COGNETIVITY NEUROSCIENCES LTD.
(FORMERLY UTOR CAPITAL CORP.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended April 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Cognetivity Neurosciences Ltd. (formerly Utor Capital Corp.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Note	April 30, 2018	January 31, 2018
		$	$
ASSETS			
Current			
Cash		650,697	138,797
Short term investment	**5**	1,945,000	3,470,000
Due from related-parties	**8**	26,756	-
Prepaids		258,650	15,256
Interest and tax receivable		127,600	119,934
Total Current Assets		3,008,703	3,743,987
Equipment	**6**	9,934	10,416
TOTAL ASSETS		3,018,637	3,754,403
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		527,379	327,844
Due to related parties	**8**	-	38,202
Total Liabilities		527,379	366,046
SHAREHOLDERS' EQUITY			
Common shares	**7**	4,676,581	1,519,911
Reserves	**7**	1,512,690	80,060
Special warrants	**7**	-	3,840,140
Deficit		(3,715,344)	(2,071,702)
Accumulative other comprehensive income		17,331	19,948
Total Shareholders' Equity		2,491,258	3,388,357
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,018,637	3,754,403

Approved on Behalf of the Board of Directors on June 28, 2018:

"Sina Habibi" Director — Sina Habibi

"David Velisek" Director — David Velisek

The accompanying notes are integral to these condensed interim financial statements.

Cognetivity Neurosciences Ltd. (formerly Utor Capital Corp.)
Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars, except per share amounts)

	Notes	April 30, 2018	April 30, 2017
		$	$
Expenses			
Consulting fees		154,644	38,908
Depreciation	6	622	241
Foreign exchange loss (gain)		(654)	-
General and administration		18,578	16,251
Listing expenses	4	62,000	-
Marketing and advertising		163,665	-
Professional fees		4,326	11,712
Rent		27,484	11,037
Research and development		374,588	(20,192)
Salaries and benefits		79,212	26,041
Share-based payment		749,160	-
Travel		6,929	1,543
Transfer agent and regulatory		12,343	-
		1,652,897	85,541
Income Before Other Income			
Interest income		9,255	30
Net Loss		1,643,642	85,511
Other Comprehensive Income			
Unrealized gain on foreign exchange translation		2,617	13,474
Comprehensive loss		1,646,259	98,985
Basic and diluted loss per common share		0.05	0.03
Weighted average number of common shares outstanding		35,827,921	2,834,167

The accompanying notes are integral to these condensed interim financial statements

Cognetivity Neurosciences Ltd. (formerly Utor Capital Corp.)
Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars, except per share amounts)

	Common Share		Class B Share						
	Number of Shares	$	Number of Shares	$	Special Warrants $	Reserves $	AOCI $	Deficit $	Shareholders' Equity (Deficiency) $
Balance – January 31, 2017	30,000,000	459,960	-	-	-	-	16,508	(575,898)	(99,430)
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(13,474)	(85,511)	(98,985)
Balance – April 30, 2017	30,000,000	459,960	-	-	-	-	3,034	(661,409)	(198,415)
Balance – January 31, 2018	24,777,022	1,519,911	10,000,002	-	3,840,140	80,060	19,948	(2,071,702)	3,388,357
Common shares attached to Special Warrants	16,670,000	3,156,670	-	-	(3,156,670)	-	-	-	-
Warrants attached to the Special Warrants	-	-	-	-	(683,470)	683,470	-	-	-
Stock options granted and vested	-	-	-	-	-	749,160	-	-	749,160
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(2,617)	(1,643,642)	(1,646,259)
Balance – April 30, 2018	41,447,022	4,676,581	10,000,002	-	-	1,512,690	17,331	(3,715,344)	2,491,258

The accompanying notes are integral to these condensed interim financial statements

Cognetivity Neurosciences Ltd. (formerly Utor Capital Corp.)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	April 30, 2018	**April 30, 2017**
	$	**$**
Cash provided by (used in) operating activities		
Net loss for the period	(1,643,642)	(85,511)
Non-cash items:		
Depreciation	622	241
Shares-based payment	749,160	-
Changes in non-cash operating working capital:		
Interest and tax receivable	(6,339)	(7,033)
Prepaids	(243,324)	(10,638)
Accounts payable & accrued liabilities	201,143	(8,899)
Due to Cognetivity Neurosciences	-	200,000
Due to related parties	(66,213)	(5,017)
Net cash used in operating activities	(1,008,593)	83,143
Cash flows from investing activities:		
Acquisition of equipment	-	(2,601)
Net cash used in investing activities	-	(2,601)
Effect of foreign exchange	(4,507)	13,780
Increase (decrease) in cash	(1,008,593)	80,542
Cash, beginning of the period	3,608,797	32,227
Cash, end of the period	2,595,697	126,549

The accompanying notes are integral to these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Cognetivity Neurosciences Ltd. (formerly "Utor Capital Corp.") (the "Company") was incorporated on December 11, 2015 under the laws of British Columbia, Canada. Its head office is located at 1980-1075 W. Georgia St., Vancouver BC, V6E 3C9, Canada and registered office is located at 1500-1055 W. Georgia St., Vancouver, BC, V6E 4N7, Canada. The Company is engaged in the development of an algorithm for early stage detection of Alzheimer's and Dementia.

On December 21, 2017, the Company completed a merger (the "Transaction") whereby the Company acquired 100% of the issued and outstanding common shares of Cognetivity Ltd. ("CGN"), a company registered in England and Wales, and changed its name to "Cognetivity Neurosciences Ltd." The Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") on March 19, 2018 under the stock symbol "CGN".

This Transaction was accounted for as a reverse acquisition as the former shareholders of CGN acquired control of the Company. The Transaction is considered a purchase of the Company's operations by the shareholders of CGN. The Transaction is recorded in accordance with guidance provided in IFRS 2 "Share Based Payments". As the Company did not qualify as a business according to the definition in IFRS 3, this Transaction did not constitute a business combination; rather it is treated as an issuance of shares by CGN for the net assets of the Company. In accordance with IFRS 2, the consolidated financial statements are in the name of Cognitivity Neurosciences Ltd. (formerly Utor Capital Corp.) however, are a continuation of the consolidated financial statements of CGN, the accounting acquirer. Additional information on the arrangement is available in note 4.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully develop its business. These matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

The development of its business may take years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. On April 30, 2018, the Company had not yet achieved profitable operations, had an accumulated deficit of $3,715,344, and working capital of $2,481,324, and expects to incur losses in the development of its business.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 2 of the most recent annual financial statements as at and for the year ended January 31, 2018 as filed on SEDAR at www.sedar.com. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements include the accounts of Cognetivity Neurosciences Ltd., and Cognetivity Ltd. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The subsidiary is fully

2. BASIS OF PRESENTATION (continued)

consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases. Inter-company balances and transactions and any unrealized income and expenses arising from inter-company transactions are eliminated in preparing the condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of Cognetivity Neurosciences Ltd. is the Canadian dollar ("C$") and of CGN is the British Pounds. The reporting currency of the Company is Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

b. Significant accounting judgments and estimates

The preparation of these consolidated 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. Critical estimate used in the preparation of these financial statements including the following:

<u>Recoverability of deferred tax assets</u>

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Significant accounting judgments and estimates (continued)

Recoverability of deferred tax assets (continued)

future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Fair value calculation of share-based payments

The fair value of share-based payments in relation to the reverse takeover is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

Significant areas of critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated statements of financial position is going concern.

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the period ended April 30, 2018. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its access to replacement financing for the future twelve months.

c. Financial instruments

The Company classifies financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. All financial instruments are initially measured at fair value. The classification depends on the purpose for which the financial instruments were acquired or issued. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company has classified cash and short term investment as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company has classified trade and other receivables as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period. The Company has no held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within twelve months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company has no Available-for-sale financial assets.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities at amortized cost. The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends to either settle on a net basis or to realize the assets and settle the liability simultaneously.

The Company does not have any material derivative financial assets and liabilities. The fair value of the Company's financial assets and liabilities approximates the carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
- Level 3 – Inputs that are not based on observable market data.

d. Impairment of financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between the carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in the statement of loss and comprehensive loss. If the amount of the impairment decreases in a subsequent period and the decrease can by objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed, up to the original carrying value of the asset. Any reversal is recognized in the statement of income and comprehensive income.

e. Loss per share

The Company presents the basic and diluted earnings or loss per share data for its common shares, calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

f. 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 the end of the reporting period, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Provisions (continued)

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.

g. Cash

Cash consists of cash balances with bank.

h. Short Term Investments

Short term investments consist of investments with market values closely approximating book values and original maturities between three and twelve months at the time of purchase.

i. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

j. Research and Development (R&D) tax credit

R&D tax credits are recorded as a reduction of the related research and development expenditures upon receipts from the tax authority in the UK. These non-repayable R&D tax credits are earned in respect to research and development costs incurred in the UK and are recorded as a reduction of the related research and development expenditures, provided that there is reasonable assurance that the credit will be recovered.

k. Share capital

Common shares, Class B Shares, special warrants are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity.

l. Share-based payments transactions

The stock option plan allows Company directors, officers, employees and consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and the share-based compensation is expensed based on graded vesting. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the share purchase options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the share purchase

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Share-based payments transactions (continued)

options were granted. Forfeiture rates are estimated in advance and are used in the estimate of the share-based expense for the financial statement period.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

m. Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

n. Accounting standards issued but not yet adopted

The Company has assessed the impact of these new standards on the financial statements and has determined that the application of these standards will not have a material impact on the results and the financial position of the Company.

IFRS 9 Financial instruments
On July 24, 2014, the IASB issued the complete IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9 introduces new requirements for the classification and measurements of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and amends the impairment model by introducing a new "expected credit loss" model for calculating impairment. It also includes a new general hedge accounting standard which aligns hedge accounting ore closely with risk management. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company has determined that the adoption of this standard has no impact on its consolidated financial statements.

IFRS 2 Share-based Payment (Amendment)
In June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in November 2016, to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Accounting standards issued but not yet adopted (continued)

- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has determined that the adoption of this standard has no impact on its consolidated financial statements.

IFRS 16 Leases (New)
In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet determined the impact on its consolidated financial statements.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company’s consolidated financial statements.

4. REVERSE TAKE-OVER

On October 23, 2017, the Company signed a share exchange agreement with Cognetivity Ltd. whereby the Company acquires 100% of the issued and outstanding common shares of Cognetivity Ltd., a company registered in England and Wales on April 10, 2013, for an aggregate of 19,999,998 common shares of the Company and 10,000,002 of Class B Shares of the Company. Cognetivity Ltd. is in the business of developing a platform technology comprising of a visual stimulus based diagnostic test and artificial intelligence tools to support the early detection and monitoring of cognitive impairment in neurodegenerative diseases, with initial emphasis on dementia in Alzheimer's Disease and Mild Cognitive Impairment, a difficult-to-diagnose, “pre-dementia” condition.

On December 21, 2017, the Company completed the Transaction by acquiring all of the issued and outstanding common shares of Cognetivity Ltd. The Company issued 800,000 common shares as finder’s fee in connection with the completion of the Transaction.

As a result of the Transaction, the shareholders of Cognetivity Ltd. owned approximately 80% of the issued and outstanding common shares of Cognetivity Neurosciences Ltd. on a non-diluted basis. The acquisition of Cognetivity Ltd. by the Company constitutes a reverse asset acquisition (“RTO”).

(Expressed in Canadian dollars)

4. REVERSE TAKE-OVER (continued)

Because Cognetivity Neurosciences Ltd. does not meet the definition of a business, as defined by IFRS 3, Business Combinations, for accounting and reporting purposes, Cognetivity Ltd. is the accounting acquirer and Cognetivity Neurosciences Ltd. is the accounting acquiree. Accordingly, the acquisition of the net assets and listing status of Cognetivity Neurosciences Ltd. is accounted for as a share-based payment as follows:

Net asset acquired:	
Cash and cash equivalents	$ 4,437,785
Prepaid	7,718
Accounts payable and accrued liabilities	(169,780)
Total net asset acquired	$ 4,275,723
Consideration paid:	
Fair value of the Company's 3,977,024 common shares	$ 831,198
Fair value of the Company's 16,670,000 special warrants, net of share issuance costs	3,840,140
Fair value of the Company's 988,400 brokers warrants	80,060
Total consideration paid:	$ 4,751,398

The fair value of the common shares was calculated based on the value of the most recent private placement completed prior to the Transaction.

The fair value of warrants is valued by using the Black-Scholes option pricing model with the following assumptions:

Stock price volatility	96.96%
Risk free interest rate	1.45%
Expected life	2 year
Expected dividend yield	nil

Costs Attributable to Obtaining a Listing Status:

Total consideration paid	$	4,751,398
Net assets acquired		(4,275,723)
Listing costs:	$	475,675

Under RTO accounting, the existing share capital and deficit balances of Cognetivity Neurosciences Ltd. before the transaction date are eliminated.

In connection with the Transaction, additional costs were incurred for professional fees and finders' fees for a total of $179,237. The finders' fees were paid in shares with a fair value of $167,200, which is determined using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.45%, a dividend yield of 0%, an expected volatility of 96.96% and an expected life of two years.

(Expressed in Canadian dollars)

5. SHORT TERM INVESTMENT

As at April 30, 2018, the Company has a short term investment of $1,945,000 (January 31, 2018 – 3,470,000) with a major financial institution and $11,987 interest receivable due on November 15, 2018. The short term investment has an annual yield of prime minus 2.0%.

6. EQUIPMENT

Cost	
As at January 31, 2017	$ 3,030
Additions	8,588
Foreign exchange movement	524
As at January 31, 2018	12,142
Additions	-
Foreign exchange movement	155
April 30, 2018	$ 12,297
Accumulated depreciation	
As at January 31, 2017	223
Additions	1,434
Foreign exchange movement	69
As at January 31, 2018	$ 1,726
Additions	622
Foreign exchange movement	15
April 30, 2018	$ 2,363
Net book value	
January 31, 2018	$ 10,416
April 30, 2018	$ 9,934

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited Class B Shares without par value

The holders of the Class B Shares are not entitled to receive notice of and to attend any meeting of the shareholders of Cognetivity or to vote on any matter at any meetings of shareholders of Cognetivity. The holders of Class B Shares are not entitled to receive dividends. The holders of the Class B Shares shall be entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Company's shareholders for the purpose of winding up its affairs, to share rateably, together with the holders of Common Shares in such assets of Cognetivity as are available for distribution.

Each Class B Share shall automatically convert into one Common Share, without payment of additional consideration, upon Cognetivity attaining the CE Marketing approval for the cognitive assessment tool kit as a medical device.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

All Class B Shares are not subject to any pre-emptive rights, retraction or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital. The Class B Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the Common Shares are adjusted proportionately.

A. Issued shares

On March 2, 2018, the Company has converted 16,670,000 special warrants into 16,670,000 common shares and 8,335,000 warrants (see note 7C). The common shares are valued at $3,484,030 (see note 7B). The Company allocated the residual value of $683,470 to warrants.

B. Special Warrants

On October 26, 2017, the Company completed a non-brokered private placement of a gross proceeds of $4,167,500, which consist of 16,670,000 of Special Warrants (each a "Special Warrant") whereby each Special Warrant will automatically convert into one Unit immediately prior to receiving the final receipt of a non-offering prospectus by the British Columbia Securities Commission. Each Unit will consist of one common share and one-half of one common share purchase warrant (each a "Warrant"). Each whole Warrant will entitle the holder to purchase one additional common share from the issuer at an intended exercise price of $0.35 per share for a period of two years. The fair value of the common share is $0.209 per share, which is determined by using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.43%, a dividend yield of 0%, an expected volatility of 96.96% and an expected life of two years.

The Company paid $247,300 and issued 988,400 broker's warrants with the same terms as the Warrant as finders' fees.

On March 2, 2018, the Company has converted 16,670,000 special warrants into 16,670,000 common shares and 8,335,000 warrants at an exercise price of $0.35 per share, which will expire on October 26, 2019

C. Share Purchase Warrants

On March 2, 2018, the Company has converted 16,670,000 special warrants into 8,335,000 warrants at an exercise price of $0.35 per share, which will expire on October 26, 2019. The warrants were valued at $683,470 based on residual method.

The following table reflects the continuity of warrants for the period ended April 30, 2018 and 2017:

	Number of warrants	Weighted average exercise price
Balance, January 31, 2018	988,400	$0.35
Issued	8,335,000	$0.35
Balance, April 30, 2018	9,323,400	$0.35

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

C. Share Purchase Warrants (continued)

The warrants outstanding at April 30, 2018 are as follows:

Number Outstanding	Weighted Average Life	Expiry Date
9,323,400	1.49 years	October 26, 2019

D. Share purchase option compensation plan

The Company has adopted a Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

The continuity of stock options for the period ended April 30, 2018 and year ended January 31, 2018 is as follows:

	April 30, 2018		January 31, 2018	
	Number of Options	Weighted Average Exercise Price C$	Number of Options	Weighted Average Exercise Price C$
Options outstanding, beginning of the period	-	-	-	-
Granted	3,600,000	$0.25	-	-
Options outstanding, end of the period	3,600,000	$0.25	-	-
Options exercisable, end of the period	3,600,000	$0.25	-	-

The options outstanding at April 30, 2018 are as follows:

Number Outstanding	Weighted Average Life	Expiry Date
3,600,000	4.89 years	March 19, 2023

On March 19, 2018, the Company granted 3,600,000 options to directors, officers and consultants of the Company. The options are exercisable at C$0.25, fully vested immediately and expire on March 19, 2023. The Company recorded a share based payment amount of $749,160. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 1.96%; dividend yield of 0%; expected volatility of 104.90%; and expected option life of 5 years.

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

During the period ended April 30, 2018 and 2017, the Company incurred the following expenses to related parties:

	2018	**2017**
Consulting fees – CEO and a director	$ 53,589	$ 22,440
Salaries and wages – CMO and a director	16,077	7,480
Salaries and wages – CSO	16,077	7,480
Consulting fees – CCO and a director	16,077	4,987
Consulting fees – COO	28,581	7,480
Share-based payment – directors and officers	749,160	-
	$ 879,561	$ 49,867

As at April 30, 2018 and January 31, 2018, the Company has the following balance owing to related parties:

	April 30, 2018	**January 31, 2018**
CEO and a director	$ -	$ 6,788
CMO and a director	3,107	10,460
CSO	-	10,460
CCO and a director	-	13,075
COO	-	10,460
	$ 3,107	$ 40,783

As at April 30, 2018 and January 31, 2018, the Company has the following balance receivable from related parties:

	April 30, 2018	**January 31, 2018**
CEO and a director	$ 16,394	$ -
CMO and a director	$ 13,469	$ 2,581
CMO and a director	$ 29,863	$ 2,581

Due to/from related parties are unsecured, non-interest bearing, and due on demand with no specific terms of repayment.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

	April 30, 2018 $	January 31, 2018 $
Financial assets		
FVTPL at fair value:		
Cash and short term investment	2,595,697	3,608,797
Loans and receivables at amortized cost:		
Trade trade and other receivables, excluding tax receivables	11,987	9,117
Due from related parties	26,756	-
Financial Liabilities		
Other financial liabilities at amortized cost:		
Accounts payable and accrued liabilities:	527,379	327,844
Due to related parties	-	38,202

Fair value of financial instruments

Financial instruments recorded at fair value are measured using a three-level fair value hierarchy:

Level 1 Fair value is determined by reference to quoted prices in active markets for identical assets and liabilities.

Level 2 Fair value is determined based on inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly.

Level 3 Fair value is determined based on inputs that are unobservable and significant to the overall fair value measurement.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

Cash and short term investment	Level 1 $	Level 2 $	Level 3 $	Total $
As at April 30, 2018	2,595,697	-	-	2,595,697
As at January 31, 2018	3,608,797	-	-	3,608,797

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

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and short term investment. Risk associated with cash and short term investment is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash and short term investment. The Company believes that the capital sources will be sufficient to cover the expected short and long-term cash requirements by obtaining financing through the issuance of debt or common shares.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The Company has cash and cash equivalents balances and short term investment. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is not currently exposed to interest rate risk.

Currency risk

The Company incurred expenses primarily in the UK and is exposed to risk from changes in foreign currency exchange rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the Pound Sterling could have an effect on the Company's results of operations, financial position and/or cash flows. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the Pound Sterling. The Company has not hedged its exposure to currency fluctuations.

10. CAPITAL MANAGEMENT

The Company considers its cash and share capital as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to any externally imposed capital restructure. There was no change in the Company's approach to capital management during the period ended April 30, 2018.

11. SUBSEQUENT EVENTS

On June 22, 2018, the Company granted 100,000 stock options to consultants of the Company. The stock options are exercisable at $0.43 per share and expire on June 22, 2023.