

**NASS VALLEY GATEWAY LTD.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED**  
**MARCH 31, 2018 AND 2017**  
*(Expressed in Canadian Dollars)*  
(Unaudited)

# NASS VALLEY GATEWAY LTD.

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**NOTICE OF NO AUDITORS' REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

## Condensed interim statements of financial position

(Expressed in Canadian Dollars)

	Note	March 31 2018 (unaudited) \$	December 31 2017 (audited) \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equivalents	4	24,080	38,386
Marketable securities	5	264	264
Amounts receivable from related parties	6	68,136	66,481
		92,480	105,131
<b>Non-current assets</b>			
Reclamation bond		3,000	3,000
		95,480	108,131
<b>LIABILITIES AND DEFICIENCY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		5,330	614
<b>Shareholders' equity</b>			
Share capital	7	3,216,971	3,216,971
Share based payment reserve	7	585,331	575,710
Deficit		(3,712,152)	(3,685,164)
		90,150	107,517
		95,480	108,131

Nature of Operations and Going Concern (Note 1)

Subsequent events (Note 10)

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on May 18, 2018:

"Dieter Peter"  
Dieter Peter, Director

"Andrew von Kursell"  
Andrew von Kursell, Director

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

**Nass Valley Gateway Ltd.**  
**Condensed interim statements of comprehensive loss**  
*(Expressed in Canadian Dollars)*

	Note	For the three months ended	
		March 31	
		2018	2017
		\$	\$
<b>Revenue</b>		-	-
<b>Expenses</b>			
Accounting and legal		10,260	9,300
Investor relations		54	1,068
Loan interest expenses and bank charges		70	86
Office expenses		1,631	1,463
Rent		-	900
Share-based payments	7(c)	9,621	3,217
Transfer agent and filing fees		4,674	5,312
Marketing and promotion		-	5,380
Wages and salaries		703	4,301
<b>Loss before other items</b>		(27,013)	(31,027)
<b>Other items</b>			
Interest revenue		25	25
		25	25
<b>Net loss and comprehensive loss</b>		(26,988)	(31,002)
<b>Net loss per share, basic and diluted</b>		(0.00)	(0.00)
<b>Weighted average number of common shares outstanding</b>		31,751,977	31,751,977

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

**Nass Valley Gateway Ltd.**  
**Statements of changes in equity**  
**For the three months ended March 31, 2018 and 2017**  
*(Expressed in Canadian Dollars)*

	<b>Share Capital</b>					
	<b>Note</b>	<b>Number of Shares</b>	<b>Amount</b>	<b>Share based payment reserve</b>	<b>Deficit</b>	<b>Total</b>
			\$	\$	\$	\$
<b>Balance, January 31, 2017</b> (audited)		<b>31,751,977</b>	<b>3,216,971</b>	<b>547,751</b>	<b>(3,573,560)</b>	<b>191,162</b>
Share based payments		-	-	3,217	-	3,217
Comprehensive loss		-	-	-	(31,002)	(31,002)
<b>Balance, March 31, 2017</b> (unaudited)		<b>31,751,977</b>	<b>3,216,971</b>	<b>550,968</b>	<b>3,604,562</b>	<b>163,377</b>
<b>Balance, January 31, 2018</b> (audited)		<b>31,751,977</b>	<b>3,216,971</b>	<b>575,710</b>	<b>(3,685,164)</b>	<b>107,517</b>
Share based payments	7(c)	-	-	9,621	-	9,621
Comprehensive loss		-	-	-	(26,988)	(26,988)
<b>Balance, March 31, 2018</b> (unaudited)		<b>31,751,977</b>	<b>3,216,971</b>	<b>585,331</b>	<b>(3,712,152)</b>	<b>90,150</b>

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

**Nass Valley Gateway Ltd.**  
**Condensed interim statements of cash flows**  
*(Expressed in Canadian Dollars)*

	<b>For the three months ended March 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Cash flows from operating activities</b>	<b>\$</b>	<b>\$</b>
Net loss for the year	<b>(26,988)</b>	<b>(31,002)</b>
<i>Items not affecting cash:</i>		
Share-based payments	<b>9,621</b>	<b>3,217</b>
	<b>(17,367)</b>	<b>(27,785)</b>
<i>Changes in non-cash working capital items:</i>		
Accounts payable and accrued liabilities	<b>4,717</b>	<b>2,452</b>
	<b>(12,650)</b>	<b>(32,835)</b>
<b>Cash flows from financing activity</b>		
Advances to related parties	<b>(1,655)</b>	<b>(7,502)</b>
<b>Change in cash and equivalents</b>	<b>(14,305)</b>	<b>(32,835)</b>
<b>Cash and equivalents, beginning</b>	<b>38,386</b>	<b>150,973</b>
<b>Cash and equivalents, ending</b>	<b>24,081</b>	<b>118,138</b>
<i>Supplemental disclosures:</i>		
Taxes paid	-	-
Interest paid	-	-

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

**Nass Valley Gateway Ltd.**  
**Notes to the condensed interim financial statements**  
**For the three months ended March 31, 2018 and 2017**  
*(Expressed in Canadian Dollars)*  
*(unaudited)*

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Nass Valley Gateway Ltd. (the “Company” or “NVG”) is incorporated under the laws of British Columbia, Canada and its principal business activities include the acquisition and exploration of mineral properties in Ontario and British Columbia, Canada. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) trading under the symbol “NVG”. The principal business address of the Company is 170-422 Richards Street, Vancouver, BC, V6B 2Z4.

On February 8, 2017, the Company entered into a binding Letter of Intent with IXI Treasury Holdings, Limited (“ITHL” or “Vendor”), a Company incorporated under the Laws of Hong Kong, and on February 15, 2017, the Company further entered into a Definitive Asset Purchase Agreement (the “DAP-Agr”) to acquire 100% of IHTL in exchange for the issuance of 80,000,000 convertible preferred shares with a deemed value \$5.00 per share (the Pref-A Shares) in two phases, subject to regulatory approval (the “Approval”). Under the DAP-Agr the vendor committed to a total financing of \$5,000,000 in two phases (the “Funding”) either through a private placement or by placing corporate bonds issued by the Company. As the audited financials of ITHL were not provided by the Vendor, the Company terminated the arrangement with ITHL.

On March 22, 2018 the Company announced that it has entered into Definitive Acquisition and Share Exchange Agreement (“DASE”) with Advanced Bioceutical Limited (“ABL”), and its wholly owned subsidiary Pro-Thotics Technologies Inc. (“PTI”) in exchange for 89.27% of the common shares of the Company.

ABL is engaged in the sale of Durable Medical Equipment (“DME”) and Cannabidiol (“CBD”) with zero THC content for internal use including CBD infused skin, bath and body care products.

As ABL will own a majority of the common shares of the Company after the proposed transaction, the transaction will be considered a reverse takeover and will be accounted as a continuation of the assets and operations of ABL together with recapitalization. The proposed transaction is subject to shareholder and regulatory approvals.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of measurement and preparation**

These condensed interim financial statements have been prepared under IFRS in accordance with IAS 34 – *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the annual financial statements prepared in accordance with IFRS have been omitted. Accordingly, these condensed financial statements do not include all the information required for full annual statements.

The condensed interim financial statements are prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss which have been measured at fair value.

The policies set out in the ensuing paragraphs have been consistently applied to all periods presented unless otherwise noted.

The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.



**Nass Valley Gateway Ltd.**  
**Notes to the condensed interim financial statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) Significant accounting judgements and estimates**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgements are choices in accounting policies and disclosures which management believes are supported by facts and circumstances existing at the date of the financial statements.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. The significant judgements and estimates are:

- Share based payments are based upon expected volatility and option life estimates;
- Fair value of options granted;
- Income tax and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

Critical accounting judgements are accounting policies that have been identified as being complex or involve subjective judgments or assessments with a significant risk of material adjustment in the next year. Significant judgement areas include:

- Going concern;
- The assessment of the Company's ability to obtain financing to fund future working capital requirements.

**c) Cash and equivalents**

Cash is comprised of cash on hand and term deposits. Cash equivalents include short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**d) Foreign currency**

The presentation and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are retranslated at historical exchange rates.

**Nass Valley Gateway Ltd.**  
**Notes to the condensed interim financial statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES**

**e) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resourced embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

**f) Share-based payments**

The fair value of stock options granted is measured at grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised the proceeds received, together with any related amount in share based compensation reserve, are credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

**g) Loss per share**

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. To compute diluted loss per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, all options and warrants were exercised. The proceeds from exercise are assumed to be used to purchase the Company's common shares at their average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

**h) Share issue costs**

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

**Nass Valley Gateway Ltd.**  
**Notes to the condensed interim financial statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES**

**i) Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

**j) 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 using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting loss nor taxable loss and differences relating to investments in subsidiaries to the extent that they are unlikely to 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 the underlying 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 utilised. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it does not recognize the asset.

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.

**k) Financial instruments**

**Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. It is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments.

- *Financial assets at fair value through profit or loss*

A financial asset is classified in this category if acquired principally for the purpose of

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**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**k) Financial instruments** (continued)

**Financial assets** (continued)

selling in the short term. Assets in this category are classified as current assets and include cash and equivalents and marketable securities, which are initially recognized at fair value.

- *Loans and receivables*

Loans and receivables are non derivative financial assets which are fixed or determinable payments that are not quoted in an active market. Assets in this category are measured at amortized cost. They are classified as current or noncurrent assets based on their maturity date. Assets in this category include amounts receivable from related parties and are measured at amortized cost less impairment.

- *Available-for-sale financial assets*

Available-for-sale financial assets are either designated as available for sale or not classified in any other categories. They are initially recognized at fair value plus transaction costs and are subsequently carried at fair value with unrealized gains and losses recorded in other comprehensive income until disposition or other-than-temporary impairment at which time the gain or loss is recorded in earnings. The Company does not have any available-for-sale financial assets.

**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 of derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Other financial liabilities* – this category includes accounts payable and due to related parties, which are initially recognized at fair value and subsequently stated at amortized cost. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the date of the statement of financial position.

**l) Impairment of financial assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. If such evidence exists the Company recognizes an impairment loss as follows:

- Financial assets carried at amortized cost: the loss is the difference between the amortized cost and its value of estimated future cash flows, discounted using the instrument's original effective interest rate;

**Nass Valley Gateway Ltd.**  
**Notes to the condensed interim financial statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**l) Impairment of financial assets (continued)**

- Available-for-sale financial assets: The loss is the amount comprising the difference between its original cost and its current fair value, less any impairment previously recognized in the statement of loss. This amount represents the cumulative loss accumulated in other comprehensive income that is reclassified to net loss.
- Reversals of impairment losses on financial assets carried at amortized cost are recorded through the statement of loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss had been recognized. Impairment on available-for-sale instruments is not reversed.

**m) Adoption of new pronouncements**

The Company did not adopt any new or amended accounting standards during the three months ended March 31, 2017 which had a significant impact on the Financial Statements.

**3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective for annual periods on or after January 1, 2018:

**IFRS 9 Financial Instruments** - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

**IFRS 15 Revenue from Contracts with Customers** – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of real Estate, IFRIC 18 – Transfer of Assets from Customers, and SIC – Revenue – Barter transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

**IFRS 2 Share-based Payment** – In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provides guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Earlier application is permitted.

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**Notes to the condensed interim financial statements**  
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**3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED (continued)**

The adoption of these standards is not expected to have a material impact on the Company's financial statements.

Standard is effective for annual periods beginning on or after January 1, 2019:

**IFRS 16 Leases** – In June 2016, the IASB issued IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. Early adoption is permitted if IFRS 15 has also been adopted.

**4. CASH AND EQUIVALENT**

	<b>March 31, 2018</b> <b>(unaudited)</b>	December 31, 2017 <b>(audited)</b>
	\$	\$
Bank and petty cash	<b>19,038</b>	33,368
Term deposit	<b>5,000</b>	5,000
	<b>24,038</b>	38,368

**5. MARKETABLE SECURITIES**

	<b>March 31, 2018</b> <b>(unaudited)</b>	December 31, 2017 <b>(audited)</b>
<b>The Eelleet Network Corp.</b>		
Number of shares	<b>8,802</b>	8,802
	\$	\$
Book value	<b>264</b>	264
Fair value	<b>264</b>	264
<b>Unrealized loss on marketable securities</b>	<b>-</b>	<b>-</b>

In a prior year, the Company received 8,802 common shares of the Eelleet Network Corp. as shares for debt settlement. The fair value of the shares was \$0.35 per share for a total of \$3,081 at initial recognition.

As at March 31, 2018 the fair value of these shares was \$0.03 per share for a total of \$264 (2017 - \$264).

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**Notes to the condensed interim financial statements**  
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**6. RELATED PARTY TRANSACTIONS**

**Key Management compensation**

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. Key management compensation consists of the following for the three months ended March 31, 2018 and the year ended December 31, 2017:

	<b>March 31, 2018 (unaudited)</b>	December 31, 2017 (audited)
Consulting fees:		
Chief financial officer	-	3,500

The amounts due to/from related parties were as follows:

	<b>March 31, 2018 (unaudited ) \$</b>	December 31, 2017 (audited) \$
Due from related parties:		
The Elleet Network Corp., a company with some common directors	23,386	22,993
Mineral Hill Industries Ltd., a company with some common directors and officers	44,254	43,466
	<u>67,640</u>	<u>66,459</u>
Due to related parties:		
Mineral Hill Industries Ltd., a company with some common directors and officers	-	347
	<u>-</u>	<u>347</u>

**Advances from related party**

The amounts due from related parties are non-interest bearing, unsecured and due on demand.

These transactions are measured at exchange amounts, which are the amounts of consideration negotiated, established and agreed to by the related parties.

**7. SHARE CAPITAL**

**a) Authorized share capital**

At March 31, 2018, the authorized share capital of the Company comprised of an unlimited number of common shares at no par value as well as an unlimited number of classes A-1 and A-2 of convertible preference shares at no par value. All issued and outstanding shares are fully paid.

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**7. SHARE CAPITAL (continued)**  
**b) Issue of common shares**

At March 31, 2018, the issued and outstanding common shares were 31,751,977.

During the first quarter of 2018 and the years ended December 31, 2017 and 2016, the Company did not issue any common shares or convertible preferred shares.

**c) Stock options**

The Company grants stock options to employees, directors, officers, and consultants as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options issued pursuant to the Plan must have an exercise price greater than or equal to the "Market Price" of the Company's stock on the grant date less applicable discounts. Options have a maximum expiry period of up to five years from the grant date and are subject to the minimum vesting requirements, as determined by the Board of Directors.

The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Stock options granted to directors vest at a rate of 50% on the grant date and the balance on the first anniversary of the grant date. Stock options granted to employees vest at a rate of 50% on the first anniversary of the grant date and the balance on the second anniversary of the grant date. ,

On December 5, 2017 the Company granted 560,000 stock options to directors, officers and employees. Share-based compensation of \$13,029 was recorded. The weighted average fair value of the 560,000 options was \$0.06. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.93%, the expected life of 3 years, expected volatility of 247%, forfeiture rate of 0% and expected dividends of \$Nil.

On February 6, 2017 the Company granted 85,000 stock options to a director. Share-based compensation of \$3,217 was recorded. The weighted average fair value of the 85,000 options was \$0.06. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.43%, the expected life of 3 years, expected volatility of 268%, forfeiture rate of 0% and expected dividends of \$Nil. These options were cancelled on January 5, 2018.

On October 25, 2016, the Company granted 545,000 stock options to directors, officers and employees. Share-based compensation of \$11,345 was recorded. The weighted average fair value of the 585,000 options was \$0.04. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 0.56%, the expected life of 3 years, expected volatility of 264%, forfeiture rate of 0% and expected dividends of \$Nil.

On August 6, 2016, 30 days subsequent to the resumption of trading, 600,996 options that had been granted to members of advisory and board committees were cancelled due to the Board of Directors' decision that, with the exception of the Audit Committee, the size of the Company's operations did not warrant the reappointment of additional committees at that time.



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**7. SHARE CAPITAL** (continued)  
**c) Stock options** (continued)

The following tables summarize the continuity of the Company's stock options:

Expiry Date	Exercise Price \$	Dec 31 2017 (audited)	Granted	Exercised	Expired/ Forfeited	Cancelled	Mar 31 2018 (unaudited)
April 28, 2018	0.10	372,500	-	-	-	-	372,500
October 25, 2019	0.10	545,000	-	-	-	-	545,000
February 6, 2020	0.10	85,000	-	-	-	85,000	-
December 5, 2020	0.10	560,000	-	-	-	-	560,000

**Weighted average exercise price** **\$0.10**

Expiry Date	Exercise Price \$	Dec 31 2016	Granted	Exercised	Expired/ Forfeited	Cancelled	Dec 31 2017
April 28, 2018	0.10	372,500	-	-	-	-	372,500
October 25, 2019	0.10	545,000	-	-	-	-	545,000
February 6, 2020	0.10	-	85,000	-	-	-	85,000
December 5, 2020	0.10	-	560,000	-	-	-	560,000
		917,500	645,000	-	-	-	1,562,500

**Weighted average exercise price** **\$0.10**

Details regarding the options outstanding as at March 31, 2018 are as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value	Number of Options Exercisable
\$ 0.10	372,500	0.07	\$ 0.07	372,500
\$ 0.10	545,000	1.57	\$ 0.04	545,000
\$ 0.10	560,000	2.68	\$ 0.06	170,000
\$ 0.10	1,477,500	1.61	\$ 0.05	1,087,500

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options granted is recognized in income on a graded vesting basis. Option pricing models require the input of highly subjective input assumptions, which can materially affect the fair value estimate and therefore the existing models do not necessarily provide reliable a single measure of the fair value of the Company's stock options.

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**7. SHARE CAPITAL (continued)**  
**d) Share purchase warrants**

On October 16, 2015 the Company amended the expiry date of 3,500,000 warrants from October 16, 2016 to October 16, 2020 and the exercise price from \$0.20 per warrant to \$0.11. Since there was no value allocated to those warrants upon issuance, no adjustment has been made on the modification.

The following tables summarize the continuity of the Company's share purchase warrants:

Expiry Date	Exercise Price	December 31 2017	Granted	Exercised	Expired/ Cancelled	March 31 2018
May 1, 2017 <sup>(1)</sup>	\$0.10	11,450,000	-	-	-	11,450,000
July 25, 2019	\$0.10	1,363,042	-	-	-	1,363,042
Oct 16, 2020	\$0.11	3,500,000	-	-	-	3,500,000
		16,313,042				16,313,042
Weighted average exercise price						\$0.10
Weighted average contractual remaining						0.65

Expiry Date	Exercise Price	December 31 2016	Granted	Exercised	Expired/ Cancelled	December 31 2017
May 1, 2017 <sup>(1)</sup>	\$0.10	11,450,000	-	-	-	11,450,000
July 25, 2019	\$0.10	1,363,042	-	-	-	1,363,042
Oct 16, 2020	\$0.11	3,500,000	-	-	-	3,500,000
		16,313,042	-	-	-	16,313,042
Weighted average exercise price						0.10
Weighted average contractual remaining						0.73

(1) 11,450,000 warrants due to expire on May 1, 2017 were extended on April 28, 2017 for the length of time the Company's shares are halted on the Exchange.

**8. FINANCIAL INSTRUMENTS AND RISKS**

The Company's financial instruments consist of cash and equivalents, marketable securities, amounts receivable from related parties and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities and due from related parties. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents with high-credit quality financial institutions. Amounts due to and from related parties are discussed in Note 6.

*Currency risk*

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations

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of the Canadian dollar with other currencies.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Interest rate risk*

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash and equivalents as they are currently held in large financial institutions.

**Fair value measurements of financial assets and liabilities**

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of cash and cash equivalents are determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of marketable securities, due to and from related parties and accounts payable, approximate their current fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company’s condensed interim statements of financial position as of March 31, 2018 as follows:

	Fair Value Measurements Using			March 31, 2018 (unaudited)
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 24,080	–	–	\$ 24,080
Marketable securities	\$ -	264	-	\$ 264

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**9. CAPITAL MANAGEMENT**

The Company's capital structure consists of shareholders' equity and related party loans. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its business plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placement or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

**10. SUBSEQUENT EVENTS**

In April 2018, the Company submitted to the CSE a Listing Statement 2A to obtain approval of the transaction with Advanced Bioceuticals Limited and is awaiting comments from the Exchange.

On May 15, 2018 ABL advanced \$18,776 for transaction costs to finalize the acquisition.