CABBAY HOLDINGS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2019 and 2018

(Unaudited – Prepared by Management)

Cabbay Holdings Corp.

Condensed Consolidated Interim Financial Statements

Period ended March 31, 2019 and 2018

(Unaudited - prepared by management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the consolidated interim financial statements for the period ended March 31, 2019.

CABBAY HOLDINGS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	As at March 31, 2019	As at December 31, 2018
ASSETS		
Current		
Cash	$ 6,999	$ 40,250
Advances	18,044	18,044
GST receivable	27,201	23,889
Prepaid expenses	2,000	12,000
	54,244	94,183
Non-Current		
Other receivable (Note 4)	1	1
Property, plant and equipment (Note 5, Note 8)	10,573	10,840
Intangible assets (Note 6)	303,015	259,050
	367,833	364,074
LIABILITIES		
Current		
Accounts payable and accrued liabilities	72,302	60,741
Loans payable (Note 7)	93,638	93,638
Due to related parties (Note 9)	45,484	12,553
Lease liability (Note 8)	1,000	1,000
	212,424	167,932
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 10)	1,184,675	1,184,675
Subscriptions received (Note 9, Note 10, Note 11)	143,500	1,000
Contributed surplus (Note 9, Note 10)	154,116	154,116
Deficit	(1,326,882)	(1,143,649)
Total equity	155,409	196,142
	$ 367,833	$ 364,074

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

Approved by the directors:

"Doug Unwin" *"Derick Sinclair"*

CABBAY HOLDINGS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Three months ended March 31, 2019	Three months ended March 31, 2018
Expenses:		
Accounting and audit fees (Note 9)	$ 3,500	$ 16,000
Consulting fees (Note 9)	18,000	27,750
Depreciation (Note 5)	267	267
Finance fee (Note 11)	125,000	-
Interest and bank charges (Note 7)	2,175	4,700
Legal fees	-	1,057
Management fees (Note 9)	24,000	22,850
Office and administration	1,009	4,823
Transfer agent and filing fees	880	1,323
Travel	902	4,423
Wages (Note 9)	7,500	-
Net loss and comprehensive loss for the period	$ (183,233)	$ (83,193)
Loss per share – Basic and diluted	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	11,083,340	7,854,624

CABBAY HOLDINGS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Operating Activities		
Net loss for the period	$ (183,233)	$ (83,193)
Items not involving cash:		
Depreciation	267	267
Finance fee payable in shares	125,000	-
	(57,966)	(82,926)
Changes in non-cash working capital item related to operations:		
Advances	-	(20,768)
GST receivable	(3,312)	(2,804)
Prepaid expenses	10,000	-
Subscriptions receivable	-	200
Accounts payable and accrued liabilities	34,311	12,284
Cash from operating activities	(16,967)	(94,014)
Investing Activities		
Investment in ACMPR license	(43,965)	-
Financing Activities		
Share subscriptions received	5,000	163,000
Due to related parties	22,681	1,068
Cash provided by financing activities	27,681	164,068
Increase in cash during the period	(33,251)	70,054
Cash, beginning of the period	40,250	49,752
Cash, end of the period	$ 6,999	$ 119,806
Cash paid for:		
Interest	$ 1,680	$ 1,680
Income taxes	$ -	$ -
Significant non-cash investing and financing transactions:		
Conversion of due to related parties to subscriptions received (Note 9)	$ 12,500	$ -
Reclassification of accounts payable and accrued liabilities to due to related parties	22,749	-
Conversion of due to related party to loans payable (Note 7)	$ -	$ 40,655

CABBAY HOLDINGS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS
OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Number of Shares	Share Capital $	Subscriptions received $	Equity Reserve $	Deficit $	Total $
Balance, December 31,2018	11,083,340	1,184,675	1,000	154,116	(1,143,649)	196,142
Subscriptions received (Note 10)	-	-	142,500	-	-	142,500
Loss for the period	-	-	-	-	(183,233)	(183,233)
Balance, March 31, 2019	11,083,340	1,184,675	143,500	154,116	(1,326,882)	155,409

	Number of Shares	Share Capital $	Subscriptions received $	Equity Reserve $	Deficit $	Total $
Balance, December 31,2017	7,854,624	442,041	-	54,918	(659,586)	(162,627)
Subscriptions received (Note 10)	-	-	163,000	-	-	163,000
Loss for the period	-	-	-	-	(83,193)	(83,193)
Balance, March 31, 2018	7,854,624	442,041	163,000	54,918	(742,779)	(82,820)

1. Nature and Continuance of Operations

Cabbay Holdings Corp. (the "Company") was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. ("PT"), a public company the common shares of which trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 1735 555 Burrard St. Vancouver, BC V7X 1M9. The registered and records office of the Company is located at the same address. The Company is a development stage company and its wholly owned subsidiary has leased 5 acres of land on the Enoch First Nation lands for the cultivation of cannabis. In addition, the Company holds an agreement with ForwoRx Therapeutics Inc. for further commercialization of PT's technology focused on repurposing and reformulating existing approved drugs as well as developing proprietary drug technologies from late stage pre-clinical testing through phase 2 clinical trials.

The Company has been engaged in improving its balance sheet and seeking additional business opportunities, primarily related to the cultivation, marketing and/or distribution of medicinal cannabis and cannabis products for recreational purposes.

On March 26, 2018, the Company incorporated a British Columbia corporation called Alta-Sun Samson Holdings Corp. (Alta-Sun). Alta-Sun will pursue the licensing, construction and operation of a cannabis growing facility. Alta-Sun has leased 5 acres of Enoch First Nation's land for the cultivation of cannabis.

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2019, the Company has no source of revenue and does not generate cash flows from operating activities other than a $50,000 annual maintenance fee from ForwoRx included in the asset purchase agreement with ForwoRx (Note 4). The Company had a net loss for the period ended March 31, 2019 of $183,233 (December 31, 2018: $484,063) and an accumulated deficit at March 31, 2019 of $1,326,882 (December 31, 2018: $1,143,649).

The Company is subject to risks and uncertainties common to drug discovery companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The unaudited condensed consolidated interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance and Basis of Preparation

These unaudited consolidated interim financial statements have been prepared in accordance with International accounting standard (IAS) 34, Interim Financial Reporting, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared on an accrual basis.

They are based on historical costs, modified where applicable. They are presented in Canadian dollars, which is the Company's functional currency.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2018.

(b) Use of Estimates

The Company makes estimates and assumptions about the future that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is measured prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions, relate to, but are not limited to, the following:

Estimates:

Share-based payments and compensation

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

2. Statement of Compliance and Basis of Presentation (continued)

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimated fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 10.

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

<u>Judgments:</u>

Going Concern

The assumption is that the Company is a going concern and will continue into the foreseeable future. The factors considered by management are disclosed in Note 1.

Intangible assets

The carrying value and recoverable amount of intangible assets.

Revenue

Collectability of the annual maintenance fee from ForwoRX, as discussed in Note 4.

(c) Principles of consolidation

The unaudited condensed consolidated interim financial statements include the financial statements of the Company and the following subsidiary:

Alta-Sun Samson Holdings Corp. (100% owned)

All intercompany transactions, balances, revenue and expenses are eliminated on consolidation.

3. Significant accounting policies

New accounting standards and interpretations

At the date of authorization of these unaudited consolidated interim financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which became effective during the year ended December 31, 2018:

Became effective for periods beginning on or after January 1, 2018:

- **IFRS 9, *Financial Instruments – Classification and Measurement***

  IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and measurement.*

  IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. This standard has been adopted without material effect to these unaudited consolidated interim financial statements.

- **IFRS 15, *Revenue from Contracts with Customers***

  IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from and entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts,* IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service.* This standard has been adopted without material effect to these unaudited consolidated interim financial statements.

At the date of authorization of these unaudited consolidated interim financial statements, the IASB and International Financial Reporting Committee ("IFRIC") have issued the following revised and new standards, amendments and interpretations which are not yet effective during the period ended March 31, 2019:

3. Significant accounting policies (continued)

Became Effective for periods beginning on or after January 1, 2019

- **IFRS 16, *Leases***

IFRS 16 applies to the recognition, classification, measurement and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease is for a term of 12 months or less or the underlying asset has a low value. 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.* The Company early adopted this standard in the year ended December 31, 2018 – See Note 8.

4. Asset Purchase Agreement

On October 3, 2016 the Company completed a plan of arrangement with PT. Pursuant to the plan of arrangement, the Company acquired rights associated with a definitive Asset Purchase Agreement between PT and ForwoRX, whereby PT transferred its patents in the area of the development of therapies for fibrosis and erectile dysfunction to ForwoRx for further development of the technologies by ForwoRx.

Proceeds from the sale were a commitment by ForwoRX to issue 15,000,000 common shares.

Subject to the terms of the Agreement, if the 15,000,000 shares are not issued to the Company within 3 years, then the Company may trigger the issuance of the shares, and if at the end of 5 years the shares have not been issued, then ForwoRX must return the assets to the Company. In the event of a sale by ForwoRX to a third party of the assets purchased under the agreement, the Company will receive 6% of the value of that transaction, subject to certain conditions. The Company has assessed that the fair value of the right to receive the shares from ForwoRX is not determinable and has accordingly recorded a nominal value of $1.

A condition of the sale was that ForwoRX will pay to the Company an annual maintenance fee of $50,000. In the Company's judgment, no portion of this amount will be recognized until collection can be assured.

5. Equipment

Costs

	Computers	Land	Total
Balance December 31, 2017	$ 1,942	$ -	$ 1,942
Additions	-	10,500	10,500
Balance December 31, 2018	$ 1,942	$ 10,500	$ 12,442
Additions	-	-	-
Balance March 31, 2019	**$ 1,942**	**$ 10,500**	**$ 12,442**

Accumulated Depreciation

	Computers	Land	Total
Balance December 31, 2017	$ 534	$ -	$ 534
Depreciation	1,068	-	1,068
Balance December 31, 2018	$ 1,602	$ -	$ 1,602
Depreciation	267	-	267
Balance March 31, 2019	**$ 1,869**	**$ -**	**$ 1,869**

Net Carrying Amount

	Computers	Land	Total
Balance December 31, 2018	$ 340	$ 10,500	$ 10,840
Balance March 31, 2019	**$ 73**	**$ 10,500**	**$ 10,573**

The land is leased land on the Enoch Cree Nation Lands and is presented as a right-of-use asset (see Note 8).

6. Intangible assets

Costs and Net Carrying Amount

	ACMPR License Costs
Balance December 31, 2017	$ -
Additions	259,050
Balance December 31, 2018	$ 259,050
Additions	43,965
Balance March 31, 2019	**$ 303,015**

6. Intangible assets (continued)

On June 4, 2018 the Company entered into a binding agreement with Cannabis Compliance Inc. ("CCI"). CCI will provide the Company with consulting services related to an Access to Cannabis for Medical Purposes ("ACMPR") Cannabis Act license application and construction of a cannabis cultivation facility. The costs incurred to complete the license application have been capitalized as an intangible asset. The Company also classified certain consulting charges associated with obtaining the ACMPR license.

Costs incurred to obtain the ACMPR License are listed below:

		March 31, 2019		December 31, 2018
Application costs	$	128,125	$	128,125
Other capitalized charges		174,890		130,925
Total	**$**	**303,015**	**$**	**259,050**

7. Loans Payable

		March 31, 2019		December 31, 2018
Loans assumed from PT - Non-interest bearing with no set repayment terms	$	35,623	$	35,623
Loan assumed from PT - Interest rate of 1% monthly, due September 30, 2019		58,015		58,015
	$	**93,638**	**$**	**93,638**

Loans payable consists of debt assumed by the Company in connection with a Plan of Arrangement.

On April 4, 2018 the Company assumed an additional debt balance of $4,179 from PT. On April 12, 2018, the entire balance was converted into 16,716 units at a conversion rate of $0.25 per unit pursuant to a private placement (Note 10).

On February 23, 2018 the CEO and director assigned $50,000 of long-term debt to two arm's-length parties. The debt was due on December 31, 2019 and did not bear interest. The initial fair value of the debt was recorded at $40,655 using a discount rate of 12%. On April 12, 2018 the entire balance was converted to 200,000 units at a conversion rate of $0.25 per unit pursuant to a private placement (Note 10). The Company recorded a loss $9,345 on the conversion relating to the unamortized discount on the long-term debt.

7. Loans Payable (continued)

On September 12, 2017, the Company signed a debt assumption agreement which resulted in reclassification of a loan totaling $56,000 as long-term debt. The debt is now due on September 30, 2019 and accrues interest at 1% per month, payable quarterly. Interest expense for the period ended March 31, 2019 was $1,680 (2018: $1,680). Interest accrued at March 31, 2019, is $2,016 (December 31, 2018: $2,016)

8. Lease Liability

On November 16, 2018, the Company entered into a 24-month lease agreement to lease 5 acres of land on the Enoch Cree Nation Lands to use for cultivation, possession, production, sale and delivery of cannabis products. The lease payments are $1,000 at the beginning of each year and an additional $1,000 on signing of the lease agreement, for total payments of $3,000. In addition, the Company paid finders' fees of $7,500 in relation to the lease.

The Company has recorded this lease as a right-of-use asset and lease liability in the statement of financial position as at December 31, 2018. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The effect of discounting the lease payments using an interest rate of 12%, which is the Company's incremental borrowing rate, was negligible. The continuity of the lease liability is presented in the table below.

Balance, December 31, 2017	$	-
Fair value, initial measurement		3,000
Lease payments		(2,000)
Balance, December 31, 2018 and March 31, 2019	**$**	**1,000**

9. Related Party Transactions

Transactions with related parties are as follows:

		March 31, 2019		March 31, 2018
Accounting fees to a Company controlled by a director	$	3,500	$	3,500
Consulting fees to a Company controlled by a director		3,000		-
Consulting fees to a Company controlled by a director		15,000		-
Management fees to the CEO and director		24,000		22,850
Wages to the CEO and director		7,500		-
Finance fee to a director (Note 11)		31,250		-
	$	84,250	$	26,350

9. Related Party Transactions (continued)

Balance due to the CEO and director:

As of March 31, 2019, the Company has $11,653 (December 31, 2018: $7,971) owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

On March 15, 2019 the CEO and director signed an agreement to convert $12,500 of debt into 50,000 shares at a price of $0.25 per share. The amount has been classified as subscriptions received.

On September 20, 2017 the CEO and director signed an agreement which resulted in reclassification of $100,000 of payables as long-term. The debt was due January 1, 2020 and did not bear interest. The initial fair value of the long-term debt was recorded at $76,642 using a discount rate of 12%. An interest benefit of $23,358 was recorded as an equity reserve upon reclassification.

On February 23, 2018 the CEO and director assigned $50,000 of the long-term debt to arm's-length parties (Note 7).

On April 12, 2018 $25,000 of the long-term debt was converted to units at a conversion rate of $0.25 per unit pursuant to a private placement (Note 10). The Company recorded a loss $4,673 on the conversion related to the unamortized discount.

During the year ended December 31, 2018 the remaining long-term debt balance was paid off. The Company recorded a loss $4,063 on repayment relating to the unamortized discount.

Balance due to a family member of the CEO and director:

On December 18, 2017 the CEO and director assigned $20,000 of debt to this individual, which resulted in reclassification of the payable as long-term. The debt was due on September 30, 2019 and did not bear interest. The initial fair value of the debt was recorded at $16,262 using a discount rate of 12%. An interest benefit of $3,738 was recorded as an equity reserve upon reclassification.

On April 12, 2018 the entire balance was converted to 80,000 units at a conversion rate of $0.25 per unit pursuant to a private placement (Note 10). The Company recorded a loss $3,250 on the conversion relating to the unamortized discount on the long-term debt.

Other balances due to related parties:

As of March 31, 2019, the Company has $31,250 (December 31, 2018: $NIL) in subscriptions received from a director (Note 11). The Company has $10,982 (December 31, 2018: $4,482) owing to a Company controlled by the director. The amounts do not bear interest and have no set terms of repayment.

9. Related Party Transactions (continued)

As of March 31, 2019, the Company has a balance of $22,796 (December 31, 2018: $6,999 included in accounts payable and accrued liabilities) owing to a Company controlled by a director.

As of March 31, 2019, the Company has $100 (December 31, 2018: $100) owing to a former director of the Company. The amount does not bear interest and has no set terms of repayment.

10. Share Capital

The Company has authorized an unlimited amount of Class A common shares without par value. As at March 31, 2019 the Company has 11,083,340 (December 31, 2018: 11,083,340) common shares issued and outstanding.

During the period ended March 31, 2019:

The Company collected share subscriptions totaling $142,500. Of that amount $5,000 is cash proceeds, $125,000 is the administrative fee payable in shares to lenders of lines of credit (Note 11), and $12,500 is debt converted (Note 9).

No common shares have been issued for these subscriptions as at March 31, 2019.

During the year ended December 31, 2018

On April 12, 2018 the Company closed a private placement and issued 3,228,716 units at $0.25 per unit for gross proceeds of $807,179. Of that amount $706,910 was cash proceeds and $100,269 was debt converted. Of the debt converted, 1,090 was accounts payable, $54,179 was loans payable, and $45,000 was due to related parties. Each unit consists of one share and on-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.35 per share for a period of two years from the date of issue. The warrants were assigned a value of $39,045 using the residual value method. The Company incurred cash share issuance costs of $25,500 in connection with the private placement.

The Company collected share subscriptions totaling $1,000. No common shares have been issued for these subscriptions as at March 31, 2019.

10. Share Capital (continued)

Stock Options and Share Based Payments

As at March 31, 2019 the following stock options were outstanding and exercisable:

Expiry Date	Exercise Price $	31-Mar-19
31-Oct-21	0.10	100,000
18-Jan-22	0.10	25,000
10-Jul-22	0.10	340,000
21-Sep-22	0.10	220,000
18-Oct-23	0.25	320,000
		1,005,000

During the period ended March 31, 2019:

There was no stock option activity during the period ended March 31, 2019.

During year ended December 31, 2018:

On October 18, 2018, the Company issued 320,000 options to purchase common shares to directors and consultants of the Company. The options have an exercise price of $0.25 per share and are exercisable for a period of five years from the date of grant with immediate vesting. The options were assigned a value of $60,152 using the Black-Scholes pricing model.

The options outstanding and exercisable as at March 31, 2019 have a remaining contractual life of 3.65 years (December 31, 2018: 3.89 years). Stock option activity was as follows:

	Options outstanding	Exercise Price $
Balance, December 31, 2017	685,000	0.10
Issued	320,000	0.25
Balance, December 31, 2018 and March 31, 2019	1,005,000	0.15

The fair value of share based awards is determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options. The Company used the Black-Scholes Option Pricing Model for its stock option grants in 2019 and 2018.

10. Share Capital (continued)

The assumptions used in the black-scholes pricing model were:

	March 31, 2019	December 31, 2018
Expected volatility	-	**100%**
Risk free interest rate	-	**1.95%**
Expected life in years	-	**5 years**
Grant date fair value per share	-	**$0.25**
Forfeiture rate	-	**0.00%**

Warrants

As at March 31, 2019 the following share purchase warrants were issued and outstanding:

Expiry Date	Exercise Price $	31-Mar-19
08-Oct-19	3.00	72,000
18-Oct-19	3.00	66,000
05-Nov-19	3.00	224,333
12-Apr-20	0.35	1,614,358
		1,976,691

During the period ended March 31, 2019:

There was no warrant activity during the period ended March 31, 2019.

During the year ended December 31, 2018:

Pursuant to the private placement on April 12, 2017, the Company issued 1,614,358 share purchase warrants. Each whole warrant entitles the holder to purchase one common share at a price of $0.35 per share for a period of two years from the date of issue. The warrants were assigned a value of $39,045 using the residual value method.

The warrants outstanding and exercisable as at March 31, 2019 have a weighted average remaining contractual life of 0.95 years (December 31, 2018: 1.2 years). Warrant activity was as follows:

	Options outstanding	Exercise Price $
Balance, December 31, 2017	362,333	$3.00
Issued	1,614,358	$0.35
Balance, December 31, 2018 and March 31, 2019	1,976,691	$0.84

10. Share Capital (continued)

The fair value of warrants was determined using the Black-Scholes Option Pricing Model as the warrants were the more easily valued component. The model utilizes certain subjective assumptions including the expected life of the warrant and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's warrants. The Company used the Black-Scholes Option Pricing Model for its warrant grant in 2018. The assumptions used in the black-scholes pricing model were:

	March 31, 2019	**December 31, 2018**
Expected volatility	-	**100%**
Risk free interest rate	-	**1.88%**
Expected life in years	-	**2 years**
Grant date fair value per share	-	**$0.10**
Forfeiture rate	-	**0.00%**

11. Line of Credit

On March 15, 2019 the Company entered into agreements to access lines of credit of up to $1.2 million with a maturity date of March 31, 2022. Any amount borrowed on the lines of credit is subject to interest at 12% annually. Interest is payable quarterly beginning 365 days from the date the Company receives a standard cultivation license from Health Canada to grow Cannabis. Interest may be paid in cash or shares at the Lender's discretion. Any amount in default will be subject to interest at 18% annually. Advances are available to the Company until March 31, 2022.

An administrative fee of 500,000 common shares valued at $125,000 was paid to the lenders. Of this amount $31,250 was paid to a director of the Company. At March 31, 2019 the balance is included in subscriptions received as the shares have not been issued.

As of March 31, 2019 the Company has borrowed $NIL on the lines of credit.

12. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' deficiency and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

13. Financial Instruments and Risk

As at March 31, 2019, the Company's financial instruments consist of cash, advances, subscriptions receivable, accounts payable and accrued liabilities, loans payable, and due to related parties.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.The Company's financial liabilities consist of $95,051 (December 31, 2018: $60,741) in accounts payable and accrued liabilities, $93,638 (December 31, 2018: $93,638) in loans payable, $22,735 (December 31, 2018: $12,553) in due to related parties, and $1,000 (December 31, 2018: $1,000) in lease liabilities. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such a loss is limited because the Company's interest bearing note payable has a fixed rate of interest.

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

13. Financial Instruments and Risk (continued)

	Level 1	Level 2	Total
	$	**$**	**$**
December 31, 2018			
Cash	40,250	-	40,250
	40,250	-	40,250
March 31, 2019			
Cash	6,999	-	6,999
	6,999	-	6,999

Cash is measured using level 1 fair value inputs. As at March 31, 2019, the Company believes that the carrying values of its cash, advances, accounts payable and accrued liabilities, due to related parties, loans payable, and lease liability approximate their fair values because of their nature and relatively short maturity dates or durations.

14. Subsequent Events

On April 26, 2019 the Company issued 1,284,000 common shares at $0.25 per share for gross proceeds of $321,000. Of this amount, $125,000 (500,000 shares) was payment of the administration fee on the lines of credit (Note 11), and $28,250 was related party debt converted.

At March 31, 2019, $143,500 of the above proceeds was included in subscriptions received.

On May 29, 2018 the Company issued 252,000 common shares at a price of $0.25 per share for gross proceeds of $63,000.