OVATION SCIENCE INC.

Condensed Interim Financial Statements

For the Three Months Ended March 31, 2019

Expressed in Canadian dollars
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements for Ovation Science Inc. (the “Company”) have been prepared by management in accordance with International Financing Reporting Standards (“IFRS”). These condensed interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company’s auditors. The Company’s Audit Committee and Board of Directors have reviewed and approved these condensed interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company’s independent auditors have not performed a review of these condensed interim financial statements.

OVATION SCIENCE INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Note		As at March 31, 2019		As at December 31, 2018
ASSETS					
Current assets					
Cash and cash equivalents		$	**1,722,499**	$	468,969
Short-term investments			**-**		1,503,025
Trade and other receivables	3		**64,244**		52,196
Prepaid expenses	4		**50,000**		25,528
Inventory	5		**13,775**		68,750
			1,850,518		2,118,468
License	6		**606,812**		606,812
Total assets		$	**2,457,330**	$	2,725,280
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and other liabilities	7	$	**32,676**	$	52,484
Due to related parties	11		**32,786**		144,782
Convertible notes	8		**281,920**		279,730
Derivative liability	8		**86,825**		58,845
Total liabilities			**434,207**		535,841
Shareholders' equity					
Share capital	9		**1,911,626**		1,900,518
Reserves	10		**869,690**		858,866
Deficit			**(758,193)**		(569,945)
			2,023,123		2,189,439
Total liabilities and shareholders' equity		$	**2,457,330**	$	2,725,280

Nature of business and going concern (Note 1)
Subsequent events (Note 13)

These condensed interim financial statements were approved by the Board of Directors on May 30, 2019:

"Logan Anderson" Director   *"Terry Howlett"* Director

OVATION SCIENCE INC.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Note		Three months ended March 31, 2019		Three months ended March 31, 2018
Revenue					
Polymer sales		**$**	**20,668**	$	-
Royalty fees			**38,498**		-
			59,166		-
Cost of sales	**5**		**(11,754)**		-
Gross margin			**47,412**		-
Operating expenses					
Management and director fees	**11**		**81,890**		49,500
Advertising and promotion	**4**		**27,400**		-
Office and general			**23,593**		15,487
Professional fees			**27,407**		-
Product development			**28,180**		10,457
Share-based payments	**10**		**14,432**		-
			202,902		75,534
Loss from operations			**(155,490)**		(75,534)
Other income (expenses)					
Interest expense	**8**		**(9,885)**		-
Accretion expense	**8**		**(2,190)**		(7,339)
Interest income			**7,688**		-
Change in fair value of derivative liability	**8**		**(27,980)**		-
Foreign exchange gain (loss)			**(391)**		913
Loss and comprehensive loss		**$**	**(188,248)**	$	(81,870)
Loss per share – basic and diluted		**$**	**(0.01)**	$	(0.00)
Basic and diluted weighted average number of common shares outstanding			**23,153,964**		15,103,121

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

OVATION SCIENCE INC.
Condensed Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited)

	Share capital								
	Number		**Amount**		**Reserves**		**Deficit**		**Total shareholders' equity**
Balance at December 31, 2017	**15,103,121**	**$**	**626,952**		**-**		**(61,541)**		**565,411**
Loss for the period	-		-		-		(81,870)		(81,870)
Balance at March 31, 2018	**15,103,121**	**$**	**626,952**	**$**	**-**	**$**	**(143,411)**	**$**	**483,541**
Balance at December 31, 2018	**23,153,121**	**$**	**1,900,518**	**$**	**858,866**	**$**	**(569,945)**	**$**	**2,189,439**
Warrants exercised	25,000		11,108		(3,608)		-		7,500
Share-based payments	-		-		14,432		-		14,432
Loss for the period	-		-		-		(188,248)		(188,248)
Balance at March 31, 2019	**23,178,121**	**$**	**1,911,626**	**$**	**869,690**	**$**	**(758,193)**	**$**	**2,023,123**

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

OVATION SCIENCE INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

		Three months ended March 31, 2019		Three months ended March 31, 2018
OPERATING ACTIVITIES				
Loss for the period	$	**(188,248)**	$	(81,870)
Adjustments for non-cash items:				
Accretion expense		**2,190**		7,339
Interest expense		**9,885**		-
Share-based payments		**14,432**		-
Change in fair value of derivative liability		**27,980**		-
Unrealized foreign exchange loss		**391**		-
Changes in working capital items:				
Trade and other receivables		**(1,523)**		10,746
Inventory		**11,753**		(14,630)
Prepaid expense		**18,750**		-
Accounts payable and accrued liabilities		**(19,808)**		15,758
Cash flows used in operating activities		**(124,198)**		**(62,657)**
INVESTING ACTIVITIES				
Short-term investment		**1,500,000**		-
Cash flows provided by investing activities		**1,500,000**		**-**
FINANCING ACTIVITIES				
Repayment of promissory notes		**(122,272)**		(115,783)
Cash flows provided by financing activities		**(122,272)**		**(115,783)**
Change in cash and cash equivalents		**1,253,530**		(178,440)
Cash and cash equivalents, beginning		**468,969**		277,956
Cash and cash equivalents, ending	**$**	**1,722,499**	**$**	**99,516**

SUPLEMENTAL CASH FLOW DISCLOSURE:

Proceeds receivable on option exercise	**$**	**7,500**	**$**	-

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

1. NATURE OF BUSINESS AND GOING CONCERN

Ovation Science Inc. (the "Company") was incorporated in the Province of British Columbia on July 18, 2017, under the Business Corporations Act of British Columbia. The Company is in the business of providing topical and transdermal cannabis products under the "Ovation" brand label utilizing patented "Invisicare" delivery technology which it acquired for exclusive use for cannabis formulated products from Skinvisible Pharmaceuticals, Inc. ("Skinvisible"). The Company's shares are traded on the Canadian Securities Exchange under the symbol "OVAT".

The Company's head office is located at Suite 510, 744 West Hastings Street, Vancouver, B.C. V6C 1A5, and its registered office is Suite 704, 595 Howe Street, Vancouver, B.C. V6C 2T5.

These condensed interim financial statements have been prepared on a 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 for the foreseeable future. As at March 31, 2019, the Company is not able to finance day to day activities through operations and has incurred losses since inception. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with loans from directors and companies controlled by directors and/or issuance of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 2 to the audited annual financial statements for the year ended December 31, 2018 and have been consistently followed in the preparation of these condensed interim financial statements.

Except as summarized below, the Company used the same accounting policies and methods of computation as in the audited annual financial statements for the year ended December 31, 2018.

Basis of preparation

Statement of compliance
These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed interim financial statements were authorized for issue by the Board of Directors on May 30, 2019.

Basis of measurement
These condensed interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid money market investments that are readily convertible into cash or have terms to maturity at issuance of less than three months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments 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.

In preparing these condensed interim financial statements, management has made judgments, estimates and assumptions that affect the applicable of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

In preparing these condensed interim financial statements, the significant estimates and critical judgments were the same as those applied to the financial statements as at and for the year ended December 31, 2018, except for those summarized below.

Effective January 1, 2019, the following standards were adopted

IFRS 16 'Leases' ("IFRS 16")
Effective January 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases ("IAS 17"). The Company has applied the new standard using the modified retrospective approach with no restatement of comparative periods. There were no adjustments to retained earnings as a result of adoption. The Company has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its previous assessment made under IAS 17 and IFRIC 4 Determining whether an arrangement contains a lease. The definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the following practical expedients when adopting IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on previous assessments on whether leases are onerous;
- Applied the exemption not to recognize right-of-use assets and liabilities for leases where the lease term ends within 12 months of the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight to determine the lease term where contracts contain options to extend or terminate the lease.

Under IFRS 16, the Company is required to assess the classification of a sublease with reference to the right-of-use asset, not the underlying asset. The Company does not have any subleases. On transition to IFRS 16, the Company did not recognize any lease assets or liabilities as its operating leases had a remaining term of less than 12 months from the date of initial application.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

(Expressed in Canadian dollars)

3. TRADE AND OTHER RECEIVABLES

	March 31, 2019	December 31, 2018
Trade receivables	**$ 35,274**	$ 39,916
GST receivable	**10,757**	12,280
Subscription receivable	**7,500**	-
Accrued interest	**10,713**	-
	$ 64,244	$ 52,196

4. PREPAID EXPENSES

As at March 31, 2019, prepaid expenses consists of $50,000 as part of an advertising and promotion services agreement entered on October 16, 2018. The term of the agreement is for one year. During the three months ended March 31, 2019, $18,750 has been expensed to recognize services provided.

5. INVENTORY

	March 31, 2019	December 31, 2018
Finished goods	**$ 13,433**	$ 25,187
Raw materials	**341**	341
	$ 13,775	$ 25,528

During the three months ended March 31, 2019, the Company incurred $11,754 (2018 - $nil) in costs of sales.

6. LICENSE

On September 29, 2017, the Company entered into a License and Assignment Agreement (the "Assignment Agreement") with Skinvisible, whereby Skinvisible granted the Company, the exclusive worldwide right to manufacture, distribute, sell, market, sub-license and promote the Skinvisible products including the right to use the subject matter of any Skinvisible patents and trademarks which cover the various products or polymer. The agreement shall remain in effect, except for sub-licensees appointed by the Company. Skinvisible is a major shareholder of the Company.

The consideration for the Assignment Agreement is US$500,000 payable as follows:

- $312,000 (US$250,000) within 90 days of execution of this agreement (paid);
- A promissory note for $294,812 (US$250,000) due upon the earlier of the Company completing an initial public offering or March 31, 2018, which was later amended to June 30, 2018 and September 15, 2018 (Note 8).

On November 10, 2017, the Company entered into a License Agreement (the "Agreement") with Lighthouse Strategies, LCC ("Lighthouse"), whereby the Company granted to Lighthouse the exclusive right to, utilize the Company's trademarks, formulations, patents, product specification and the proprietary and patented Invisicare delivery system technology for use with cannabis. The agreement shall remain in effect with no termination date, unless failure to comply with the terms in the agreement. As part of the consideration related to this agreement, the Company have received a quarterly minimum packaging fee that started at the beginning of June 2018.

(Expressed in Canadian dollars)

6. LICENSE (continued)

		License
Balance, July 18, 2017 (inception)	$	-
Additions		606,812
Balance, March 31, 2019 and December 31, 2018	**$**	**606,812**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2019		December 31, 2018
Accounts payable	**$**	**5,877**	$	15,010
Accrued liabilities		**26,798**		37,474
	$	**32,676**	$	52,484

8. CONVERTIBLE NOTES

On June 28, 2018 and June 29, 2018, the Company issued unsecured convertible notes for proceeds of $50,000 and $100,000, respectively. The convertible notes are unsecured, bear interest at 10% per annum and are due on August 28, 2019 and August 29, 2019, respectively. The $100,000 convertible note was issued to a director of the Company. At any time after issuance, the holder is entitled to convert, at their sole discretion, all or a portion of the principal amount into common shares of the Company at a value of $0.30 principal per share. These convertible notes include both a liability component for the contractual cash flows and an equity component for the conversion feature. The liability component was valued first based on the present value of contractual cash flows using a discount rate of 12% which is the estimated rate that would have been charged for a similar instrument without a conversion feature. The equity component of $3,245 was measured based on the residual value of the compound instrument as a whole after deducting the amount determined separately for the liability component.

The following table summarizes the continuity of the liability components of the Company's convertible notes issued on June 28, 2018 and June 29, 2018:

As at December 31, 2018	$	148,480
Accretion		567
As at March 31, 2019	**$**	**149,047**

During the three months ended March 31, 2019 $3,699 (2018 - $nil) was recorded in interest expense and $566 (2018 - $nil) in accretion expense related to the convertible notes issued on June 28, 2018 and June 29, 2018.

On August 14, 2018, the Company issued a convertible promissory note to an arm's length party for a principal amount of CAD$130,870 (US$100,000). The note is unsecured, bears interest at 10% per annum, and is due October 14, 2019. At any time after issuance, the holder is entitled to convert, at their sole discretion, all or a portion of the principal amount into common shares of the Company at a value of CAD $0.30 principal per share.

8. CONVERTIBLE NOTES (continued)

As the note is issued in a currency different from the Company's functional currency, the conversion feature is treated as a derivative liability and recorded at fair value. The value of the derivative liability was calculated first, with the remaining face value of the loan attributed to the debt host component.

The following table summarizes the continuity of the financial liability component of the Company's convertible note:

As at December 31, 2018	$	131,250
Accretion		1,623
As at March 31, 2019	**$**	**132,873**

During the three months ended March 31, 2019, interest expense of $3,291 (2018 - $nil) and accretion expense of $1,623 (2018 - $nil) was recorded for the convertible note issued on August 14, 2018.

Derivative Liability

The conversion option on the convertible note denominated in U.S. dollars has been accounted for as a derivative liability as the number of shares or units issuable on conversion will vary as a result of changes in foreign exchange rates. A continuity of the derivative liability is as follows:

As at December 31, 2018	$	58,845
Net change in fair value of liability		27,980
As at March 31, 2019	**$**	**86,825**

The fair value of the derivative liability was estimated using the Black-Scholes Option Pricing model using the following assumptions:

	March 31, 2019
Expected life	0.54
Volatility	133%
Risk free interest rate	1.56%
Dividend yield rate	0.00%

9. SHARE CAPITAL

Authorized share capital and shares in escrow

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value
At March 31, 2019, 7,548,751 shares are held in escrow, to be released by 2021.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Common shares

On November 15, 2018, the Company closed a private placement consisting of 8,050,000 units at $0.30 per unit for gross proceeds of $2,415,000. Each unit consists of one common share of the Company and one half warrant with each whole warrant entitling the holder to purchase one additional common share of the Company at a price of $0.45 per share for a period of two years. $718,157 was allocated to the private placement warrants, which were valued using the Black Scholes Option Pricing model using the following assumptions: share price: $0.30, expected life: two years, expected volatility: 134.44%, dividend yield: 0%, and risk-free interest rate: 2.21%. In connection with the private placement, the Company incurred $333,359 in cash transaction costs and $114,905 in transaction costs related to the issuance of 644,000 broker warrants.

The broker warrants entitle the holder to purchase one common share of the Company at a price of $0.45 per share for a period of two years and were valued using the Black Scholes Option Pricing model using the following assumptions: share price: $0.30, expected life: two years, expected volatility: 134%, dividend yield: 0%, and risk-free interest rate: 2.21%.

On March 28, 2019, the company issued 25,000 common shares for exercise of 25,000 stock options at $0.30 for cash proceeds of $7,500. The proceeds have not been received as of March 31, 2019 and have been recorded in accounts receivable.

10. RESERVES

Stock option plan

The Directors of the Company adopted a stock option plan on April 10, 2018 (the "Plan"). The Plan provides that, subject to the requirements of the Canadian Securities Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's Common Shares issued and outstanding at the time such options are granted. The Plan provides that the number of Common Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares, if the individual is a director, officer, employee or consultant, or 1% of the issued Common Shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

Stock options

On January 8, 2019, the Company granted 100,000 stock options to a consultant of the Company. The options entitle the holders to acquire common shares of the Company at $0.30 per share and expire on January 8, 2021.

During the three months ended March 31, 2019, the Company recorded share-based payment expense of $14,432, for these options. The stock options were valued using the Black Scholes Option Pricing model using the following assumptions: share price: $0.30, expected life: one year, expected volatility: 127%, dividend yield: 0%, and risk-free interest rate: 1.88%.

A summary of stock option activity for the three months ending March 31, 2019 is as follows:

	Options	Weighted average exercise price
Outstanding, January 1, 2019	1,150,000	$ 0.30
Granted	100,000	0.30
Exercised	(25,000)	0.30
Outstanding, March 31, 2019	1,225,000	$ 0.30
Exercisable, March 31, 2019	1,225,000	$ 0.30

(Expressed in Canadian dollars)

10. RESERVES (continued)

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

Numbers of options	Exercise price	Expiry date
1,150,000	$ 0.30	April 10, 2020
75,000	$ 0.30	January 8, 2021
1,225,000		

At March 31, 2019, the weighted-average remaining contractual life of options outstanding is 1.08 years.

Warrants
A summary of warrant activity for the three months ending March 31, 2019 is as follows:

	Warrants	Weighted average exercise price
Outstanding, January 1, 2019	4,669,000	$ 0.45
Granted	-	-
Outstanding, March 31, 2019	4,669,000	$ 0.45
Exercisable, March 31, 2019	4,669,000	$ 0.45

As at March 31, 2019, the following warrants were outstanding:

Numbers of warrants	Exercise price	Expiry date
4,669,000	$ 0.45	November 15, 2020
4,669,000		

As at March 31, 2019, the weighted-average remaining contractual life of warrants outstanding is 1.63 years

11. RELATED PARTY TRANSANCTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Management fees	$ 81,290	$ 49,500
Director fees	600	-
	$ 81,890	$ 49,500

Related party balances

As at March 31, 2019, due to related parties of $32,786 (December 31, 2018 - $144,782) consists of accrued interest and management fees due to related parties. These amounts are non-interest bearing, unsecured and due on demand.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its promissory notes, convertible notes and shareholders' equity.

The Company's primary source of capital is through the issuance of convertible notes and equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2019 the Company received the $7,500 share subscription receivable for the 25,000 warrants exercised during the first quarter of the year.