FINCANNA CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEAR ENDED APRIL 30, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
FinCanna Capital Corp.

We have audited the accompanying consolidated financial statements of FinCanna Capital Corp., which comprise the consolidated statements of financial position as at April 30, 2018 and 2017, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended April 30, 2018, and for the period from incorporation on November 28, 2016 to April 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of FinCanna Capital Corp. as at April 30, 2018 and 2017, and its financial performance and its cash flows for the year ended April 30, 2018, and for the period from incorporation on November 28, 2016 to April 30, 2017, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about FinCanna Capital Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Professional Accountants

August 28, 2018

FINCANNA CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

		April 30, 2018		April 30, 2017
ASSETS				
Current				
Cash	$	2,716,030	$	27,990
GST receivable		68,434		10,553
Prepaid expenses (Note 5)		517,892		-
Subscriptions receivable (Note 8)		11,100		225,000
		3,313,456		263,543
Non-current				
Investment in Profit Sharing Arrangement (Note 6)		758,478		-
Loan (Note 6)		8,047,696		1,140,300
Royalty investments (Note 7)		1,013,100		-
		9,819,274		1,140,300
	$	13,132,730	$	1,403,843
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 9)	$	402,352	$	91,685
Shareholders' equity				
Share capital (Note 8)		23,041,484		1,773,930
Reserves (Note 8)		2,909,757		63,552
Deficit		(13,220,863)		(525,324)
		12,730,378		1,312,158
	$	13,132,730	$	1,403,843

Nature and continuance of operations (Note 1)
Commitment (Note 6)
Subsequent event (Note 14)

Approved and authorized by the Board on August 27, 2018.

"Andriyko Herchak" Director *"Jeffery Tindale"* Director

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

FINCANNA CAPITAL CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended April 30, 2018		From incorporation on November 28, 2016 to April 30, 2017
REVENUES				
Interest income from Loan (Note 6)	$	838,148	$	-
		838,148		-
EXPENSES				
Consulting fees (Note 9)		759,978		65,808
Foreign exchange (Note 6, 7)		69,352		(9,760)
Management and director fees (Note 9)		576,667		106,745
Marketing and investor relations		1,882,262		1,280
Office, insurance and miscellaneous		109,992		3,038
Professional fees		652,609		157,432
Share-based payments (Notes 8, 9)		1,459,878		-
Transfer agent and filing fees		43,362		-
Travel and accommodation		91,189		2,401
		(5,645,289)		(326,944)
OTHER EXPENSES				
Finance expense (Note 6)		-		(198,380)
Listing expense (Note 4)		(7,888,398)		-
		(7,888,398)		(198,380)
Loss and comprehensive loss for the period	$	(12,695,539)	$	(525,324)
Basic and diluted loss per common share	**$**	**(0.31)**	**$**	**(0.05)**
Weighted average number of common shares outstanding – basic and diluted		**41,537,409**		**9,735,075**

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

FINCANNA CAPITAL CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
AS AT

	Share Capital (Note 8)				
	Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, November 28, 2016	1	$ 1	$ -	$ -	$ 1
Private placements	13,291,664	1,993,750	-	-	1,993,750
Share issue costs – cash	-	(156,269)	-	-	(156,269)
Share issue costs – finders' warrants	-	(63,552)	63,552	-	-
Loss and comprehensive loss for the period	-	-	-	(525,324)	(525,324)
Balance, April 30, 2017	13,291,665	1,773,930	63,552	(525,324)	1,312,158
Private placements	33,863,767	14,105,054	720,037	-	14,825,091
Limited recourse loan - Shares issued	1,900,000	570,000	-	-	570,000
Limited recourse loan – Shares in treasury	-	(570,000)	-	-	(570,000)
Limited recourse loan - Shares returned to treasury	(400,000)	-	-	-	-
Limited recourse loan - Share-based payments - vesting of shares	-	237,000	-	-	237,000
Shares of Astar Minerals (Note 4)	21,595,334	7,558,367	781,168	-	8,339,535
Warrants exercised	3,812,011	1,386,148	(243,878)	-	1,142,270
Share issued for services	70,000	21,000	-	-	21,000
Share issue costs – finders' shares	1,350,000	-	-	-	-
Share issue costs – cash	-	(1,674,015)	-	-	(1,674,015)
Share issue costs – finders' warrants	-	(366,000)	366,000	-	-
Share-based payments – options	-	-	1,222,878	-	1,222,878
Loss and comprehensive loss for the year	-	-	-	(12,695,539)	(12,695,539)
Balance, April 30, 2018	75,482,777	$ 23,041,484	$2,909,757	(13,220,863)	$ 12,730,378

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

FINCANNA CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended April 30, 2018	From incorporation on November 28, 2016 to April 30, 2017
OPERATING ACTIVITIES		
Loss and comprehensive loss	$ (12,695,539)	$ (525,324)
Items not involving cash:		
Interest income on loan	(838,148)	-
Shares issued for services – consulting fees	21,000	-
Finance expense on loan (Note 6)	-	198,380
Foreign exchange	50,975	(18,500)
Listing expense related to reverse acquisition (Note 4)	7,888,398	-
Share-based payments	1,459,878	-
Changes in non-cash working capital items:		
GST receivable	(57,881)	(10,553)
Prepaid expenses	(494,525)	-
Accounts payable and accrued liabilities	305,989	91,685
Cash used in operating activities	(4,359,853)	(264,312)
INVESTING ACTIVITIES		
Loan funds advanced	(6,878,701)	(1,320,180)
Acquisition of royalty investment	(1,013,100)	-
Cash received on reverse acquisition (Note 4)	432,448	-
Cash used in investing activities	(7,459,353)	(1,320,180)
FINANCING ACTIVITIES		
Proceeds from private placements	15,050,091	1,768,751
Warrants exercised	1,131,170	-
Share issue costs	(1,674,015)	(156,269)
Cash provided by financing activities	14,507,246	1,612,482
Change in cash for the period	2,688,040	27,990
Cash, beginning of period	27,990	-
Cash, end of period	$ 2,716,030	$ 27,990

Significant non-cash transactions:		
Fair value of finders' warrants issued	$ 366,000	$ 63,552
Fair value of shares relating to limited recourse loans	$ 570,000	$ -
Fair value of shares issued on completion of Transaction (Note 4)	$ 7,558,367	$ -
Fair value of warrants assumed from Astar (Note 4)	$ 781,168	$ -
Fair value of shares issued for finders' fee	$ 915,000	$ -
Subscriptions receivable	$ 11,100	$ 225,000
Reclassification of loan to investment profit sharing arrangement	$ 758,478	$ -

Supplemental disclosure:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

FinCanna Capital Corp. ("FinCanna" or the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on November 28, 2016, under the name 1098119 B.C. Ltd., and changed its name to Coachella Cannabis Corp. on the same date, and further to FinCanna Capital Corp. on May 12, 2017. The Company's head office address is at Suite 550 – 800 West Pender Street, Vancouver, BC V6C 2V6 and its registered and records office address is 595 Burrard St, Suite 2600, Vancouver, British Columbia, Canada, V7X 1L3. The Company's principal business activity has been seeking of investment opportunities in the medical cannabis sector in the United States.

FinCanna and Astar Minerals Ltd., ("Astar") entered into an Arrangement Agreement on July 11, 2017, pursuant to which Astar acquired all of the issued and outstanding common shares of the Company on a one to one basis. In addition, each outstanding option and/or warrant to acquire the Company's common shares became exercisable for one common share of Astar (the "Transaction"). The Transaction was carried out by way of a plan of arrangement (the "Agreement") (Note 4). As a result of the Transaction, FinCanna took control of governance and management resulting in control over all decision making processes which constituted a reverse acquisition of Astar by FinCanna (the "Reverse Acquisition"), for accounting purposes with FinCanna being identified as the accounting acquirer, and accordingly the Company is considered a continuation of FinCanna Capital Corp. The net assets of Astar at the date of the Reverse Acquisition, on December 22, 2017, are deemed to have been acquired by the Company. These consolidated financial statements include the results of operations of Astar from December 22, 2017. The comparative figures are those of FinCanna, prior to the Reverse Acquisition.

As contemplated by the Agreement, Astar's common shares were delisted from the TSX Venture Exchange ("TSX-V"). On December 22, 2017, the Company completed the Transaction, and the common shares of the FinCanna Capital Corp. were listed on the Canadian Securities Exchange ("CSE") and began trading on December 29, 2017, under the symbol "CALI".

The Company has advanced funds to Cultivation Technologies Inc. ("CTI") (Note 6), a company pursuing the construction of a medical marijuana manufacturing and testing facility. CTI has been granted local permits that allow for the construction of the project and permit CTI to conduct on-site cannabis operations, subject to regulatory requirements. Subsequent to amendments to the laws of the State of California with respect to cultivating marijuana that took effect on January 1, 2018, CTI has applied for and received a Temporary State License which will remain in effect until such time as a Permanent State License can be obtained. The Permanent State License will then be subject to renewal on an annual basis. Presently, this industry is illegal under United States federal law. CTI has, and intends to adhere strictly to the state statutes in its operation.

While marijuana and CBD-infused products are legal under the laws of several U.S. States (with vastly differing restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. At the present time, the distinction between "medical marijuana" and "recreational marijuana" does not exist under U.S. federal law, if one is illegal, both are illegal. Despite the marijuana laws in the State of California, marijuana is illegal under federal law. The federal government is not prosecuting businesses that are operating in compliance with their state and local laws and regulations, however, if the federal government did change their position, it would have a significant impact on the Company's financial position and results of operations.

Historically the Company has funded its operations through the issuance of equity. In the near future it is anticipated that the Company will continue to rely on the issuance of equity to fund its operations. There are no assurances that the Company will be successful in continuing to complete such financings to fund operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

The Company's continuing operations are dependent upon its ability to identify, evaluate, and negotiate agreements to acquire royalty interests in material assets or businesses, and to finance these activities through the issuances of additional debt or equity securities. To date, the Company has only earned accrued interest revenue, and has an accumulated deficit. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, unless otherwise stated, which is also the functional currency of the Company.

Critical accounting estimates, judgements and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of these financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of judgment considered by management are as follows:

Going concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

The information about significant areas of estimation uncertainty considered by management are as follows:

Fair value of stock options and finders' warrants

The fair value of share-based payments including the grant of stock options, and the fair value of compensatory finders' warrants are estimated using the Black-Scholes option pricing model. There are a number of estimates used in the calculation, such as forfeiture rates, expected life, and share price volatility which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

Impairment of non-financial assets (royalty investments, and investment in profit sharing arrangement)

At the end of each financial reporting period, the carrying amounts of the Company's non-financial assets are tested for impairment. In determining the recoverable amount of royalty investments, various estimates are employed. The Company determines value in use by using estimates including projected future revenues, profit or loss, and capital investment, if available depending on the stage of development of royalty investments and its investment in profit sharing arrangement. Discount rates used to measure value in use are consistent with external industry information reflecting the risk associated with the specific cash flows.

2. BASIS OF PREPARATION (continued)

Recoverability of Loan

The Company's loan represents amounts owed to the Company in respect of advances made to an investee, Cultivation Technologies Inc. The balances are presented net of allowances of $nil for non-recoverability. In establishing allowances for non-recoverable balances, significant judgment is exercised by management in determining the amount that is expected to be recovered from the debtors.

The recoverability of the loan may ultimately differ from its carrying value due to the potential for CTI to become financially impaired or insolvent. Consequently, reviews of the loan is done on a regular basis to determine if there is a need to establish an allowance for non-recoverability. In performing this review, the Company uses judgment in assessing the credit worthiness of CTI, and factors such as external market research and data, licensing, stage of operations, and cash flow projections, amongst other factors. These estimates are reviewed periodically during the year and in detail as at the date of the financial statements.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

Share Capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from shareholders' equity as share issue costs. Common shares issued for consideration other than cash, are valued based on their market value on the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the market price on the date of issuance. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded within reserves. Cash proceeds received subsequent to the issuance of share capital is recorded as subscriptions receivable within current assets provided the proceeds are received within twelve months of the statement of financial position date.

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. For the periods presented, basic loss per share equates to diluted loss per share.

Foreign currency translation

In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates," management determined the functional currency of the Company based on the currency of the primary economic environment in which the Company operates. These financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company.

Foreign currency transactions are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the period end rate of exchange. Foreign exchange gains and losses resulting from such translations are recognized in profit or loss.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position, at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in shareholders' equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category includes financial liabilities initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

The Company has classified its cash as fair value through profit and loss. The Company's loan, subscriptions receivable, and GST receivable, are classified as loans and receivables. Accounts payable and accrued liabilities is classified as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount (or cash-generating units ("CGU")) is the greater of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset or CGU that does not generate cash inflows largely independent of those from other assets or CGUs, the recoverable amount is determined for the cash generating unit to which the asset or CGU belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. A reversal of an impairment loss is recognized immediately in profit or loss. Assets that have an indefinite useful life (royalty investments, and investment in profit sharing arrangement) are not subject to amortization, and are tested annually for impairment.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. It is expected that the investment in profit sharing arrangement will be classified as a financial asset at FVTPL, and the measurement impact of this change may be insignificant, and is undeterminable at this time. The Company expects insignificant disclosure changes upon adoption.

- IFRS 15: New standard to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018. The Company does not expect a significant impact on its consolidated financial statements upon adoption of this standard.

- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company does not expect a significant impact on its consolidated financial statements upon adoption of this standard.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Royalty investments and investment in profit sharing arrangement

The Company measures royalty investments with a definite life at amortized cost on a straight-line basis.

Amortization commences when the investee demonstrates commercial operations that reflect the economic benefits the Company is entitled to. Royalty investments and investment in profit sharing arrangement that have an indefinite life are measured at acquisition cost, are not amortized, and are tested for impairment annually.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company recognizes interest income from loan over time as interest accrues.

The Company recognizes royalty income based on the total revenue earned and reported by the third party for the respective reporting period. The Company recognizes income from investment in profit sharing arrangement based on the total profits earned and reported by the third party for the respective reporting period. If the collection of royalties or profit sharing are doubtful the income may not be recorded.

4. REVERSE ACQUISITION

As described in Note 1, on December 22, 2017, the Company and Astar completed a Transaction which constituted a Reverse acquisition.

As a result of the Transaction, the shareholders of the Company obtained control of the combined entity by obtaining control of the voting power of the combined entity and the resulting power to govern the financial and operating policies of the combined entities. The Transaction constitutes a reverse acquisition of Astar by the Company and has been accounted for a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based payments* and IFRS 3, *Business combinations.* As Astar did not qualify for a business according to the definition in IFRS 3, this reverse acquisition does not constitute a business combination, rather it is treated as an issuance of common shares by the Company for the net assets of Astar and its listing status, with the Company as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction as it does not constitute a business.

For accounting purposes, the Company was treated as the accounting parent company (legal subsidiary) and Astar has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As the Company was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Astar's results of operations have been included from December 22, 2017.

Net assets of Astar acquired:		
Cash	$	432,448
Prepaid expenses		23,367
Accounts payable and accrued liabilities		(4,678)
Net assets acquired	$	451,137

Consideration provided in reverse acquisition of Astar:		
Fair value of 21,595,334 common shares at $0.35 per share [(1)]	$	7,558,367
Transaction costs – non-cash [(2)]		781,168
Total consideration paid	$	8,339,535

(1) The transaction was measured at the fair value of the shares that FinCanna would have to issue to shareholders of Astar, to give shareholders of Astar the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of FinCanna acquiring Astar.

(2) Non-cash transaction costs include the following:
- The fair value of the 498,667 finders' warrants (Note 8), assumed from Astar of $113,398;
- The fair value of the 3,427,666 warrants (Note 8) assumed from Astar of $667,770.

The excess between the total consideration paid, and the net assets of Astar, amounted to $7,888,398, which was recorded as a listing expense.

(Expressed in Canadian Dollars)

5. PREPAID EXPENSES

	April 30, 2018	April 30, 2017
Deposits	$ 42,099	$ -
Financing & advisory fee	83,974	-
Insurance	62,296	-
Investor relations & marketing	317,849	-
Transfer agent	11,674	-
Total	$ 517,892	$ -

6. LOAN AND INVESTMENT IN PROFIT SHARING ARRANGEMENT

a) Loan

On December 27, 2016, the Company entered into an agreement with Cultivation Technologies, Inc. ("CTI") (the "Loan Agreement") to fund CTI's purchase of land in Coachella, California in the amount of $1,320,180 (USD $977,913) (advanced to CTI during the period ended April 30, 2017) (the "Loan").

Subsequent amendments to the Loan Agreement (in April 2017, September 2017, and on January 12, 2018), resulted in the Company agreeing to advance additional funds for the construction of a cannabis manufacturing and testing facility in Coachella (the "Coachella Facility") (see table below). CTI also operates an interim extraction facility for medical cannabis (the "Interim Extraction Facility") at the same location. The Loan is secured by a Deed of Trust to the Company providing the Company with a first position security interest in land owned by CTI, and a first charge General Security Agreement providing the Company with security over all assets owned by CTI.

Terms of the Loan Agreement:

- Principal: Up to USD $5,959,251
- Interest: 20% per annum (increased from 10% effective January 12, 2018)
- Repayment:
  - Maturity: January 12, 2023
  - Accrued interest on the Loan will be payable monthly starting June 30, 2018, ("Loan Repayment Date"). As a result of Federal Banking restrictions in the United States, the timing of interest payments is currently being deferred as the ability of the Company to receive funds from the United States is currently limited due to Federal Banking restrictions in the United States.
  - The Company will also receive additional payments based on revenue and free cash flow of CTI if certain conditions are met.

- Conversion:
  - The Company may convert the Loan into such number of common shares of CTI that facilitates a 10.6% equity ownership in CTI; or
  - The Company may convert the Loan into a perpetual royalty for the right to receive payment of 5% of CTI's revenue, payable on a monthly basis.

- Coachella Project Royalty:
  - The Company has the option to purchase a royalty from CTI in the amount of USD $8,083,000, for the right to receive payment of 14% of CTI's revenues from its planned Coachella cannabis facility project, payable on a monthly basis.

(Expressed in Canadian Dollars)

6. LOAN AND INVESTMENT IN PROFIT SHARING ARRANGEMENT (continued)

a) Loan (continued)

The principal and interest components of the Loan are as follows:

	April 30, 2018 (CAD)	April 30, 2018 (USD)	April 30, 2017 (CAD)	April 30, 2017 (USD)
Principal	$ 7,636,012	$ 5,948,903	$ 1,338,680	$ 1,000,000
Interest	411,684	320,726	29,620	22,087
Finance expense and other	-	-	(228,000)	(172,976)
Total	$ 8,047,696	$ 6,269,629	$ 1,140,300	$ 849,111

At April 30, 2018, the carrying value of the Loan is as follows:

	April 30, 2018	April 30, 2017
Opening balance	$ 1,140,300	$ -
Advances to CTI	6,878,701	1,320,180
Finance expense [1]	-	(198,380)
Interest income	838,148	-
Foreign exchange	(50,975)	18,500
Investment in Profit Sharing Arrangement (Interim Extraction Facility) (Note 6(b))	(758,478)	-
Ending balance	$ 8,047,696	$ 1,140,300

[1] During the period ended April 30, 2017, the Loan was discounted to present value using a 12% discount rate which the Company considered to be an appropriate reflection of current market rates of interest for a financial instrument with similar risk characteristics. The resulting discount of $198,380 was recorded within finance expense which also included accretion of $3,500. Upon the January 12, 2018 amendment (see below), the Loan is no longer discounted, resulting in $nil finance expense for the year ended April 30, 2018.

Interest income from Loan as presented on the statements of loss and comprehensive loss, is reconciled as follows:

	Year ended April 30, 2018	Period ended April 30, 2017
Interest accrued to January 12, 2018, included in principal	$ 228,084	$ -
Interest accrued from January 12, 2018 to year end	411,684	-
Re-measurement of loan on January 12, 2018[1]	198,380	-
Total	$ 838,148	$ -

b) Investment in Profit Sharing Arrangement

Effective January 12, 2018, the Company and CTI agreed to reclassify $758,478 ($617,000 USD) of the Loan to the Interim Extraction Facility (the "Investment in Profit Sharing Arrangement"). CTI granted the Company the right to receive from CTI, 50% of the profits derived from the Interim Extraction Facility, which will accrue from October 1, 2017, and become payable in June 2018, and thereafter payable monthly, for as long as the Interim Facility is in operation (the "Interim Extraction Payments"). The Interim Extraction Payments are being deferred as the Company's ability to receive funds from the United States is currently limited due to Federal Banking restrictions in the United States.

As at April 30, 2018, the Company has accrued or received $nil in Interim Extraction Payments (April 30, 2017 - $nil).

(Expressed in Canadian Dollars)

6. LOAN AND INVESTMENT IN PROFIT SHARING ARRANGEMENT (continued)

b) Investment in Profit Sharing Arrangement (continued)

A continuity of Investment in Profit Sharing Arrangement is as follows:

	Year ended April 30, 2018	Period ended April 30, 2017
Opening	$ -	$ -
Reclassified from Loan	758,478	-
Ending	$ 758,478	$ -

The Company's Investment in Profit Sharing Arrangement, and royalty investments (Note 7), have an indefinite life and in accordance with the Company's accounting policy are measured at acquisition cost, and reviewed for impairment annually. As of April 30, 2018, no impairment was recorded to investment in profit sharing arrangement.

7. ROYALTY INVESTMENTS

The Company's royalty investments, and the investment in profit sharing arrangement (Note 6(b)), have an indefinite life and in accordance with the Company's accounting policy are measured at acquisition cost, and reviewed for impairment annually. As of April 30, 2018, no impairment was recorded to the royalty investments.

	April 30, 2018	April 30, 2017
Green Compliance, Inc.	$ 1,013,100	$ -
Refined Resin LLC	-	-
	$ 1,013,100	$ -

a) Green Compliance Inc.

On February 6, 2018, FinCanna entered into a royalty agreement with Green Compliance, Inc. ("Green Compliance"). Under the Royalty Agreement, FinCanna will fund US$3 million in tranches by September 15, 2018, in return for a perpetual royalty equal to 10% of consolidated gross revenues of Green Compliance, subject to certain buy-back options. On February 23, 2018 the Company advanced $950,100 (USD $750,000) to Green Compliance. In addition, the Company capitalized acquisition costs of $63,000.

Subsequent to year ended April 30, 2018, the Company advanced $1,300,600 (USD $1,000,000) to Green Compliance completing its "Milestone Payment 1" pursuant to the Royalty Agreement.

b) Refined Resin LLC (formerly Gram Co Holdings LLC)

On February 15, 2018, FinCanna signed a binding term sheet with Refined Resin LLC ("Refined Resin"), subject to due diligence by FinCanna, pursuant to which FinCanna would fund US$3 million in tranches. In return, FinCanna will receive a tiered corporate royalty, adjusted based on revenues levels, ranging from 14% to 7.5% of Gram Co's revenues. As at April 30, 2018 the Company has advanced $nil to Refined Resin.

Subsequent to year ended April 30, 2018, the Company advanced $2,937,845 (USD $2,250,000) to Refined Resin completing the Initial Advance Payment and Milestone Payment 1.

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at April 30, 2018, the authorized share capital of the Company is an unlimited number of shares, without par value.

8. SHARE CAPITAL AND RESERVES (continued)

Escrow Shares:

As at April 30, 2018, there were 3,202,470 common shares held in escrow (2017 – 3,558,300).

b) Issued share capital

Issued during the year ended April 30, 2018:

i. In May 2017, the Company completed private placement financings of 10,309,333 common shares at $0.30 per share, for gross proceeds of $3,092,800. Additionally, the Company issued 799,547 finders' warrants in connection with this financing exercisable at $0.30 per share, expiring on either May 26, 2020, or May 29, 2020. Refer to Note 8 (c) for fair value information.

b) Issued share capital

ii. On June 13, 2017, the Company completed a private placement financing of 4,757,299 common shares at $0.30 per share, for gross proceeds of $1,427,190. The Company also issued 241,600 finders' warrants in connection with this financing exercisable at $0.30 per share, expiring on June 13, 2020. Refer to Note 8 (c) for fair value information. In addition, the Company issued 70,000 common shares with a fair value of $21,000, to a director of the Company for consulting services.

In connection with this offering, on July 5, 2017, the Company issued 1,900,000 common shares at $0.30 per share, for a total fair value of $570,000, to certain officers of the Company subject to a limited recourse shareholder loan. See Note 9 for vesting terms.

- 800,000 common shares were issued to the CEO of the Company, 320,000 common shares have vested.
- 700,000 common shares were issued to the CFO of the Company, 280,000 common shares have vested.

iii. On November 23, 2017, the VP Corporate Development left the Company and the 400,000 common shares issued to him (of which 80,000 had vested) under the limited recourse shareholder loan were returned to treasury and cancelled. The shareholder loan relating to those shares was also extinguished.

In accordance with *IAS 33, Earnings per share,* although eligible for voting, the unvested 900,000 common shares issued that are subject to the limited recourse shareholder loan, are not included in the calculation of weighted average number of shares in the loss per share measure.

iv. On December 22, 2017, the Company and Astar completed the Transaction (Note 1 and Note 4).

v. On December 22, 2017, the Company completed brokered and non-brokered private placements whereby it issued at total of 14,264,466 units with each unit comprising one common share and one half of one common share purchase warrant for gross proceeds of $7,132,233. Each warrant shall be exercisable into one common share of the Company at an exercise price of $0.75 until December 22, 2019.

In connection with the December 2017 private placements, the Company incurred the following share issuance costs:

- issued 420,000 finders' warrants with each warrant exercisable into one common share of the Company at an exercise price of $0.50 until December 22, 2018;
- issued 412,000 finders' warrants with each warrant exercisable into one common share of the Company at an exercise price of $0.75 until either November 21, 2019, or December 22, 2019; and

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (continued)

vi. In April 2018, the Company closed a private placement whereby it issued 4,532,669 units at a price of $0.70 per unit for gross proceeds of $3,172,868, with each unit comprising one common share and one half of one common share purchase warrant exercisable at $1.05 per share until April 5, 2020. $720,037 of the proceeds from the private placement were allocated to reserves, representing the residual value of the warrants attached to the units.

In connection with the April 2018 private placement, the Company incurred the following share issue costs:

- issued 285,343 finders' warrants with each warrant exercisable for into one common share at an exercise price of $1.05 until April 10, 2020. Refer to note 8 (c) for fair value information.

In connection with the financings completed during the year ended April 30, 2018, the Company incurred cash share issue costs including finders' fees, legal, and other fees of $1,674,015 in aggregate, and non-cash share issue costs relating to the fair value of finders' warrants issued (described above) of $366,000, and the fair value of an additional 1,350,000 finders' shares issued of $915,000.

<u>Issued during the period ended April 30, 2017:</u>

i. On November 28, 2016, the Company issued 1 common share upon incorporation for $1.

ii. On December 23, 2016, the Company completed a private placement unit financing of 10,423,332 units at $0.15 per unit, for gross proceeds of $1,563,500. Each unit comprised one common share and one common share purchase warrant each exercisable at $0.30 per common share until December 23, 2019. In connection with this financing, the Company incurred cash finders' fees of $124,760, recorded as share issuance costs. Additionally, the Company issued 831,066 finders' warrants in connection with this financing. Refer to Note 8 (c) for fair value information.

iii. On January 12, 2017, the Company completed a private placement unit financing of 1,368,332 units at $0.15 per unit, for gross proceeds of $205,250. Each unit comprised one common share and one common share purchase warrant each exercisable at $0.30 per common share until January 12, 2020. In connection with this financing, the Company incurred cash finders' fees of $7,970, recorded as share issue costs. Additionally, the Company issued 52,800 finders' warrants in connection with this financing. Refer to Note 8 (c) for fair value information.

iv. On April 20, 2017, the Company completed a private placement unit financing of 1,500,000 units at $0.15 per unit, for gross proceeds of $225,000. As at April 30, 2017, $225,000 was recorded as subscriptions receivable, which was received during the year ended April 30, 2018. Each unit comprised one common share, and one common share purchase warrant each exercisable at $0.30 per common share until December 23, 2019. There were no cash finders' fees paid in connection with this financing.

In connection with the financings completed during the period to April 30, 2017, the Company incurred legal fees recorded as share issue costs of $23,539.

c) Reserves

In connection with the private placements completed during the period ended April 30, 2018, the Company issued 2,158,490 finders' warrants recorded at a fair value of $366,000.

In connection with the private placements completed during the period ended April 30, 2017, the Company issued 883,866 finders' warrants recorded at a fair value of $63,552.

The following weighted average assumptions using the Black Scholes option pricing model were used for the valuation of the finders' warrants issued:

	Year ended April 30, 2018	Period ended April 30, 2017
Risk-free interest rate	1.08%%	0.89%
Expected life	3 years	3 years
Annualized volatility	100%	173%
Dividend rate	0%	0%

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (continued)

The following is a summary of changes in reserves:

	Stock Options	Warrants	Total
Balance, November 28, 2016	$ -	$ -	$ -
Finders' warrants – fair value	-	63,552	-
Balance, April 30, 2017	-	63,552	63,552
Share-based payments	1,222,878	-	1,222,878
Warrants assumed from RTO	-	781,168	781,168
Warrants – residual value on private placements	-	720,037	720,037
Finders' warrants exercised	-	(243,878)	(243,878)
Finders' warrants – fair value	-	366,000	366,000
Balance, April 30, 2018	$ 1,222,878	$ 1,686,879	$ 2,909,757

d) Warrants

Details of share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 28, 2016	-	$ -
Issued – regular warrants	13,291,664	0.30
Issued – finders' warrants	883,866	0.30
Outstanding as at April 30, 2017	14,175,530	0.30
Exercised	(3,812,011)	0.30
Assumed from RTO – unit warrants (Note 4)	3,427,666	0.30
Assumed from RTO – finders' warrants (Note 4)	498,667	0.20
Issued – finders' warrants	2,158,490	0.52
Issued – unit warrants	9,398,565	0.82
Outstanding as at April 30, 2018	25,846,907	$ 0.51

As at April 30, 2018, the outstanding share purchase warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date
420,000	$ 0.50	December 22, 2018
394,800	$ 0.75	November 21, 2019
7,149,433	$ 0.75	December 22, 2019
10,377,652	$ 0.30	December 23, 2019
2,857,833	$ 0.30	January 4, 2020
485,333	$ 0.20	January 4, 2020
1,112,632	$ 0.30	January 12, 2020
314,070	$ 0.30	May 26, 2020
52,000	$ 0.30	May 29, 2020
131,479	$ 0.30	June 13, 2020
2,266,332	$ 1.05	April 5, 2020
285,343	$ 1.05	April 10, 2020
25,846,907		

The weighted average remaining contractual life for the warrants at April 30, 2018, is 2.67 years (2017 – 2.65 years).

The following weighted average assumptions using the Black Scholes option pricing model were used for the valuation of the finders' warrants issued and warrants assumed from RTO during the year ended April 30, 2018.

8. SHARE CAPITAL AND RESERVES (continued)

(Expressed in Canadian Dollars)

	April 30, 2018
Risk-free interest rate	1.44%
Expected life	1.93 years
Annualized volatility	100%
Dividend rate	0%

e) Stock Options

On July 4, 2017, the Company's board of directors approved a Stock Option Plan. The Company may grant options to employees, directors, officers, and consultants. The maximum number of options that may be granted under the plan is 10% of the issued and outstanding common shares. The exercise price may not be less than the market value of the common shares as determined by the board of directors. Stock options are subject to vesting requirements, and terms, as determined by the board of directors.

Details of stock option activity are as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at November 28, 2016, and April 30, 2017	-	-
Granted	6,000,000	$ 0.41
Outstanding as at April 30, 2018	6,000,000	$ 0.41
Exercisable as at April 30, 2018	6,000,000	$ 0.41

The fair value of options vested during the year ended April 30, 2018, was $1,222,878. The fair value of the stock options granted was calculated using the Black-Scholes option pricing model using the following weighted average assumptions:

	April 30, 2018
Risk-free interest rate	1.44%
Expected life	3 years
Annualized volatility	75%
Dividend rate	0%

As at April 30, 2018, the outstanding stock options were as follows:

Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining life (in years)
2,650,000	$ 0.30	July 6, 2022	4.19
3,350,000	$ 0.50	December 27, 2022	4.66
6,000,000			

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Key management personnel

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 executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

Remuneration attributed to key management personnel during the year ended April 30, 2018, can be summarized as follows:

	April 30, 2018	April 30, 2017
Management fees	$ 456,667	$ 106,745
Director fees	120,000	-
Consulting fees	65,000	-
Consulting fees – common shares issued	21,000	-
Share-based payments – stock options	953,053	-
Share-based payments – limited recourse loans (1)	237,000	-
	$ 1,852,720	$ 106,745

(1) The Company issued 1,900,000 common shares at $0.30 per share for a total fair value of $570,000, to certain officers of the Company pursuant to limited recourse shareholder loans (Note 8). The common shares vested 20% immediately (July 2017), with the remainder vesting evenly on January 5, 2018, July 5, 2018, January 5, 2019, and July 5, 2019. On November 23, 2017, the VP Corporate Development left the Company and the 400,000 common shares issued to him (of which 80,000 had vested) under the limited recourse shareholder loan were returned to treasury and cancelled. The shareholder loan relating to those shares was also extinguished.

Due to related parties

As at April 30, 2018, $29,722 (2017 – $Nil), was owed to the CEO of the Company. As at April 30, 2018, $18,375 (2017 – $Nil), was owed to a Company owned by the CFO of the Company. The amounts due to related parties are included in accounts payable and accrued liabilities.

10. FINANCIAL INSTRUMENTS

Fair value

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

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

Cash is carried at fair value using a Level 1 fair value measurement. The fair values of subscriptions receivable, GST receivable, and accounts payable and accrued liabilities approximate their carrying values. The carrying value of the loan also approximates its fair value as the loan bears a market rate of interest.

10. FINANCIAL INSTRUMENTS (continued)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, subscriptions receivable, GST receivable, and loan. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to GST receivable which is due from the Government of Canada, is minimal. The Company collected subscriptions receivable subsequent to April 30, 2018. The Company's credit risk with respect to the loan, is equal to its carrying value. Repayments of the loan is dependent on CTI reaching targeted revenue generating activities, and the ability of the Company to receive funds from such activities in the United States which is currently limited due to Federal Banking restrictions in the United States.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2018, the Company had a working capital balance of $2,911,104. Refer to discussion of going concern in Note 1.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and price risk.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant. The interest rate earned on the loan is fixed, as such the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, loan, and accounts payable and accrued liabilities, denominated in United States dollars. A 10% fluctuation between the Canadian dollar against the United States dollar would impact profit or loss by approximately $826,000.

c) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

11. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at April 30, 2018, the Company's shareholders' equity was $12,730,378 and there was no long-term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the period.

(Expressed in Canadian Dollars)

12. SEGMENT INFORMATION

The Company operates in one reportable segment, being funding of companies operating in the cannabis sector located in the United States. The Company's investment in profit sharing arrangement, and loan, represent amounts advanced to CTI (Note 6), a company located in the United States. The Company's royalty investment also involves a third-party company operating in the United States. The Company's revenues were earned from its loan in the United States.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes are as follows:

	2018	2017
Loss for the year	$ (12,695,539)	$ (525,324)
Expected income recovery	$ (3,343,000)	$ (137,000)
Change in statutory, foreign tax, foreign exchange rates and other	(21,000)	-
Permanent differences	2,471,000	(1,000)
Adjustment to prior years provision versus statutory tax returns	24,000	-
Share issue costs	(682,000)	(41,000)
Change in unrecognized deductible temporary differences	1,551,000	179,000
Total	$ -	$ -

Significant components of deductible temporary differences and unused tax losses that have not been included on the statement of financial position are as follows:

	2018	Expiry	2017	Expiry
Share issue costs	$ 2,229,000	2039 to 2042	$ 125,000	2038 to 2041
Loan	-	No Expiry date	$ 180,000	No Expiry
Non-capital losses available for future periods	$ 5,636,000	2032 to 2038	$ 507,000	2037

14. SUBSEQUENT EVENT

In July 2018, the Company closed private placements whereby it issued 22,666,957 Units at a price of $0.30 per unit for gross proceeds of $6,800,087. Each Unit consists of one common share and one common share purchase warrant. Each full warrant will be exercisable to acquire one common share of the Company at an exercise price of $0.45, until July 2020.