholes option pricing model to estimate fair value of the warrant liability at the end of each reporting period. The following assumptions were used to estimate the fair value of the derivative warrant liability on:

	July 31, 2019	April 30, 2019
Expected life of warrants	1.15 years	1.4 years
Expected volatility	100%	100%
Expected dividend yield	0%	0%
Risk-free interest rate	1.6%	1.8%
Market price of Common share	CAD 0.15	CAD 0.20
Exercise price	CAD 0.23	CAD 0.23

The Company considers expected volatility of the shares of comparable companies and its Common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on Canadian government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term. For the three month period ended July 31, 2019, the Company recorded a gain of $666 in the statement of comprehensive loss as a result of a decrease in the fair value of the warrant liability as of July 31, 2019.

6. Share Capital:

	Number of shares	
	July 31, 2019 Issued and outstanding	July 31, 2018 Issued and outstanding
Ordinary shares without par value	96,577,013	100,000

The Ordinary Shares confer upon the holders thereof all rights accruing to a shareholder of the Company, including, the right to receive notices of and to attend meetings of shareholders; for each share held, the right to one vote at all meetings of shareholders; and to share equally, on a per share basis, in such dividend and other distributions to shareholders of the Company as may be declared by the Board of Directors and upon liquidation or dissolution of the Company, in the distribution of assets of the Company legally available for distribution to shareholders in accordance with the terms of applicable law. All Ordinary Shares rank pari-passu in all respects with each other.

(U.S. dollars in thousands, except per share data)

7. Stock Options

The Company maintains a stock option plan (the "Plan") for the directors, officers, consultants and employees of the Company. The maximum number of options issuable under the Plan shall be equal to ten percent (10%) of the outstanding shares of the Company less the aggregate number of shares reserved for issuance or issuable under any other security-based compensation arrangement of the Company.

A summary of the status of the option plan as at July 31, 2019, and changes during the three months ended July 31, 2019 is as follows:

	Number of options	Average Exercise Price
Balance, April 30, 2018	**-**	$ -
Options granted:		
September 27, 2018	9,655,105	$ 0.20
March 11,2019	750,000	$ 0.20
Balance outstanding at April 30 , 2019 and July 31 , 2019	**10,405,105**	**$ 0.20**

Share-based compensation expense is recognized over the vesting period of options. During the three months ended July 31, 2019, share-based compensation of $92 was recognized based on options vested during the period (Three months ended July 31, 2018 - $nil)

The following table summarizes information about the options outstanding as at July 31, 2019:

Options Outstanding		Options Exercisable		
Number Outstanding at July 31, 2019	**Exercise Price**	**Weighted Average Remaining Contractual Life (years)**	**Number Exercisable at julu 30, 2019**	**Weighed Average Exercise Price**
10,405,105	$ 0.20	4.91	3,797,998	$ 0.20
10,405,105	**$ 0.20**	**4.91**	**3,797,998**	**$ 0.20**

8. Financial instruments and risk management:

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash, trade and other receivables, trade payables and other liabilities. The main purpose of these financial instruments is to raise finance for the Company's operation. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly currency risk and liquidity risk. The Company has no interest rate risk as the balances exposure to interest is minimal. The risk management policies employed by the Company to manage these risks discussed below.

Fair value of financial assets and liabilities:

The fair value of the Company's current financial assets and liabilities approximates their carrying amounts as their maturity date is less than 1 year and they do not bear a fixed interest rate.

The following table summarises the information about the level 3 fair value measurements:

Item	Fair value	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Derivative liability - Warrants	1,291	Black-Scholes model	level 3	Volatility of firm's assets returns*

* A change in the volatility measure by 5% results in a change of +/- 87K of the fair value

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

Capital management:

Group's objective is to maintain, as much as is possible, a stable capital structure. In the opinion of Group's management its current capital structure is stable. Consistent with others in the industry, the Group monitors capital, including others also, on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the condensed consolidated interim statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the condensed consolidated interim statement of financial position plus net debt.

9. Loss per share:

Net loss per share attributable to equity owners:

	July 31, 2019	July 31, 2018
	(Unaudited)	
Net loss used in basic and diluted EPS	(745)	-
Weighted average number of shares used in basic and diluted EPS	96,577,013	-
Basic and diluted net EPS	(0.01)	-

(U.S. dollars in thousands, except per share data)

10. Related Parties:

Related party transactions:

	For the three months ended July 31	
	2019	**2018**
	(Unaudited)	
Compensation of key management personnel of the Company:		
Management fees for the CEO	10	-
Management fees for the CFO	2	-
Share base payment to CEO (Note 6)	27	-
Other related party transactions:		
Research and development (Note 1A)	419	-

Balances with related parties:	**July 31, 2019**	**April 30, 2019**
Prepayments	60	325
Royalties Commitment	(616)	(590)

11. Subsequent events

On September 23, 2019 the Company has closed a private placement financing (the "Private Placement Financing") by issuing 6,666,667 units at a price of $0.15 per unit for gross proceeds of $1,000 ($985 after payment of commissions and finder's fees). The securities issued under the private placement will be subject to a hold period expiring four months and one day from the date of issuance pursuant to applicable Canadian securities laws. Each unit consists of one common share of the Company and one non-transferable share purchase warrant. Each warrant will be exercisable to purchase an additional common share at a price of $0.30 per share for a period of two years from closing of the Private Placement Financing.