PreveCeutical Medical Inc.
(Formerly Carrara Exploration Corp.)

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - expressed in Canadian Dollars)

NOTICE TO READER

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 condensed consolidated 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, judgment and estimates in accordance with IFRS for unaudited condensed 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 condensed consolidated interim financial statements by an entity’s auditors.

PreveCeutical Medical Inc.
(Formerly Carrara Exploration Corp.)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

As at		March 31, 2018		December 31, 2017
ASSETS				
Current				
Cash	**$**	**204,038**	$	104,478
Accounts receivable		**88,715**		78,425
Inventory		**55,938**		57,246
Prepaid and deposits (Note 4)		**1,020,316**		1,130,679
		1,369,007		1,370,828
Deposits (Note 4)		**887,385**		1,052,501
Property, equipment and furniture (Note 5)		**145,143**		149,437
Intangible assets (Note 6)		**26,894**		26,894
Total Assets	**$**	**2,428,429**	$	2,599,660
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities				
Accounts payable and accrued liabilities		**195,142**		198,485
Callable debt (Note 7)		**76,954**		76,202
Convertible debt - short term (Note 7)		**834,495**		12,196
Government remittances payable		**-**		17,608
		1,106,591		304,491
Convertible debt - long term (Note 8)		**2,735,164**		2,639,509
		3,841,755		2,944,000
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 9)		**6,021,623**		5,995,039
Share subscriptions		**50,000**		-
Equity portion of convertible debt (Notes 7 and 8)		**546,428**		418,688
Share based compensation reserve		**3,867,981**		3,724,041
Deficit		**(11,899,358)**		(10,482,108)
Total shareholders' deficiency		**(1,413,326)**		(344,340)
Total liabilities and shareholders' deficiency	**$**	**2,428,429**	$	2,599,660

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

Approved on behalf of the Board of Directors

"Stephen Van Deventer" **Director**

"Greg Reid" **Director**

PreveCeutical Medical Inc.
(Formerly Carrara Exploration Corp.)
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

For the three months ended	**March 31, 2018**	**March 31, 2017**
Product sales	**$ 2,395**	$ -
Cost of sales	**1,255**	580
GROSS PROFIT/(LOSS)	**1,140**	(580)
EXPENSES		
Amortization (Note 5)	**8,097**	-
Business development and investor relations	**154,142**	30,000
Consulting fees (Note 12)	**79,420**	5,565
Insurance	**12,860**	2,323
Inventory management	**-**	10,696
Marketing and promotion	**58,979**	33,077
Meetings and conventions	**1,302**	26,183
Office and general	**9,063**	3,095
Professional fees	**85,163**	56,190
Rent, utilities, repair and maintenance (Note 12)	**46,266**	9,321
Research and development (Note 4)	**381,208**	145
Salaries and wages (Note 12)	**198,800**	119,960
Share based compensation (Notes 10 and 11)	**143,941**	-
Transfer agent and filing fees	**7,745**	100
Travel and meals	**146,107**	59,486
Vehicle expenses	**7,980**	3,756
Total expenses	**1,341,073**	359,897
LOSS FROM OPERATIONS	**(1,339,933)**	(360,477)
Foreign exchange loss	**(871)**	(160)
Accretion expense (Notes 7 and 8)	**(72,934)**	-
Interest expense (Note 7 and 8)	**(45,935)**	(7,497)
Loss before income tax recovery	**(1,459,673)**	(368,134)
Deferred income tax recovery	**42,423**	**-**
Net loss and comprehensive loss	**(1,417,250)**	(368,134)
Basic and Diluted Loss per common share	**(0.006)**	(0.002)
Weighted average number of outstanding shares	**245,562,960**	208,069,210

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(Unaudited - Expressed in Canadian Dollars)

	Common Shares						
	Number of shares	Amount $	Equity Component of convertible loan $	Share-based Compensation Reserve $	Share Subscriptions	Deficit $	Total $
Balance at December 31, 2016	203,137,040	1,763,955	3,232	1,186,975	-	(3,250,223)	(296,061)
Issue of shares	10,000	926	-	-	-	-	926
Convertible loan equity	-	-	155,363	-	-	-	155,363
Net loss for the period	-	-	-	-	-	(368,212)	(368,212)
Balance as at March 31, 2017	203,147,040	1,764,881	158,595	1,186,975	-	(3,618,435)	(507,984)
Balance as at December 31, 2017	245,522,515	5,995,039	418,688	3,724,041	-	(10,482,108)	(344,340)
Shares issued for service	280,015	26,583	-	-	-	-	26,583
Deposits for share issue	-	-	-	-	50,000	-	50,000
Convertible loan equity	-	-	170,163	-	-	-	170,163
Recognition of deferred tax liability	-	-	(42,423)	-	-	-	(42,423)
Share-based compensation	-	-	-	143,941	-	-	143,941
Net loss for the period	-	-	-	-	-	(1,417,250)	(1,417,250)
Balance as at March 31, 2018	245,802,530	6,021,622	546,428	3,867,982	50,000	(11,899,358)	(1,413,326)

PreveCeutical Medical Inc.
(Formerly Carrara Exploration Corp.)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

Three months ended March 31,		**2018**		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	**(1,417,250)**	$	(368,212)
Adjustments to net loss:				
Amortization		**8,097**		-
Share-based compensation (Note 10)		**143,941**		-
Accretion expenses		**72,934**		-
Accrued interest		**45,935**		722
Deferred income tax recovery		**(42,423)**		-
Shares issued for service (Note 9)		**26,584**		155,363
		(1,162,182)		(212,127)
Change in cash on working capital items:				
Accounts receivable		**(10,290)**		(5,009)
Inventory		**1,308**		125
Prepaid expenses and deposits		**275,479**		(36,760)
Accounts payable and accrued liabilities		**(3,344)**		-
Government remittances payable		**(17,608)**		(260,058)
Net cash used in operating activities		**(916,637)**		(513,829)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, equipment and furniture		**(3,803)**		-
Acquisition of intangible assets		**-**		(10,581)
Net cash used in investing activities		**(3,803)**		(10,581)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of common shares and warrants		**-**		926
Share subscriptions		**50,000**		-
Convertible debt		**970,000**		721,390
Net cash provided by financing activities		**1,020,000**		722,316
Change in cash and cash equivalents, during the period		**99,560**		197,906
Cash and cash equivalents, beginning of the period		**104,478**		(47,036)
Cash and cash equivalents, end of the period	**$**	**204,038**	$	150,870

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

Supplemental Cash Flow Information (Note 13)

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

PreveCeutical Medical Inc. (formerly Carrara Exploration Corp.) (the "Company") was incorporated on December 15, 2014 under the laws of British Columbia. The Company's principal business activity was at that time the mineral exploration and the acquisition of mineral property assets. On June 21, 2017, the Company changed its name from Carrara Exploration Corp. to PreveCeutical Medical Inc. in connection with the Transaction (as defined below). Subsequent to the Transaction, the Company's principal business activity is the development of innovative options for preventive and curative therapies utilizing organic and nature identical products

The Company's head office is located at 1177 West Hastings Street, Suite 2200, Vancouver, British Columbia, V6E 2K3, Canada and its registered office is located at 1040 West Georgia Street, Suite 1170, Vancouver, British Columbia V6E 4H1, Canada.

On March 21, 2017, the Company and a private British Columbia company, 1050962 B.C. Ltd.(formerly PreveCeutical Medical Inc., hereinafter referred to as "0962"), entered into an amalgamation agreement (the "Agreement"). The Agreement was structured as a three-cornered amalgamation, whereby 0962 was amalgamated with the Company's British Columbia subsidiary, 1110607 B.C. Ltd. (the "Transaction") and continued as PreveCeutical Medical Holdings Inc. ("PMIH"), a wholly-owned subsidiary of the Company. Effective June 30, 2017, the Company and 0962 completed the Transaction.

Prior to the Transaction, the Company, effective June 21, 2017, 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.

On July 31, 2017, the Company and PMHI completed a vertical short form amalgamation (the "Amalgamation") and retained the Company's name, PreveCeutical Medical Inc.

In accordance with International Financial Reporting Standards ("IFRS") 3 *Business Combinations,* the Transaction was not considered a business combination because the excess value of consideration paid over the net assets acquired was expensed as a listing cost in the consolidated statements of operations and comprehensive loss:

Consideration paid:	$	4,420,556
Net tangible assets acquired		(1,835,354)
Listing costs recorded in 2017:	$	2,585,202

On March 12, 2018, the Company incorporated a subsidiary, PreveCeutical (Australia) Pty Ltd. ("PreveCeutical (Australia)") in Australia. The Company's research programs will be managed by PreveCeutical (Australia).

At the annual general and special meeting of shareholders of the Company held on May 14, 2018, the shareholders passed a special resolution approving the subdivision of the issued and outstanding common shares without par value in the capital of the Company (each, a "Share") on the basis of five (5) new post-subdivision Shares for every one (1) pre-subdivision Share (the "Stock Split"). This was approved by the board of directors of the Company on May 15, 2018. The number of shares, warrants and options and the exercise price for the warrants and options have been adjusted to reflect the Stock Split.

The condensed consolidated interim 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 condensed consolidated interim financial statements then adjustments would be necessary for the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

Several conditions exist that cast significant doubt about the ability of the Company to continue as a going concern. The Company does not have significant revenue to date and has incurred operating losses since inception. As at March 31, 2018, the Company had a deficit which is being funded by debt and issuance of equity. Management anticipates that the Company will meet its obligations and maintain its operations to support its payments to creditors and realize profits from future business activities. The Company is dependent on its ability to raise further capital through equity financing to meet its commitments and fund its ongoing operations.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

As at March 31, 2018 and December 31, 2017, the Company reported the following:

	Three Months ended March 31, 2018	Year Ended December 31, 2017
Net loss for the period	$ 1,417,250	$ 7,231,885
Working capital available	$ 262,416	$ 1,066,337
Deficit	$ 11,899,358	$ 10,482,108

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with IFRS, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 29, 2018.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at their fair values. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of PreveCeutical (Australia) is Australian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical Accounting Estimates and Judgments

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these condensed consolidated interim financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and all future periods that are affected by the change in estimate.

Critical Accounting Estimates

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

- Intangible assets – useful life

  Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical Accounting Estimates (Continued)

A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

- Property, equipment and furniture – useful lives

  The Company estimates the useful lives and selects methods used to allocate amortization amounts of property, equipment and furniture on a systematic basis. Technical obsolescence of the tangible assets could significantly impact estimated residual useful lives and in turn carrying values being over or understated.

- Income tax

  The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the condensed consolidated interim financial statements.

- Share-based compensation

  The fair value of stock options granted and compensatory warrants is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price of comparable companies, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behavior. Dividends were not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of options that will forfeit and the rate is adjusted to reflect the actual number of options that actually vest.

- Convertible debts

  The convertible debts were separated into their liability and equity components on the consolidated statements of financial position. The liability component is initially recognized at fair value, calculated at the net present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue.

- Fair value of consideration to acquire the Company

  The fair value of consideration to acquire Company comprised common shares, warrants and options. Common shares were valued on the date of issuance of the shares, and the warrants and options were valued using the Black-Scholes option pricing model. The Company applied IFRS 2 *Share-based Payment* in accounting for and assessing the Transaction.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include, but are not limited to, the following:

- Intangible assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical Accounting Judgments (Continued)

The Company assesses at each reporting date if the intangible assets have indicators of impairment. In determining whether the intangible assets are impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, evidence of technological obsolescence and future plans.

- Research and development expenditures

  Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any product development costs as at March 31, 2018.

- Going concern assumption

  The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Principles of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, PreveCeutical (Australia). Subsidiaries are consolidated from the date of acquisition being the date that the Company obtains control. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2017.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed consolidated interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Foreign Exchange

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per International Accounting Standards ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the Canadian dollar and the Australian subsidiary is the Australian Dollar. The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Exchange (Continued)

Under IFRS, the results and financial position of all the Company's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the condensed consolidated interim statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction);
- all resulting exchange differences are recognized as a separate component of equity.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Recent Accounting Pronouncements

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's condensed consolidated interim financial statements are listed below and include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company intends to adopt these standards and interpretations when they become effective and is currently assessing their impact on the condensed consolidated interim financial statements.

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in 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*.

The new standard is effective for the Company's annual period beginning January 1, 2019.

(Unaudited - Expressed in Canadian Dollars)

4. PREPAID AND DEPOSITS

	March 31, 2018	December 31, 2017
Current		
Advance to UniQuest for projects	$ 253,882	$ 385,907
Other prepaids and deposits	98,369	165,470
R&D supply deposit – short-term	668,065	579,302
Non-Current	1,020,316	1,130,679
Advance to UniQuest for equipment	430,218	483,210
Office deposit	27,362	27,364
R&D supply deposit – long-term	429,805	541,927
	$ 1,907,701	$ 2,183,180

The advance to UniQuest Pty Limited (“UniQuest”) relates to prepayments made to UniQuest for the three research and development contracts entered into in the year 2017. Payments made to UniQuest have been recorded as a prepayment and amounts for work completed is expensed to research and development (“R&D”).

The Company entered into a R&D supply agreement effective September 18, 2017 with a licensed producer of medical cannabis (“Supplier”). In exchange for 12,820,515 options, the Supplier will supply samples of cannabis-derived products and ingredient information for use by the Company in its R&D program. Each option is exercisable to one common share of the Company at $0.156 per share for a period of 24 months from the grant date. The fair value of the stock options was determined using the Black-Scholes option pricing model with the following assumptions: exercise price - $0.156, expected life – 2 years, volatility – 107%, risk-free rate – 1.54%, and dividend yield – 0%. The R&D supply deposit is amortized from March 26, 2018, receipt of the first shipment, to the end of the agreement, March 20, 2020 and $23,359 was expensed in March 2018 and recorded in research and development.

5. PROPERTY, EQUPMENT AND FURNITURE

	Computer Equipment	Computer Software	Office Equipment	Leasehold Improvements	Total
COST	$	$	$	$	$
Balance, December 31, 2016	-	1,683	1,468	-	3,151
Additions	34,519	13,857	34,753	82,943	166,072
Balance, December 31, 2017	34,519	15,540	36,221	82,943	169,223
Additions	3,803	-	-	-	3,803
Balance, March 31, 2018	**38,322**	**15,540**	**36,221**	**82,943**	**173,026**
ACCUMULATED AMORTIZATION					
Balance, December 31, 2016	-	334	147	-	481
Amortization	9,493	1,925	3,740	4,147	19,305
Balance, December 31, 2017	9,493	2,259	3,887	4,147	19,786
Amortization	3,702	704	1,617	2,074	8,097
Balance, March 31, 2018	13,195	2,963	5,504	6,221	27,883
Net book value, December 31, 2017	25,026	13,281	32,334	78,796	149,437
Net book value, March 31, 2018	**25,127**	**12,577**	**30,717**	**76,722**	**145,143**

(Unaudited - Expressed in Canadian Dollars)

6. INTANGIBLE ASSETS

	Trademarks	Total
COST	$	$
Balance, December 31, 2016	-	-
Additions	26,894	26,894
Balance, December 31, 2017	26,894	26,894
Additions	-	-
Balance at March 31, 2018	**26,894**	**26,894**
ACCUMULATED AMORTIZATION		
Balance, December 31, 2016	-	-
Amortization	-	-
Balance, December 31, 2017	-	-
Net book value, December 31, 2017	26,894	26,894
Net book value, March 31, 2018	**26,894**	**26,894**

Trademark costs include costs for registering and filing the Company's trademarks, which included filing in Australia and Europe. There has been no amortization recorded as at March 31, 2018.

7. SHORT-TERM DEBT

Callable Debt - License Agreement Loan

The Company entered into a loan agreement with Cornerstone Global Partners Inc. ("CGP") on February 6, 2016 for $105,000 to purchase the license agreement. The loan bears interest at 5% per annum, is unsecured and is due on demand. The loan, which matured February 1, 2017, was extended to February 1, 2018 and further extended to February 1, 2019. As at March 31, 2018, the balance on the loan was $76,954 (December 31, 2017 - $76,202) and $752 (March 31, 2017 - $723) in interest expense was accrued during the quarter.

Convertible debt – short term

On March 28, 2016, the Company entered into a convertible debt agreement with an employee. The convertible debt is unsecured and bears simple interest at 5% per annum and is payable on a quarterly basis. The loan, which matured March 27, 2017, was extended to March 27, 2018. This debt is convertible into common shares in the capital of the Company at $0.02 per share. Interest of $175 (2017 - $175) has been accrued for the three months ended March 31, 2018. Total accrued interest of $1,400 at March 31, 2018 is included in the convertible debt balance.

This debt was converted at the request of the lender on May 1, 2018 at $0.02 per share as per the agreement. 772,875 shares were issued for the total amount outstanding on the loan ($14,000) and interest ($1,458) at April 30, 2018 was $15,458.

Reconciliation of the convertible debt as at March 31, 2018 is as follows:

Balance, December 31, 2016		11,293
Accreted interest		203
Interest expense		700
Balance at December 31, 2017		12,196
Interest expense		175
Balance at March 31, 2018	$	12,371

(Unaudited - Expressed in Canadian Dollars)

7. SHORT-TERM DEBT (Continued)

Convertible debt – short term (Continued)

On January 26, 2018, the Company entered into an agreement with its CEO and its former President (collectively the "Lenders") for $500,000 in the form of a convertible promissory note bearing simple interest at 5% per annum. The promissory note is due on demand. The principal amount and any accrued interest are convertible into common shares of the Company at the option of the Lender at $0.10 per share. The conversion price set therein was reduced from $0.10 to $0.06 per share on April 20, 2018.

At March 31, 2018, the total amount of $500,000 was drawn on this agreement and interest in the amount of $4,452 was accrued.

The Company bifurcated the notes into their components using a discounted cash flow model with an estimated fair value interest rate of 15.5% to estimate the fair value of the liability component with the remaining balance representing the equity component.

Reconciliation of the convertible debts is as follows:

Balance, December 31, 2017	$	-
Issuance of convertible debt		500,000
Equity portion of convertible debt		(87,663)
Accreted interest		6,104
Interest expense		4,452
Balance at March 31, 2018	**$**	**422,893**

On March 28, 2018, the Company entered into a credit facility agreement with its former President for $700,000. Under the terms of the agreement, the amount of any outstanding principal and accrued interest thereon under the credit facility is convertible into common shares of the Company at the lender's request at $0.10 per share.

As at March 31, 2018, $470,000 was drawn on the facility, bearing 5% simple interest and repayment is due March 28, 2019. Interest of $4,796 was accrued as at that date. The conversion price set therein was reduced from $0.10 to $0.06 per share on April 20, 2018.)

The Company bifurcated the notes into their components using a discounted cash flow model with an estimated fair value interest rate of 15.5% to estimate the fair value of the liability component with the remaining balance representing the equity component.

Reconciliation of the convertible debts is as follows:

Balance, December 31, 2017	$	-
Issuance of convertible debt		470,000
Equity portion of convertible debt		(82,500)
Accreted interest		6,935
Interest expense		4,796
Balance at March 31, 2018	**$**	**399,231**

(Unaudited - Expressed in Canadian Dollars)

8. LONG-TERM DEBT

Convertible debts – long term

The Company has entered into two revolving line of credit facility agreements with the Lenders. Both bear simple interest of 5% per annum and are convertible into common shares in the capital of the Company.

The first credit facility agreement was entered into on December 9, 2016 in the principal amount of $1,000,000. The agreement was amended March 31, 2017, wherein the principal amount was increased by $1,000,000 to a total of $2,000,000. Under the terms of the agreement and waiver (the "Waiver") dated September 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 of the Company at the price of $0.10 per share. As at March 31, 2018, the Company has drawn the full $2,000,000 under the facility agreement and has accrued interest of $104,607. The conversion price was reduced from $0.10 per share to $0.06 per share on April 20, 2018.

The second facility was entered into on May 9, 2017 for a maximum of $1,000,000. Under the terms of the agreement and the Waiver, 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 of the Company and one common share purchase warrant at a price of $0.10 per unit. Each common share purchase warrant entitles the holder to purchase one common share of the Company at the price of $0.20 for a period of 24 months after the issuance of the units, subject to acceleration. As at December 31, 2017, $900,500 was drawn on the facility and has accrued interest to March 31, 2018 of $26,261. On April 20, 2018, the conversion price was reduced from $0.10 per Unit to $0.06 per Unit and the warrant exercise price was reduced to $0.10.

The first and second credit facilities are due on demand; however, by signing the Waiver, the Lenders waive the right to demand on the funds until after July 31, 2019.

The Company bifurcated the notes into their components using a discounted cash flow model with an estimated fair value interest rate of 15.5% to estimate the fair value of the liability component with the remaining balance representing the equity component.

Reconciliation of the convertible debts is as follows:

Balance, December 31, 2016	$	-
Issuance of convertible debt		2,900,500
Equity portion of convertible debt		(512,657)
Accreted interest		156,434
Interest expense		95,232
Balance, December 31, 2017	**$**	**2,639,509**
Accreted interest		59,895
Interest expense		35,760
Balance at March 31, 2018	**$**	**2,735,164**

9. SHARE CAPITAL

The issued and outstanding common share number of 246,720,755 reflects the post sub-division of the common shares in connection the 5:1 Stock Split. This Stock Split was approved at the annual general and special meeting of shareholders of the Company held on May 14, 2018 and subsequently approved by the board of directors of the Company on May 15, 2018. The number of shares, warrants and options, and the exercise price for the warrants and options has been adjusted to reflect the Stock Split. The record date of the Stock Split was May 24, 2018.

Authorized

The Company is authorized to issue an unlimited number of common shares without par value. There were 245,802,530 common shares of the Company issued and outstanding as at March 31, 2018 and May 24, 2018 (being the record date for the Stock Split).

(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

Escrow shares

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

At March 31, 2018, there were 111,358,500 common shares, 14,187,500 stock options, 1,350,000 warrants and convertible debentures in the principal amount of $2,295,000 held in escrow.

Issuance

During the three months ended March 31, 2018, the Company issued:

- 280,015 common shares for services fair valued at $26,583 (expensed under consulting fees); and
- the Company has received share subscription payment of $50,000 for the $0.05 private placement which is anticipated to close on May 31, 2018.

During the three months ended March 31, 2017, the Company issued 10,000 common shares for proceeds of $926.

10. STOCK OPTIONS

Stock Option Plan

Stock options to purchase common shares have been granted to directors, employees, contractors and consultants at exercise prices determined by reference to the market value on the date of the grant. The number of shares available for options to be granted under the Company's rolling stock option plan is 10% of the number of shares outstanding (the "Plan"). Options granted under the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

Under the plan, the number of shares reserved for issuance to any one optionee will not exceed 5% of the then issued and outstanding shares. The options are non-assignable and non-transferable and will be exercisable up to 10 years from the date of grant. The minimum exercise price of an option granted under the Plan must not be less than the discounted market price, as such term is defined in the policies of the Canadian Securities Exchange ("CSE") and other applicable regulatory authorities.

The changes in stock options outstanding are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2016	18,000,000	$ 0.05
Granted	5,847,840	$ 0.11
Granted (Note 4)	12,820,515*	$ 0.16
Exercised	(500)	$ 0.05
Balance at December 31, 2017	36,667,855	$ 0.10
Granted	3,500,000	$ 0.10
Cancelled	(5,500,000)	$ 0.06
Balance at March 31, 2018	**34,667,855**	**$ 0.10**

* The CSE approved the issuance of options outside of the Company's option plan.

The fair values of the 3,500,000 stock options were determined using the Black-Scholes option pricing model with the following weighted average assumptions. The weighted average exercise price of these options is $0.11, weighted expected life is 2.3 years, volatility is 118%, risk-free rate is 1.77%, and dividend yield is 0%. These options are vested from date of grant to two years.

(Unaudited - Expressed in Canadian Dollars)

10. STOCK OPTIONS (Continued)

As at March 31, 2018, the Company had the following stock options outstanding and exercisable:

Date of Expiry	Number Outstanding and Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
February 29, 2019	500,000	$ 0.09	0.92
May 18, 2019	664,500	$ 0.13	1.13
August 29, 2019	1,100,000	$ 0.16	1.41
September 19, 2019	12,820,515	$ 0.16	1.47
January 26, 2020	2,500,000	$ 0.10	1.82
August 10, 2020	11,749,500	$ 0.05	2.36
August 31, 2020	1,250,000	$ 0.05	2.42
June 30, 2021	2,250,000	$ 0.10	3.25
September 7, 2021	1,333,340	$ 0.06	3.44
March 12, 2022	500,000	$ 0.09	3.95
Total	**34,667,855**	**$ 0.10**	**2.00**

As at March 31, 2017, the Company had the following stock options outstanding and exercisable:

Date of Expiry	Number Outstanding and Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
August 10, 2020	19,000,000	$ 0.05	3.36
August 31, 2020	1,250,000	$ 0.05	3.42
Total	**20,250,000**	**$ 0.05**	**3.37**

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions. Due to the lack of historical pricing information for the Company, the expected volatility is based on an average of historical prices of a comparable group of companies within the same industry. The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options. The Company used historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying consolidated statements of operations and comprehensive loss.

The Company used the Black-Scholes option pricing model to determine the fair value of the options granted with the following weighted average assumption with vesting from date of grant to two years:

	March 31, 2018	**March 31, 2017**
Risk-free interest rate	1.77%	1%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	118.27%	50%
Expected option life in years	2.33	2.0
Forfeiture rate	0.00%	0.00%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these input assumptions can materially affect the fair value estimate. During the period ended March 31, 2018, the Company recorded $143,941 in relation to the vesting of the stock options.

(Unaudited - Expressed in Canadian Dollars)

11. WARRANTS

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 31, 2016	-	$ -
Issued	42,978,830	$ 0.15
Exercised	(339,215)	$ 0.06
Balance at December 31, 2017 and March 31, 2018	42,639,615	$ 0.15

As at March 31, 2018, the Company had the following warrants outstanding and exercisable:

Date of Expiry	Number Outstanding	Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
June 30, 2018	21,356,000	21,356,000	$ 0.20	0.50
December 21, 2018	283,615	283,615	$ 0.06	0.97
July 12, 2022	21,000,00	7,000,000	$ 0.10	4.53
Total	42,639,615	28,639,615	$ 0.15	2.49

There were no warrants issued during the three months ended March 31, 2018 and 2017.

12. RELATED PARTIES

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 (resigned April 9, 2018)	Former Director, President	Management Services
Shabira Rajan	CFO and Controller	Management Services
Harendra Parekh	Chief Research Officer	Management Services
Makarand Jawadekar	Director, Chief Scientific Officer	Management Services
Maher Khaled	CEO, PreveCeutical (Australia)	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*.

Three months ended March 31,		**2018**		**2017**
Salaries and wages	$	120,000	$	84,923
*Management consulting		84,671		60,000
	$	204,671	$	144,923

*Consulting payment of $68,063 for the Chief Research Officer and Chief Scientific Officer are recorded in Research and Development in the statement of operations.

(Unaudited - Expressed in Canadian Dollars)

12. RELATED PARTIES

Related Party Transactions

Other related transactions for the three months ended March 31, 2018 and 2017 included stock options and interest.

Except as disclosed elsewhere in the condensed consolidated interim financial statements, related party transactions for the three months ended March 31, 2018 and 2017 are as follows:

Three months ended March 31,		2018		2017
Transactions with company owned by key management personnel				
Rent	$	-	$	6,000
Interest payable accrued on loan		2,975		723
Royalty		74		-
	$	3,049	$	6,723
Accrued loan interest payable to certain officers and directors of the Company	$	45,008	$	6,578
Stock options and warrants issued to certain officer and directors	$	97,865	$	-

As at March 31, 2018, $66,345 (2017 - $10,614) is payable to related parties for services incurred and reimbursement of expenses recorded in accounts payable and accrued liabilities.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2018	March 31, 2017
Interest expense	$ 45,935	$ 7,497
Options issued included in prepaid and deposits	$ 1,097,870	$ -
Shares issued for services	$ 26,583	$ -
Interest paid	$ -	$ -

14. MANAGEMENT OF CAPITAL

The Company manages its shareholders’ deficiency as capital. The Company’s objective when managing capital is 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 has been no change to the Company’s approach to capital management during the three months ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

(Unaudited - Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS

The Company's financial instruments classified as level 1 in the fair value hierarchy are cash, accounts receivable, callable debt, accounts payable and accrued liabilities and their carrying values approximate the fair values due to their short-term nature. The convertible debt is classified as level 3.

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers its credit risk on cash to be not significant and accounts receivable to be minimal.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's callable debt (Note 7) and convertible debts (Notes 7 and 8) currently provides for interest at 5% per annum.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

At March 31, 2018, the Company had working capital of $262,416 compared to working capital at December 31, 2017 of $1,066,337. This included cash of $204,038 (December 31, 2017 – $104,478) available to meet short-term business requirements and current liabilities of $1,106,591 (December 31, 2017 - $304,491). The Company will require additional financing to meet its obligations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at March 31, 2018:

		1 year		2 to 3 years		Total
Accounts payable and accrued liabilities	$	195,142	$	-	$	195,142
Callable debt (Note 7)		76,954		-		76,954
Convertible debt – short term (Note 7)		1,007,687		-		1,007,687
Convertible debt – long term (Note 8)		-		3,247,821		3,247,821
	$	1,279,783	$	3,247,821	$	4,527,604

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at December 31, 2017:

		1 year		2 to 3 years		Total
Accounts payable and accrued liabilities	$	198,485	$	-	$	198,485
Callable debt (Note 7)		76,202		-		76,202
Convertible debt – short term (Note 7)		15,225		-		15,225
Government remittances payable		17,608		-		17,608
Convertible debt – short term (Note 7)		-		3,185,442		3,185,442
	$	307,520	$	3,185,442	$	3,492,962

(Unaudited - Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS (Continued)

Other Market Risk

Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. As at March 31, 2018, the Company's currency risk on its foreign currency balances is not significant. The Company does not invest in derivatives to mitigate these risks.

16. SEGMENTED INFORMATION

The Company has one reportable segment being the licensing, branding and marketing nutraceutical and wellness products. Selected segmented financial information is as follows:

Three months ended March 31,		**2018**		2017
Segmented information				
Product Sales				
Canada	$	1,942	$	-
United States		453		-
Total	**$**	**2,395**	**$**	**-**

The Company's long-term assets are located in Canada.

17. COMMITMENTS

The Company entered into a lease agreement for office premises commencing May 1, 2017 with an initial five-year term and a five-year equipment lease commencing July 1, 2017.

Payments committed for the next five years is as follows:

Year		Amount
2018	$	125,088
2019		168,064
2020		168,704
2021		168,704
2022		56,988
	$	687,548

18. EVENTS AFTER THE REPORTING DATE

Subsequent to the quarter ended March 31, 2018,

a) Effective April 9, 2018, Kimberly Van Deventer resigned as a director and from her position of President; and

b) On April 20, 2018, the convertible debts (Notes 8) were amended, reducing the conversion price of $0.10 per share to $0.06 per share.