PreveCeutical Medical Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited condensed consolidated interim financial statements of PreveCeutical Medical Inc. (the “Company”) have been prepared by management and approved by the Audit Committee and Board of Directors (the "Board") of the Company. They include appropriate accounting principles, judgement and estimates in accordance with IFRS for unaudited consolidated interim financial statements.

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

PREVECEUTICAL MEDICAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

As at	Note	June 30, 2017	December 31, 2016
		$	$
ASSETS			
Current			
Cash		2,285,821	-
Accounts receivable		-	897
Inventory	6	59,113	59,861
GST recoverable		62,895	27,603
Prepaid and deposits	7	228,218	16,652
Share subscriptions receivable		-	99,500
		2,636,046	204,513
Tangible capital assets	8	722,895	2,670
Intangible capital assets	9	22,564	-
Total assets		3,381,505	207,183
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness		-	47,036
Accounts payable and accrued liabilities		307,905	189,565
Callable debt		74,679	73,227
Convertible debt		11,846	11,293
Government remittances payable		14,978	182,123
		409,408	503,244
Convertible debt		2,325,462	-
SHAREHOLDERS' EQUITY			
Equity portion of convertible debt		158,595	3,232
Share capital		5,503,105	2,950,930
Contributed surplus		131,497	-
Deficit		(5,146,562)	(3,250,223)
		646,635	(296,061)
Total liabilities and shareholders' equity		3,381,505	207,183

Nature and Continuance of Operations (Note 1)

These condensed consolidated interim financial statements are authorized for issue by the Board on August 29, 2017.

They are signed on the Company's behalf by:

"Brian Harris" **Director**

"Stephen Van Deventer" **Director**

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

PREVECEUTICAL MEDICAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS (UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
REVENUE	17,680	7,482	21,348	7,482
COST OF GOOD SOLD	13,432	7,994	17,679	7,994
GROSS PROFIT/(LOSS)	4,248	(512)	3,669	(512)
EXPENSES				
Business development and investor relations	235,052	70,000	265,052	70,000
Consulting and contract	4,855	169,837	10,420	199,400
Insurance	3,642	-	5,966	-
Interest and bank charges	-	-	-	-
Inventory management	10,955	1,960	21,650	1,960
Marketing and promotion	13,256	60,040	46,333	66,479
Meetings and conventions	20,026	6,256	46,209	6,256
Memberships and business licenses	2,107	43	2,945	43
Office and administrative	10,932	4,414	13,238	5,585
Professional fees	74,469	21,641	130,659	57,624
Rent, utilities, repair and maintenance	22,234	11,838	31,555	21,716
Research and development	21,350	-	21,495	-
Salaries and wages	141,181	80,263	261,141	135,031
Stock based payments	-	-	-	-
Transfer agent and filing fees	201	885	301	2,117
Travel and meals	105,175	39,246	164,661	84,047
Vehicle expenses	7,239	6,981	10,995	8,882
	672,674	473,404	1,032,618	659,138
Loss from operating activities	(668,426)	(473,916)	(1,028,949)	(659,650)
Foreign exchange loss	1,082	5,851	1,242	5,987
Interest expense	24,854	1,142	32,383	1,842
Reverse takeover costs	186,373	-	186,373	-
Net loss	(880,735)	(480,909)	(1,248,947)	(667,479)
Basic and Diluted Loss per common share	(0.036)	(0.013)	(0.0257)	(0.020)
Weighted average number of outstanding shares	24,470,575	36,701,598	48,573,607	33,426,757

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

PREVECEUTICAL MEDICAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Common Shares						
	Number of shares	**Amount** $	**Other Equity Instruments** $	**Share Issuance costs** $	**Contributed Surplus** $	**Deficit** $	**Total** $
PMI Balance at December 31, 2015	17,000,000	101,200	59,100	-	-	(123,006)	37,294
Issue of shares	23,627,408	1,664,232		-	-	-	1,664,232
Share issue cost	-	-	-	(60,577)	-	-	(60,577)
Convertible loan equity	-	3,232	-	-	-	-	3,232
Employee stock option plan		1,186,975	-	-	-	-	1,186,975
Loss and comprehensive loss	-	-	-	-	-	(3,127,217)	(3,127,217)
Balance as at December 31, 2016	**40,627,408**	**2,955,639**	**59,100**	**(60,577)**	**-**	**(3,250,223)**	**(296,061)**
Convertible loan equity		155,363					155,363
Issue of shares	2,000	926		-	-	-	926
Issue from share subscription		59,100	(59,100)				-
Share based payment	100,000	50,000	-	-	-	-	50,000
Share Issue - Private Placement	4,271,200	2,149,149	-	(128,250)	-	-	2,020,899
Shares of Carrara Exploration Corp	3,995,667	480,349	-	-	131,497	(647,391)	(35,545)
Net loss for the period	-	-	-	-	-	(1,248,947)	(1,248,947)
Balance as at June 30, 2017	**48,996,275**	**5,850,526**	**0**	**(188,827)**	**131,497**	**(5,146,561)**	**646,635**

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

PREVECEUTICAL MEDICAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Six months ended June 30,	
	2017	**2016**
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(1,248,947)	(667,479)
Adjustments for		
Share-based compensation	-	-
Equity portion of convertible debt	155,363	-
	(1,093,584)	(667,479)
Change in cash on working capital items:		
Accounts receivable and goods and services tax	(34,395)	(9,050)
Inventory	748	(58,237)
Prepaid expenses and deposits	(211,565)	(6,117)
Share subscription receivable	99,500	700
Accounts payable and accrued liabilities	(48,805)	(3,239)
Net cash used in operating activities	(1,288,101)	(743,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of assets	(742,789)	(1,683)
Net cash used in investing activities	(742,789)	(1,683)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of common shares and warrants	2,552,174	676,013
Transaction cost - Carrara Exploration Corp	(515,895)	-
Callable debt	1,452	91,668
Convertible debt	2,326,015	14,175
Net cash provided by financing activities	4,363,746	781,856
Change in cash and cash equivalents, during the period	2,332,856	36,751
Cash and cash equivalents, beginning of the period	(47,036)	(16,208)
Cash and cash equivalents, end of the period	2,285,821	20,543

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

1. NATURE OF OPERATIONS

Effective June 30, 2017, the Company completed the acquisition of 1050962 B.C. Ltd., formerly PreveCeutical Medical Inc. (hereinafter referred to as "0962") resulting in the reverse take-over of the Company by 0962 (the "Transaction").

In connection with the Transaction:

(i) effective June 21, 2017, the Company changed its name from "Carrara Exploration Corp." to "PreveCeutical Medical Inc.";

(ii) effective June 21, 2017, the Company consolidated all of its issued and outstanding common shares on the basis of one (1) post-consolidation share for every three (3) pre-consolidation shares with a corresponding and equal consolidation of the Company's issued and outstanding convertible securities in accordance with the terms and conditions of such securities; and

(iii) the Company changed its business model to focus on the operations and business of 0962. The Company will now be focusing on licensing, branding and marketing nutraceutical and wellness products, using nature and science to develop lasting contributions to health and well-being. It is currently marketing and selling its first product, CELLB9™, an immune system booster. This product is produced at the FDA approved facility of Samson Pharmaceuticals Inc. in the United States of America.

The Company is located at 1177 West Hastings Street, Suite 2200, Vancouver, British Columbia, V6E 2K3.

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operations for the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

During the period ended June 30, 2017, the Company had a deficit which is being funded by debt and issuance of equity. Management has estimated that the Company will meet its obligations and maintain its operations to support its creditors and realize profits from future operations. The Company is dependent on its ability to raise further funds through the issue of equity financing to meet its commitments and ongoing operations.

As of June 30, 2017, and December 31, 2016, the Company reported the following:

	June 30, 2017	December 31, 2016
Net loss for the period	$1,248,947	$3,127,217
Working capital	2,226,638	(298,731)
Deficit	(5,146,562)	(3,250,223)

2. BASIS OF PRESENTATION

Statement of Compliance

The consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the periods ended June 30, 2016 and December 31, 2016.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements were authorized for issue by the Board on August 29, 2017.

Use of estimates and judgments

The preparation of the 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 statement. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that 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.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(ii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to and estimates of the outcome of future events.

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Reverse takeover

Effective June 30, the Company completed the Transaction which was approved by shareholders of the Company at the Annual General and Special Meeting held on May 19, 2017.

Pursuant to the terms of the Transaction, 0962 became a wholly-owned subsidiary of the Company by way of a "three-cornered amalgamation" with 1110607 B.C. Ltd., a wholly-owned subsidiary of the Company. Prior to the Transaction, the Company consolidated all of its issued and outstanding common shares on the basis of one (1) post-consolidation share for every three (3) pre-consolidation shares and changed its name to "PreveCeutical Medical Inc.".

Following the Transaction, all of the issued and outstanding shares of 0962 were cancelled and the Company issued and equal number of shares to the former shareholders of 0962, resulting in a reverse takeover of the Company by 0962. The former shareholders of 0962 hold 83% (on a non-diluted basis) of the issued and outstanding common shares in the capital of the Company.

Accordingly, the Transaction has been recorded as a reverse takeover and no goodwill or intangible assets representing the stock exchange listing has been recorded.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the audited financial statements for the year ended December 31, 2016.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements for the period ended December 31, 2016.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 2, -Share-based payments

In June 2016, the IASB issued the final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and 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 to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of this standard.

IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9 was issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted if the date of initial application is before February 1, 2015, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2018. The Company is currently evaluating the impact of the adoption of this standard on its financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16, Leases

In June 2016, the IASB issued this standard which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

Management believes that IFRS 16 will not have any impact on these financial statements as all current are low value leases.

5. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants 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 pursue the development of its assets and to maintain a flexible capital structure which optimizes the cost 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 debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the period ended June 30, 2017.

6. INVENTORY

Inventory is carried at its fair value of $59,113. Cost of inventories recognised as an expense during the period is $747.

7. PREPAID AND DEPOSITS

Prepaid and deposits comprised of the following:

	June 30, 2017	December31, 2016
	$	$
Deposit for office space (2 months)	27,363	-
Deposit with Specialized Marketing	18,729	16,256
July 2017 rent	13,524	-
Advance to UniQuest BSV Project	76,592	-
Advance to UniQuest CBD Sol Gel Project	81,187	-
Other prepaid	10,823	395
	228,218	16,651

8. CAPITAL ASSETS

			Net Book Value	
	Cost	Accumulated amortization	June 30, 2017	December 31, 2016
	$	$	$	$
Furniture, fixtures and equipment	29,980	147	29,833	1,321
Electronics and software	47,444	334	47,110	1,349
Leasehold improvements	60,632	-	60,632	-
Research and development equipment	585,320	-	585,320	-
	723,376	481	722,895	2,670

In preparation for the move to the leased office space, the Company made improvements to the offices which included new carpeting and purchased furniture and equipment.

With the signing of project contracts with UniQuest Pty Limited ("UniQuest"), the Company made payments for the purchase of research and development equipment which will be used for the Company's projects.

As part of the amalgamation agreement, the exploration and evaluation assets held by Carrara were disposed on consolidation.

9. INTANGIBLE ASSETS

	June 30, 2016	December 31, 2016
	$	$
Licences - cost	100,000	100,000
Purchase option exercised	300,000	300,000
Trademarks and patents - cost	22,564	-
	422,564	400,000
Impairment	(400,000)	(400,000)
	22,564	-

For the period ending June 30, 2017, the Company incurred trademark and patent costs for registering its trademarks in Australia and Europe.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

- 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, and
- Level 3 – Inputs that are not based on observable market date.

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, accounts payable and accrued liabilities and due to related parties approximate their book values because of the short-term nature of these instruments.

Financial Risk Management

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of receivables, accounts payable, accrued liabilities and amounts due to related parties.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions that hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of good and services sales tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

(ii) Liquidity risk

The Company manages liquidity risk through the management of its capital structure. There is a risk that the Company may not be able to meet its financial obligation when they are due. Some of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at June 30, 2017 the Company has no financial assets that are past due or impaired due to credit risk defaults.

The Company expects to continue incurring income in the fourth quarter of developing its business. Management has estimated that the Company will meet its obligations and maintain its operations to support of its creditors and realize profits from future operations.

(iii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. For the period ended June 30, 2017, 100% of inventory was purchased in US dollars. Further, the Company may also have financial risk exposure to varying degrees relating to the currency of each of the countries where it sells its products. Consequently, the Company's assets and some liabilities are exposed to foreign exchange fluctuations. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest income is not material to the Company. Accordingly, the Company does not believe it is exposed to significant interest rate risk.

(v) Price risk

The Company is exposed to price risk with respect to the price of health-related products in Canada and the United States, as well as in international markets. The prices of such products are tied to numerous factors, such as the health of the economy and supply and demand levels and consumer tastes in the health industry. Price fluctuations may affect the Company's operating profit margin. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

11. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Escrow shares

On June 30, 2017, and in connection with the Transaction, the Company entered into an escrow agreement whereby certain shares, warrants and stock options of the Company will be held in escrow.

At June 30, 2017, there were 29,695,600 common shares, 3,783,334 stock options, 360,000 warrants and convertible debentures in the principle amount of $2,550,000 held in escrow.

Issued share capital

For the period ended June 30, 2017, the Company issued:
(i) 45,000,608 common shares in the capital of the Company, of which 40,729,408 were issued

in connection with the Transaction, and 4,271,200 were issued pursuant to a private placement;

(ii) 4,271,200 common share purchase warrants pursuant to a private placement, each warrant being exercisable for one common share in the capital of the Company at a price of $1.00 per share for a period of 12 months following the date of issuance, subject to acceleration; and

(iii) 4,050,000 incentive stock options in connection with the Transaction.

Issued and outstanding

As at June 30, 2017, the Company had 48,996,275 shares issued and outstanding.

12. STOCK OPTIONS

Stock Option Plan

As at June 30, 2017, the Company has 4,449,568 outstanding incentive stock options ("Incentive Options") to purchase common shares of the Company under the Company's 10% rolling stock option plan approved by the Board. The Incentive Options include as follows:

Expiry Date	Quantity	Exercise Price
May 18, 2019	132,900	$0.66
August 10, 2020	3,350,000	$0.25
August 31, 2020	250,000	$0.25
June 28, 2021	450,000	$0.50
September 7, 2021	266,668	$0.30
Total Incentive Options as at June 30, 2017	**4,449,568**	

Agent's Options

The Company's agent's options were originally issued on December 21, 2016 in the aggregate amount of 373,000 options with an exercise price of $0.10 per share. As at June 30, 2017, as a result of the Company's three (3) to one (1) share consolidations, the Company had 124,566 agent's options issued and outstanding, each with an exercise price of $0.30 per share. The agent's options expire on December 21, 2018.

13. WARRANTS

In connection with the Company's non-brokered private placement, the Company issued 4,271,200 common share purchase warrants, each warrant entitling the holder to purchase one common share in the Capital of the company at an exercise price of $1.00. The warrants have an acceleration clause and they expire on June 29, 2018.

14. KEY MANAGEMENT COMPENSATION

The Company's key management consist of the following executive officers and directors:

Name	Position	Nature of transaction
Stephen Van Deventer	CEO and Chairman	Management Services
Kimberly Van Deventer	Director, President	Management Services
Shabira Rajan	CFO and Controller	Management Services
Brian Harris	Director, VP Corporate Development	Management Services

The remuneration of key management is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures.

For the periods ended		**June 30, 2017**		**December 31, 2016**
Salaries and short-term employee benefits	$	92,561	$	142,924
Management consulting		120,000		53,000
	$	**212,561**	**$**	**195,924**

15. RELATED PARTY TRANSACTIONS

For the six months ended June 30, 2017, the Company paid salaries to officers and directors totally in the amount of $92,561 (see note 14). Further, the Company paid consulting fees of $120,000 to two directors and an officer for services rendered.

For the six months ended March 31, 2017, the Company paid $10,000 of rent expenses to Cornerstone Global Partners Inc. ("CGP") which is controlled by certain key executives and directors.

As at June 30, 2017, the total outstanding on the Company's demand loan to CGP was $74,678.98, including $4,678.98 in interest expenses. The demand loan bears interest of 4%, calculated on monthly basis. The demand loan, which was initially for the period February 1, 2016 to February 1, 2017, was extended by a year in February 2018.

As at June 30, 2017, the total outstanding on two credit facility agreements between the Company and Stephen Van Deventer and Kimberly Van Deventer (the "Lenders"), who are the key executives and directors of the Company, was $2,472,808. The credit facility agreements bear simple interest at 5% per annum and are convertible into common shares of the Company at $0.50 CAD (see note 16).

16. SHORT TERM AND LONG TERM DEBT

Callable Debt - License Agreement Loan

The Company's loan with CGP bears interest at 5% per annum, is unsecured and is callable on demand. The loan, which matured on February 1, 2017, was extended to February 1, 2018. As at June 30, 2017, the balance on the loan was $74,679. Interest of $1,452 was accrued for the period ending June 30, 2017.

Credit Facility Agreement

The Company has entered into two revolving line of credit facility agreements with the Lenders. Both bear a simple interest of 5% per annum.

The first credit facility agreement was entered into on December 9, 2016 in the principal amount of $1 million. The agreement was amended on March 31, 2017, wherein the principle amount was increased by $1 million to a total of $2 million. Under the terms of the agreement and waiver in respect of same dated June 30, 2017, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible, after October 28, 2017, into common shares in the capital of the Company at the price of $0.50 per share (being the share price offered in the Company's ongoing private placement). As at June 30, 2017, the Company has drawn the full $2 million under the credit facility agreement and has accrued interest of $29,538. The Lenders have signed a waiver by which there will be no demand on the funds until July 31, 2018.

The second facility was entered into on May 9, 2017 for a maximum of $1 million. Under the terms of the agreement and waiver in respect of same dated June 30, 2017, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible, after October 28, 2017, into units, each consisting of one common share in the capital of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share in the capital of the Company at the price of $1.00 per share for a period of 24 months after the issuance of the units, subject to acceleration. As at June 30, 2017, $450,500 was drawn on the facility and accrued interest to June 30, 2017, of $989. The Lenders have signed a waiver by which there will be no demand on the funds until July 31, 2018.

Convertible debt

The convertible debt to Sydney Cole bears simple interest at 5% per annum. Interest is calculated and payable on a quarterly basis. The loan matures on March 27, 2018, is unsecured and is callable on demand and convertible into common shares in the capital of the Company at $0.10 per share.

17. SUBSEQUENT EVENTS

Change to Corporate Structure

The Company and its subsidiary, PreveCeutical Medical Holdings Inc. amalgamated on July 31, 2017.

Change in Share Capital

(iv) On July 12, 2017, 4,200,000 performance warrants were issued at an exercise price of $0.50 with the expiry date of July 12, 2022 to certain consultants, officer and other persons. The performance warrants will vest as follows:

- One third on the issue date;
- One third on the date of filing of a patent application in Canada, Australia or the United States by the Company for any of its technologies including, synthetic scorpion venom, gene therapy for obesity and diabetes or sol-gel delivery platform; and
- One third on the date of the filing of an additional patent application in Canada, Australia or the United States by the Company for any of its technologies including, synthetic scorpion venom, gene therapy for obesity and diabetes or sol-gel delivery platform.

(v) On August 8, 2017, 10,000 warrants were exercised at a price of $0.30 per share.

(vi) On August 16, 2017, 7,813 warrants were exercised at a price of $0.30 per share.

Listings on stock markets

Effective July 14, 2017, the Company resumed trading on the Canadian Securities Exchange under the symbol "PREV".

On August 1, 2017, the Company listed its common shares for trading on the Frankfurt Stock Exchange under the symbol "18H".

The Company is listed in the OTC market under the symbol "PRVCF" and is in the process of completing its filings for the quotation of its shares on the OTCQB market. The Company has also made an application for its common shares to be DTC eligible.

Material Agreements

On July 14, 2017, the Company entered into a research and option agreement with Uniquest, the University of Queensland’s main commercialization company, to conduct a research program focused on the development of Smart-siRNAs for the treatment of diabetes and obesity.

On August 7, 2017, the Company signed a non-binding letter of intent with UniQuest for a proposed research collaboration between the Company and the University of Queensland related to a research and development (“R&D”) program involving peptide library synthesis, pharmacological evaluation, alongside pharmacokinetic assessment and efficacy determinations in appropriate animal models of pain and inflammation, which may encompass either party’s intellectual property and product line and other pharmaceutical offerings that may fall within the peptide R&D program.