

**BELGRAVIA**  
CAPITAL INTERNATIONAL

**2018**

**Condensed Consolidated  
Interim Financial Statements**

for the nine months ended September 30, 2018

(Unaudited – Expressed in CAD dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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 the financial statements have not been reviewed by an auditor.

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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**BELGRAVIA CAPITAL INTERNATIONAL INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in CAD Dollars)

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 4,717,131	\$ 1,095,353
Investments (note 4)	6,190,350	983,514
Receivables (note 3)	66,934	1,776,403
Prepaid expenses (note 10)	82,092	243,743
	<u>11,056,507</u>	<u>4,099,013</u>
<b>Property, plant and equipment</b> (note 5)	4,549	1,266
	<u>\$ 11,061,056</u>	<u>\$ 4,100,279</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (notes 6,10)	\$ 169,582	\$ 210,325
Employment liability (note 7)	-	412,500
<b>Total current liabilities</b>	<u>169,582</u>	<u>622,825</u>
<b>Shareholders' equity</b>		
Share capital (note 8)	107,031,120	97,978,373
Reserves (note 8)	13,310,348	10,058,205
Currency translation adjustment reserve	18,681,269	18,681,269
Deficit	(128,131,263)	(123,240,393)
	<u>10,891,474</u>	<u>3,477,454</u>
	<u>\$ 11,061,056</u>	<u>\$ 4,100,279</u>

**Nature of operations and going concern** (note 1)

**Subsequent events** (note 16)

**On behalf of the Board:**

*"Mehdi Azodi"*

\_\_\_\_\_  
**Director**

*"John Stubbs"*

\_\_\_\_\_  
**Director**

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

**BELGRAVIA CAPITAL INTERNATIONAL INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in CAD Dollars)

	<b>Three Month Period Ended 30-Sep-18</b>	Three Month Period Ended 30-Sep-17	<b>Nine Month Period Ended 30-Sep-18</b>	Nine Month Period Ended 30-Sep-17
<b>REVENUES</b>				
Management services revenue (note 3)	\$ 185,000	\$ -	\$ 615,000	\$ -
<b>EXPENSES</b>				
Administration (note 10)	104,872	28,039	367,052	164,271
Business and market development	24,563	73,220	121,077	500,857
Consulting fees (note 10)	133,060	31,499	669,805	219,990
Depreciation (note 5)	470	259	1,081	6,787
Fundraising activities	-	137,000	5,000	473,136
Foreign exchange gain (loss)	39,577	(16,561)	(51,641)	(33,141)
Investor relations	43,040	28,248	123,638	251,103
Professional fees	157,004	180,284	301,751	350,487
Regulatory fees	18,409	11,205	50,959	64,852
Rent and storage	30,180	25,573	71,540	61,511
Research costs	77,353	-	169,353	-
Share-based compensation (notes 9,10)	-	-	2,903,527	323,577
Travel	11,283	29,090	47,952	134,172
Wages and benefits (note 10)	179,789	169,693	971,573	666,233
<b>Operating loss</b>	<b>(819,600)</b>	<b>(697,549)</b>	<b>(5,752,667)</b>	<b>(3,183,835)</b>
Investment gain (loss) (note 4)	(218,861)	(16,301)	191,757	1,198
Interest income	27,033	936	55,040	3,824
Finance costs	-	-	-	(874,851)
Gain on deconsolidation of ICP(USA) (note 3)	-	-	-	1,472,645
Deconsolidation adjustment (note 3)	-	-	-	(10,137,668)
Derivative gain	-	158,924	-	957,594
<b>Loss for the period</b>	<b>(826,428)</b>	<b>(553,990)</b>	<b>(4,890,870)</b>	<b>(11,761,093)</b>
<b>Other comprehensive income (loss)</b>				
Cumulative translation amount reclassified to profit and loss (note 3)	-	-	-	10,137,668
Cumulative translation adjustment	-	(5,276)	-	(48,959)
<b>Comprehensive loss for the period</b>	<b>\$ (826,428)</b>	<b>\$ (559,266)</b>	<b>\$ (4,890,870)</b>	<b>\$ (1,672,384)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of common shares</b>				
<b>outstanding, basic and diluted</b>	<b>411,354,656</b>	<b>237,152,275</b>	<b>402,872,572</b>	<b>224,395,333</b>

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

**BELGRAVIA CAPITAL INTERNATIONAL INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in CAD Dollars)

	Nine Month Period Ended September 30, 2018	Nine Month Period Ended September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (4,890,870)	\$ (11,761,093)
Items not affecting cash:		
Depreciation	1,081	6,787
Deconsolidation adjustment	-	10,137,668
Derivative gain	-	(962,439)
Finance costs	-	874,851
Gain on deconsolidation of ICP(USA)	-	(1,477,593)
Share-based compensation	2,903,527	310,403
Unrealized foreign exchange gain	-	(78,946)
Realized loss on sale of investments	116,219	-
Unrealized investments gain	(307,976)	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	1,709,469	(11,808)
Decrease (Increase) in prepaid expenses	161,651	(16,360)
(Decrease) increase in accounts payable and accrued liabilities	(40,743)	406,408
Decrease in employment liability	(412,500)	(257,500)
Net cash used in operating activities	<u>(760,142)</u>	<u>(2,829,622)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments	(9,805,269)	(50,000)
Proceeds from sale of investments	5,040,190	-
Property, plant and equipment expenditures	(4,364)	(1,369,284)
Cash removed on deconsolidation	-	(1,100,665)
Net cash used in investing activities	<u>(4,769,443)</u>	<u>(2,519,949)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	6,699,500	1,527,140
Proceeds from stock options exercise	228,000	-
Proceeds from warrants exercise	2,467,505	24,341
Proceeds from broker warrants exercise	16,800	69,898
Share issuance costs	(260,442)	(50,688)
Net cash provided by financing activities	<u>9,151,363</u>	<u>1,570,691</u>
<b>Change in cash for the period</b>	<b>3,621,778</b>	<b>(3,778,880)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,095,353</b>	<b>4,181,894</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 4,717,131</b>	<b>\$ 403,014</b>
<b>Cash and cash equivalents are comprised of:</b>		
Cash	\$ 4,717,131	\$ 403,014
Cash equivalents	\$ -	\$ -

**Supplemental disclosure with respect to cash flows (note 11)**

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

**BELGRAVIA CAPITAL INTERNATIONAL INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(DEFICIENCY)**  
(Unaudited - Expressed in CAD Dollars)

	Share Capital					
	Number of Shares	Amount	Reserves	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
Balances as at December 31, 2016	212,823,545	\$ 96,501,516	\$ 9,749,477	\$ 8,568,001	\$(114,833,742)	\$ (14,748)
Units issued for cash	23,312,141	1,527,140	-	-	-	1,527,140
Warrants exercised	200,000	24,341	-	-	-	24,341
Warrant liability	-	(230,595)	-	-	-	(230,595)
Broker warrants exercised	816,589	69,898	(13,175)	-	-	56,723
Share issuance costs	-	(50,688)	-	-	-	(50,688)
Share-based compensation	-	-	323,577	-	-	323,577
Loss and comprehensive income (loss)	-	-	-	10,088,709	(11,761,093)	(1,672,384)
Balances as at September 30, 2017	237,152,275	\$ 97,841,612	\$10,059,879	\$ 18,656,710	\$(126,594,835)	\$ (36,634)
Balance as at December 31, 2017	238,840,846	\$ 97,978,373	\$10,058,205	\$ 18,681,269	\$(123,240,393)	\$ 3,477,454
Units issued for cash	133,990,000	6,699,500	-	-	-	6,699,500
Shares issued for non-cash consideration (note 8)	5,000,000	250,000	-	-	-	250,000
Stock options exercised	2,400,000	333,789	(105,789)	-	-	228,000
Warrants exercised	30,843,810	2,467,505	-	-	-	2,467,505
Broker warrants exercised	280,000	20,445	(3,645)	-	-	16,800
Share issuance costs	-	(718,492)	458,050	-	-	(260,442)
Share-based compensation	-	-	2,903,527	-	-	2,903,527
Loss and comprehensive loss	-	-	-	-	(4,890,870)	(4,890,870)
Balances as at September 30, 2018	411,354,656	\$107,031,120	\$13,310,348	\$ 18,681,269	\$(128,131,263)	\$10,891,474

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

**BELGRAVIA CAPITAL INTERNATIONAL INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

(Unaudited - Expressed in CAD Dollars)

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

Belgravia Capital International Inc. (“Belgravia” or the “Company”) was incorporated under the Canada Business Corporations Act on November 8, 2002. The Company’s registered office is 82 Richmond Street East, Toronto, ON M5C 1P1. The Condensed Consolidated Interim Financial Statements (“Interim Financial Statements”) are comprised of the Company and its subsidiaries.

During the year ended December 31, 2017, the Company disposed of its interest in a wholly-owned subsidiary which was involved in the development of potash-related minerals. The Company is now focusing on merchant banking and providing management services in the resources, technology, and legal cannabis industries, developing healthcare products, as well as pursuing the royalty streams from its previous potash project.

The Company’s continuation as a going concern is dependent on cash flow from its investments, royalties, or operations and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. While the Company currently has no source of operating revenue other than management services consulting fees, its working capital of \$10,886,925 at September 30, 2018 leads management to believe the Company has sufficient capital to fund its business activities and general working capital for at least the next 12 months. The Company’s financial success is dependent on its ability to identify, evaluate, negotiate, and exit investments in assets or businesses. These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is currently exploring alternatives to obtain financing. Such alternatives may involve debt, equity or alternative financing structures and may occur at the public company or subsidiary level.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Statement of compliance:**

These Interim Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Interim Financial Statements were authorized by the audit committee and board of directors of the Company on November 13, 2018.

**b) Basis of presentation:**

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these Interim Financial Statements are in accordance with IFRS and have not been audited.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These Interim Financial Statements do not include all of the information required for annual financial statements.

The significant accounting policies for these Interim Financial Statements are consistent with those disclosed in the audited financial statements for the year-ended December 31, 2017 except for the adoption of IFRS 9 and IFRS 15 as disclosed in note 2 g. These Interim Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the year-ended December 31, 2017.

**BELGRAVIA CAPITAL INTERNATIONAL INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Unaudited - Expressed in CAD Dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)****c) Basis of consolidation:**

The Consolidated Interim Financial Statements of the Company include the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership
Intercontinental Potash Corp.	<i>Canada</i>	100%
Trigon Exploration Utah Inc.	<i>USA</i>	100%
Belgravia Dermatology Inc.	<i>Canada</i>	100%
Belgravia Urology Inc.	<i>Canada</i>	100%

The Company consolidates the subsidiaries on the basis that it controls these subsidiaries when the Company possesses power over an investee, has exposure to variable returns from the investee, and has the ability to use its power over the investee to affect its returns. All intercompany transactions and balances are eliminated on consolidation.

**d) Cash and cash equivalents:**

Cash and cash equivalents consist of cash on hand and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**e) Investments:**

All investments are classified upon initial recognition at fair value through profit or loss ("FVTPL"), with changes in fair value reported in profit or loss. Purchases and sales of investments are recognized on the settlement date. Investments at FVTPL are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income (loss).

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the FVTPL investments are recognized in profit or loss.

Investments in common shares of public companies are measured at fair value based on published market prices with unrealized gains and losses recognized through profit or loss. The valuation of these shares has been determined in whole by reference to the close price of the shares on the TSX, TSX Venture Exchange or Canadian Securities Exchange ("CSE") at each reporting date. Various warrants have been received as attachments to share purchase units and do not trade in an active market. At the time of purchase, the per unit cost is allocated to common shares and warrants using the residual method. The value of the warrants is subsequently determined at the measurement date using the Black-Scholes option pricing model.

All privately-held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted with unrealized gains and losses recognized through profit or loss.

**f) Significant accounting estimates and judgments:**

The preparation of these Interim Financial Statements requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.



**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**g) Revenue recognition**

Management services revenue is recognized when services are rendered, and the amount can be reasonably estimated and collected.

**h) Research and development costs:**

Research costs are expensed as incurred. The Company has not capitalized development expenditures to date. An intangible asset may be recognized in future periods if the Company can demonstrate:

- i. the technical feasibility of completing the intangible asset so it will be available for use or resale;
- ii. its intention to complete and its ability to use or sell the asset;
- iii. how the asset will generate future economic benefits;
- iv. the availability of resources to complete the asset; and
- v. the ability to measure reliably of the expenditure during development.

Capitalized development costs will be amortized over the expected life of the related products. The Company is actively researching dermatological products in its subsidiary Belgravia Dermatology Inc.

**i) New standards, amendments and interpretations:**

*Effective January 1, 2018*

**IFRS 9 – Financial Instruments: Classification and Measurement:**

Effective January 1, 2018, the Company has adopted IFRS 9 retrospectively. Prior periods were not restated, and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement.

*New accounting policy for financial instruments under IFRS 9*

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI.

The classification determines the method by which the financial assets are carried on the statement of financial positions subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in the consolidated statement of loss and comprehensive loss. Cash and cash equivalents and investments are measured at FVTPL with subsequent changes recognized in the consolidated statement of loss and comprehensive loss.

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**i) New standards, amendments and interpretations (cont'd...):**

*Impairment and uncollectibility of financial assets*

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the statement of loss and comprehensive loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the consolidated statement of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*Impact of change in accounting policy*

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	<b>Measurement Category</b>	
	Original (IAS 39)	New (IFRS 9)
<b>Financial assets:</b>		
Cash and cash equivalents	FVTPL	FVTPL
Investments	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

There has been no change in the carrying value of the Company's financial instruments or to previously reported figures as a result of the adoption of IFRS 9.

IFRS 15 - Revenue from Contracts with Customers. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of IFRS 15 did not have an impact on the Company's consolidated financial statements.

*Effective January 1, 2019*

IFRS 16 – Leases. IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2019 and is currently evaluating the potential impact of the adoption of IFRS 16.

**BELGRAVIA CAPITAL INTERNATIONAL INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

(Unaudited - Expressed in CAD Dollars)

**3. RECEIVABLES**

Receivables are comprised of:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
GST receivable <sup>(a)</sup>	\$ 33,018	\$ 17,424
Management services fees receivable <sup>(b)</sup>	-	-
Advances receivable <sup>(c)</sup>	\$ 33,916	-
Due from ICP(USA) <sup>(d)</sup>	-	\$1,756,300
Miscellaneous receivables	-	\$ 2,679
<b>Total</b>	<b>\$ 66,934</b>	<b>\$1,776,403</b>

- a. The Company had GST receivable of \$33,018 at September 30, 2018.
- b. The Company provides management services to several companies in which the Company has invested. Pursuant to management services agreements, the Company was owed \$nil at September 30, 2018.
- c. At September 30, 2018, The Company has an outstanding interest-free loan to one employee that will be repaid by the end of 2018 with a balance due of \$3,916 at September 30, 2018. The Company also has an outstanding \$30,000 loan to a consultant that is expected to be repaid in the fourth quarter of 2018.
- d. On March 16, 2017, the Company ceased to consolidate the assets, liabilities and results of operations of Intercontinental Potash Corp. (USA) ("ICP(USA)") and began recognizing its investment retained in "ICP(USA) as an investment in an associated company under the equity method with a value of \$1. On deconsolidation, the Company recognized a gain of \$1,477,593. The Company also reclassified \$10,137,668 of cumulative translation amount from accumulated other comprehensive income to profit or loss. At the shareholder meeting on October 12, 2017, shareholders of the Company approved the special resolution authorizing the sale all of its common shares of ICP(USA) back to ICP(USA) in return for up to USD\$15 million. The sale was completed in October 2017. The first payment of \$1,748,600 (US\$1.4 million) was received by the Company in October 2017. The second payment of \$1,756,300 (US\$1.4 million) was a receivable at December 31, 2017 (received in January 2018). The Company will also receive a water royalty equal to 75% of revenue from the sale of water or water rights from the Ochoa property up to a maximum of US\$12.2 million. If ICP(USA) has not paid the Company the full amount by December 31, 2020, then ICP(USA) will also pay the Company a 1% royalty on production from the Ochoa property for the shortfall.

**BELGRAVIA CAPITAL INTERNATIONAL INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

(Unaudited - Expressed in CAD Dollars)

**4. INVESTMENTS**

The Company's investments include common shares and warrants of Canadian companies that are listed on various Canadian stock exchanges and investments in private Canadian and U.S. companies as well as certain investment funds, such as money market funds and bond funds, held through Canadian investment dealers. The fair values of the common shares of the publicly-traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. The investments in unlisted warrants of companies that are publicly-traded are valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Period ended September 30, 2018	Year ended December 31, 2017
Risk-free interest rate	2.19%	1.66%
Expected life of warrants	1.53 years	1.87 years
Annualized volatility	99.02%	212.35%
Dividend rate	0.00%	0.00%

As at September 30, 2018, fair value of the investments was \$6,190,350 (Dec. 31, 2017 - \$983,514). This includes the value of debt and equity investments of \$5,353,025 (Dec. 31, 2017 - \$588,796) and value of warrants of \$837,324 (Dec. 31, 2017 - \$394,718).

During the nine-month period ended September 30, 2018, the Company recorded an unrealized loss of \$134,609 (2017 - \$17,500) for equity and debt investments and an unrealized gain of \$442,585 (2017 - \$nil) for warrants.

During the nine-month period ended September 30, 2018, the Company sold certain of its investments for proceeds totalling \$5,040,190 (2017 - \$nil) and recognized a loss of \$116,219 (2017 - \$nil).

**BELGRAVIA CAPITAL INTERNATIONAL INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

(Unaudited - Expressed in CAD Dollars)

**4. INVESTMENTS (cont'd...)**

Investments* at September 30, 2018:	Number of Shares	Cost	Fair Value
<b>Public Companies:</b>			
Blackrock Gold Corp.	5,280,000	\$ 528,000	\$ 290,400
C21 Investment Inc.	82,000	\$ 134,726	\$ 122,180
Captor Capital Corp.	1,000,000	\$ 200,000	\$ 135,000
Engagement Labs	2,000,000	\$ 100,575	\$ 110,000
IMEX Systems Inc.	1,428,571	\$ 100,000	\$ 442,857
Khiron Life Sciences Corp.	8,000	\$ 2,000	\$ 14,800
Magna Terra Minerals Inc.	500,000	\$ 25,000	\$ 22,500
Maritime Resources Corp.	2,100,000	\$ 210,000	\$ 189,000
Nexus Gold Corp.	2,400,000	\$ 400,000	\$ 300,000
Parcel Technology Inc.	100,000	\$ 37,850	\$ 39,500
Planet 13 Holdings Inc.	212,500	\$ 170,000	\$ 537,625
Tartisan Nickel Corp.	7,624,000	\$ 773,948	\$ 381,200
ThreeD Capital Inc.	600,000	\$ 60,000	\$ 48,000
Vital Hub Corp.	590,000	\$ 73,350	\$ 88,500
<b>Private Companies:</b>			
Coinstrike Inc.	2,000,000	\$ 200,000	\$ 200,000
Halo Labs Inc.	322,580	\$ 129,032	\$ 129,032
Plus Products Holdings	83,333	\$ 126,575	\$ 126,575
R&D Pharma Corp.	4,000,000	\$ 750,000	\$1,000,000
Reciprocity Corp	779,590	\$ 218,000	\$ 272,857
Zonetail Inc.	3,211,110	\$ 676,000	\$ 578,000
Investments in notes receivable & deposits	n/a	\$ 325,000	\$ 325,000
Total		\$5,240,056	\$5,353,025

\* Note: This table excludes the value of warrants.

Investments at December 31, 2017*:	Shares	Cost	Fair Value
<b>Public Companies:</b>			
Magna Terra Minerals Inc.	500,000	\$ 25,000	\$ 27,500
BlocPlay Entertainment Inc.	2,110,534	\$ 100,000	\$ 379,896
Vital Hub Corp.	440,000	\$ 50,600	\$ 81,400
<b>Private Companies:</b>			
Khiron Life Sciences Corp.	100,000	\$ 25,000	\$ 100,000
Total		\$ 200,600	\$ 588,796

\* Note: This table excludes the value of warrants.

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**4. INVESTMENTS (cont'd...)**

During the nine months ended September 30, 2018, the Company sold these investments:

Name	Number of shares	Gross proceeds
BlocPlay Entertainment (PLAY)	2,110,534	\$ 121,718
Green Organic Dutchman (TGOD)	10,000	\$ 37,400
Khiron Life Sciences (KHRN)	102,000	\$ 104,976
Maritime Resources (MAE)	500,000	\$ 48,417
Mutual Funds	413,264	\$ 4,375,313
Nexus Gold (NXS)	567,000	\$ 143,874
Pacific Rim Cobalt (BOLT)	66,667	\$ 12,182
Planet 13 Holdings (PLTH)	100,000	\$ 182,050
Triumph Gold (TIG)	26,500	\$ 14,260
	3,895,965	\$ 5,040,190

**5. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of the following:

Cost	Development Project - Ochoa Property	Furniture and fixtures	Computer equipment	Other equipment	Vehicles	Total
As at December 31, 2016	\$ 26,495,499	\$ 9,185	\$ 141,580	\$ 43,222	\$ 138,827	\$ 26,828,313
Additions	1,361,075	-	8,209	-	-	1,369,284
Deconsolidation (note 3)	(27,856,574)	(9,185)	(145,120)	(43,222)	(138,827)	(28,192,928)
<b>As at December 31, 2017</b>	-	-	4,669	-	-	4,669
Additions	-	-	4,364	-	-	4,364
<b>As at September 30, 2018</b>	\$ -	\$ -	\$ 9,033	\$ -	\$ -	\$ 9,033

**Depreciation**

As at December 31, 2016	\$ -	\$ 5,898	\$ 114,696	\$ 33,571	\$ 121,224	\$ 275,389
Additions	-	344	616	3,689	1,735	6,384
Deconsolidation (note 3)	-	(6,242)	(111,909)	(37,260)	(122,959)	(278,370)
<b>As at December 31, 2017</b>	-	-	3,403	-	-	3,403
Additions	-	-	1,081	-	-	1,081
<b>As at September 30, 2018</b>	\$ -	\$ -	\$ 4,484	\$ -	\$ -	\$ 4,484

**Net book value:**

As at December 31, 2017	\$ -	\$ -	\$ 1,266	\$ -	\$ -	\$ 1,266
<b>As at September 30, 2018</b>	\$ -	\$ -	\$ 4,549	\$ -	\$ -	\$ 4,549

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2018	December 31, 2017
Trade payables	\$ 130,630	\$ 38,730
Accrued liabilities	30,000	138,000
Other	8,952	33,595
Total	\$ 169,582	\$ 210,325

**7. EMPLOYMENT LIABILITY**

In July 2015, the Company signed a Termination and Settlement Agreement that included a severance payment to be paid to the former President and Chief Executive Officer. The full amount of the severance of \$2,100,000 was expensed during the year ended December 31, 2015. Final payment was made in January 2018 and as at September 30, 2018, the balance of employment liability is \$nil (Dec. 31, 2017 - \$412,500).

**8. SHARE CAPITAL AND RESERVES****Common shares**

Authorized: The Company is authorized to issue an unlimited number of common shares without par value.

Refer to the Consolidated Statements of Changes in Shareholders' Equity for a summary of changes in share capital and reserves for the period ended September 30, 2018. Reserves relate to stock options and warrants that have been issued by the Company (note 9).

During the nine-month period ended September 30, 2018, the Company issued the following common shares:

- On January 10, 2018, the Company issued 133,990,000 units pursuant to a private placement at \$0.05 per unit for gross proceeds of \$6,699,500. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for \$0.18 per share until January 10, 2019, provided that if, at any time after the date which is four months and one day following the closing date, the volume weighted average price of the common shares is equal to or exceeds \$0.21 for 18 consecutive trading days, the Company may accelerate the expiry date of the warrants, in which event the warrants will expire upon the date (the "Accelerated Expiry Date") which is 30 days following of a press release by the Company announcing the Accelerated Expiry Date. The Company issued 3,649,200 finder's warrants to certain eligible arm's length parties entitling the holder to acquire one Common Share for a period of 12 months at an exercise price equal to \$0.19 (note 9).
- The Company issued 2,400,000 shares at an average price of \$0.095 for gross proceeds of \$228,000 pursuant to the exercise of stock options (note 9).
- The Company issued 30,843,810 shares at \$0.08 for gross proceeds of \$2,467,505 pursuant to the exercise of warrants (note 9).
- The Company issued 280,000 shares at \$0.06 for gross proceeds of \$16,800 pursuant to the exercise of broker warrants (note 9).
- On May 24, 2018, the Company issued 5,000,000 shares at a deemed price of \$0.10 per share with a deemed value of \$500,000 as consideration to acquire 2,000,000 common shares of R&D Pharma Corp. The shares of the Company had a market price of \$0.05 on that date, so the investment was initially recorded at \$250,000 and an immediate unrealized gain of \$250,000 was recorded on the transaction date.

**8. SHARE CAPITAL AND RESERVES (cont'd...)**

During the nine-month period ended September 30, 2017 the Company issued the following common shares:

- On January 24, 2017, the Company issued 200,000 shares at \$0.08 for gross proceeds of \$16,000 pursuant to the exercise of warrants (note 9).
- On March 1, 2017, the Company issued 6,573,333 units pursuant to a non-brokered offering at \$0.105 per unit for gross proceeds of \$690,200. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant entitled the holder to acquire one common share of the Company for \$0.16 per share until March 1, 2018. In November 2017, the exercise price of these warrants was amended to be \$0.08 per share.
- On April 5, 2017, the Company issued 31,500 shares at \$0.065 for gross proceeds of \$2,048 pursuant to the exercise of broker warrants (note 11).
- On May 3, 2017, the Company issued 785,089 shares at \$0.065 for gross proceeds of \$51,031 pursuant to the exercise of broker warrants (note 11).
- On June 27 and June 28, 2017, the Company issued an aggregate of 16,738,808 units pursuant to a non-brokered offering at \$0.05 per unit for gross proceeds of \$836,940. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company for \$0.08 per share until June 28, 2018.



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**9. STOCK OPTIONS AND WARRANTS****Stock options**

The Company has an incentive stock option plan (the “Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue less any discount allowed by the stock exchange upon which the common shares are listed. The Plan provides for the issuance of up to 10% of the Company’s issued common shares as at the date of grant with each stock option having a maximum term of ten years. The board of directors has the exclusive power over the granting of options and their vesting and cancellation provisions.

As at September 30, 2018, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price	Average Contractual Life Remaining (years)	Expiry Date
250,000	\$ 0.12	1.38	November 14, 2019
500,000	0.10	1.40	November 24, 2019
350,000	0.10	1.63	February 14, 2020
200,000	0.10	1.67	March 1, 2020
9,900,000	0.18	2.53	January 10, 2021
1,000,000	0.18	2.55	January 16, 2021
250,000	0.14	2.57	January 23, 2021
250,000	0.14	2.59	January 30, 2021
100,000	0.13	2.62	February 9, 2021
1,250,000	0.08	2.80	April 16, 2021
250,000	0.08	2.84	April 30, 2021
9,100,000	0.08	2.94	June 6, 2021
300,000	0.08	3.04	July 12, 2021
3,900,000	0.10	3.63	February 14, 2022
7,400,000	0.14	4.57	January 23, 2023
4,000,000	0.08	4.80	April 16, 2023
<b>39,000,000</b>			

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9. **STOCK OPTIONS AND WARRANTS** (cont'd...)**Stock options** (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding December 31, 2016	11,780,000	\$ 0.08
Cancelled/expired	(530,000)	0.12
Exercised	(100,000)	0.08
Granted	<u>6,250,000</u>	0.10
Outstanding December 31, 2017	17,400,000	0.09
Cancelled/expired	(400,000)	0.09
Exercised	(2,400,000)	0.10
Granted	<u>24,400,000</u>	0.14
<u>Outstanding September 30, 2018</u>	<u>39,000,000</u>	<u>\$ 0.12</u>
<u>Number of options exercisable at September 30, 2018</u>	<u>39,000,000</u>	<u>\$ 0.12</u>

During the nine-month period ended September 30, 2018 the Company granted 24,400,000 (Dec. 31, 2017 – 6,250,000) stock options to consultants, officers, employees and directors of the Company. All options vested at the grant date.

The fair value of the options granted during the nine-month period ended September 30, 2018, as determined by the Black-Scholes option pricing model, was \$2,903,527 (2017 - \$323,577) or \$0.12 per option (2017 - \$0.05).

Share-based compensation recognized during the period was \$2,903,527 (2017 - \$323,577).

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended September 30, 2018:

	Period ended September 30, 2018	Period ended September 30, 2017
Risk-free interest rate	1.93%	1.07%
Expected life of options	3.34 years	3.57 years
Annualized volatility	149.44%	66.92%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

**BELGRAVIA CAPITAL INTERNATIONAL INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**9. STOCK OPTIONS AND WARRANTS (cont'd...)****Warrants**

As at September 30, 2018, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price	Average Contractual Life Remaining	Expiry Date
133,990,000	0.18	0.28 years	January 10, 2019
133,990,000			

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2016	40,708,891	\$ 0.10
Issued on March 1, 2017	3,286,666	0.16
Issued on June 27, 2017	12,360,000	0.08
Issued on June 28, 2017	4,378,808	0.08
Exercised	(1,788,571)	0.08
Expired	(23,558,891)	0.09
Amended (old) expiry date in May 2017	(13,298,891)	0.08
Amended (new) expiry date in May 2017	13,298,891	0.08
Amended (old) price and expiry date in December 2017	(16,950,000)	0.11
Amended (new) price and expiry date in December 2017	16,950,000	0.08
Amended (old) exercise price in December 2017	(3,286,666)	0.16
Amended (new) exercise price in December 2017	<u>3,286,666</u>	0.08
Outstanding December 31, 2017	35,386,903	0.08
Issued on January 10, 2018 (note 8)	133,990,000	0.18
Exercised	(30,843,810)	0.08
Expired on March 1, 2018	(164,285)	0.08
Expired on June 28, 2018	<u>(4,378,808)</u>	0.08
Outstanding September 30, 2018	133,990,000	\$ 0.18
Number of warrants exercisable as at September 30, 2018	133,990,000	\$ 0.18

**BELGRAVIA CAPITAL INTERNATIONAL INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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**9. STOCK OPTIONS AND WARRANTS (cont'd...)****Broker warrants**

During the nine-month period ended September 30, 2018, the Company issued 3,649,200 (2017 – nil) broker warrants entitling the holder to acquire one common share for a period of 12 months at an exercise price equal to \$0.19 (2017 - \$nil).

As at September 30, 2018, the Company had broker warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Warrants	Exercise Price	Average Contractual Life Remaining	Expiry Date
3,649,200	\$ 0.19	0.28 years	January 10, 2019
3,649,200		0.28 years	

Broker warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at December 31, 2016	1,926,478	\$ 0.09
Issued June 27, 2017	280,000	0.06
Exercised	(816,589)	0.065
Expired	(1,109,889)	0.11
Outstanding as at December 31, 2017	280,000	0.06
Issued January 10, 2019	3,649,200	0.19
Exercised	(280,000)	0.06
Outstanding as at September 30, 2018	3,649,200	\$ 0.19

The fair value of the broker warrants granted, as determined by the Black-Scholes option pricing model, was \$458,050 or \$0.13 per broker warrant.

The following weighted-average assumptions were used for the Black-Scholes valuation of broker warrants granted during the period:

	September 30 2018
Risk free rate	1.73%
Expected life of broker warrants	1 year
Annualized volatility	208.50%
Dividend rate	0.00%

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**10. RELATED PARTY TRANSACTIONS AND BALANCES**

The accounts payable and accrued liabilities of the Company include the following amounts due to related parties:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Key management personnel	\$ 58,906	\$ 83,370
	<u>\$ 58,906</u>	<u>\$ 83,370</u>

Included in prepaid expenses are the following amounts advanced to related parties:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Key management personnel	\$ 7,958	\$ 106,749
	<u>\$ 7,958</u>	<u>\$ 106,749</u>

Key management personnel compensation (consisting of senior officers and directors of the Company):

	<u>Nine-month ended</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Short-term benefits *	\$ 666,500	\$ 360,011
Consulting fees	-	115,754
Directors' fees **	240,500	96,000
Share-based compensation	1,952,868	273,927
Total remuneration	<u>\$ 2,859,868</u>	<u>\$ 845,692</u>

\* Amounts are included within wages and benefits on the statement of loss and comprehensive loss.

\*\* Amounts are included within administration on the statement of loss and comprehensive loss.

See also note 7.

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

<u>Supplemental disclosure with respect to cash flows</u>	<u>Nine months ended</u>	<u>Nine months ended</u>
	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Broker warrants issued as finders' fees	\$ 458,050	\$ -
Reversal of reserves upon exercise of stock options	\$ 105,789	\$ -
Reversal of reserves upon exercise of broker warrants	\$ 3,645	\$ -
Shares issued for investments	\$ 250,000	\$ -
Warrant liability	\$ -	\$ 73,249
Reversal of warrant liability upon exercise	\$ -	\$ 8,341

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**12. SEGMENTED INFORMATION**

The Company focuses on merchant banking in and developing various opportunities in the resources, healthcare, technology, and legal cannabis industries as well as providing management services and pursuing the royalty streams from its previous potash project. Other than merchant banking, none of the Company's lines of business are considered reportable operating segments at September 30, 2018.

Geographical information of the Company's capital assets is as follows:

Property, plant, and equipment		Canada
December 31, 2017	\$	1,266
September 30, 2018	\$	4,549

**13. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to invest to earn a risk-appropriate return for shareholders. The Company does not have any externally imposed capital requirements to which it is subject. The capital of the Company consists of items in shareholders' equity. The Company had no bank indebtedness at September 30, 2018. The Board of Directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in available funds, economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, borrow money, or dispose of assets to adjust the amount of cash.

The Company's investment policy is to invest its cash necessary to fund operations for the next 12 months in demand investment instruments in high credit quality financial institutions to provide liquidity over the expected time of expenditures from continuing operations. The Company also invests some of its excess cash in the common shares and other securities of private and public companies.

There were no significant changes in the Company's approach to capital management during the period ended September 30, 2018.

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) 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 (unobservable inputs).

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Financial instruments* (cont'd...)

The Company's financial instruments include cash and cash equivalents, investments, receivables, accounts payable and accrued liabilities and employment liability.

Cash and equivalents are measured at fair value using level one as the basis for measurement in the fair value hierarchy. Investments in public companies, mutual funds, money market funds and fixed income funds are measured at level one while investments in warrants and private companies are measured at level three. The carrying values of receivables, accounts payable and accrued liabilities and employment liability approximate fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held at reputable financial institutions, from which management believes the risk of loss to be remote. Receivables consist primarily of amounts due from government agencies, from loans outstanding to employees and consultants, and from management services customers, which the Company believes will be fully collected.

*Liquidity risk*

As at September 30, 2018, the Company had a cash and cash equivalents balance of \$4,717,131 to settle current liabilities of \$169,582. The Company is not subject to significant liquidity risk.

*Interest rate risk*

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest some of excess cash in investment-grade highly liquid demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management believes that interest rate risk is remote as cash deposits are payable on demand and the Company currently does not carry interest bearing debt at floating rates. Fluctuations in interest rates may impact the value of the Company's investments in publicly traded common shares.

*Foreign currency risk*

The Company's functional currency is the Canadian dollar; however, there are transactions and investments in U.S. dollars and the Company keeps some of its cash in U.S. currency. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 10% change in the foreign exchange rate would have had an approximate \$170,000 impact on foreign exchange gain or loss.

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Financial instruments* (cont'd...)

*Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are primarily concentrated in the junior healthcare, natural resource, and technology industries, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at fair value and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company holds investments in private and public traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Some investments may not be very liquid and dispositions may take time or may be sold at less than market prices. A 10% change in the fair values of the Company's investments at September 30, 2018 would have an \$619,035 impact on results from operations.

**15. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the nine-month period ended September 30, 2018, was based on the loss attributable to common shareholders of \$4,890,870 (2017 – \$11,761,093) and the weighted average number of common shares outstanding of 402,872,572 (2017 – 224,395,333). The diluted loss per share did not include the effect of share purchase options or warrants as they are anti-dilutive.

**16. SUBSEQUENT EVENTS**

On October 17, 2018, the Company modified the terms of 133,990,000 share purchase warrants set to expire January 10, 2019. The date of expiration has been extended to May 10, 2019 and the exercise price has been reduced from \$0.18 to \$0.06.

On October 24, 2018, the Company has purchased for cancellation 9,562,140 of its common shares, representing approximately 2.3% of its then current issued and outstanding common share float.