EXMCEUTICALS INC.

(formerly Orofino Minerals Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019 AND 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EXMceuticals Inc. (formerly Orofino Minerals Inc.)

Opinion

We have audited the consolidated financial statements of EXMceuticals Inc. (formerly Orofino Minerals Inc.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholders equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $9,829,546 during the year ended June 30, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by $1,341,714. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 4, 2019

MOORE

An independent firm
associated with Moore
Global Network Limited

EXMCEUTICALS INC. (formerly Orofino Minerals Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Notes		June 30, 2019		June 30, 2018
ASSETS					
Current					
Cash		$	139,865	$	147,465
Prepaids			329,556		4,000
Receivables			129,639		926
Share subscriptions receivable	11		131,255		-
Total current assets			730,315		152,391
Non-current					
Deposits	5		-		74,799
Property and equipment	5		935,546		47,771
Intangible assets	6		9,000		9,000
Due from related parties	12		111,749		-
Advances	7		671,760		-
Total assets		$	2,458,370	$	283,961
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	8	$	933,567	$	49,341
Advances payable	3, 9, 12		-		633,781
Due to related parties	12		722,922		-
Loans payable	10		108,000		-
Loans payable to related parties	10, 12		307,540		-
Total liabilities			2,072,029		683,122
Shareholders' equity (deficiency)					
Share capital	3,11		11,491,843		986,807
Equity reserve	11		107,965		-
Shares subscribed	11		6,500		-
Accumulated other comprehensive loss			(4,453)		-
Deficit			(11,075,366)		(1,385,968)
Shareholders' equity (deficiency) before non-controlling interest			526,489		(399,161)
Non-controlling interest	13		(140,148)		-
Total shareholder's equity (deficiency)			386,341		(399,161)
Total liabilities and shareholders' equity (deficiency)		$	2,458,370	$	283,961

Nature and continuance of operations (Note 1)
Contingency (Note 16)
Subsequent events (Note 18)

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

EXMCEUTICALS INC. (formerly Orofino Minerals Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Years ended June 30, 2019	2018
EXPENSES			
Accounting and audit		$ 78,937	$ 24,773
Advertising and promotion		563,286	-
Consulting fees	12	1,571,892	783,160
Foreign exchange loss		1,905	-
Insurance		48,565	-
Interest expense	10	13,652	-
Legal		448,801	125,008
Management fees	12	158,982	-
Office and administration		145,173	83,150
Operating expenses		629,515	257,146
Project development costs	7	617,166	-
Rent		29,213	-
Transfer agent and filing fees		16,447	515
Travel		403,774	50,506
Wages and benefits		159,895	-
Net loss before other items		(4,887,203)	(1,324,258)
Other items:			
Listing fee	3	(4,875,508)	-
Transaction cost	4	(66,835)	-
		(4,942,343)	-
Net loss for the year		(9,829,546)	(1,324,258)
Other comprehensive loss			
Currency translation adjustment		(4,453)	-
Net comprehensive loss for the year		$ (9,833,999)	$ (1,324,258)
Net loss attributable to:			
Non-controlling interest	13	$ (140,148)	$ -
Shareholders of the Company		(9,689,398)	(1,324,258)
		$ (9,829,546)	$ (1,324,258)
Loss per common share – basic and diluted		$ (0.43)	$ (0.49)
Weighted average number of common shares outstanding – basic and diluted		22,800,613	2,682,073

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

EXMCEUTICALS INC. (formerly Orofino Minerals Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		Years ended June 30, 2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	$	(9,829,546)	$	(1,324,258)
Items not involving cash:				
Accrued interest expense		8,000		-
Interest expense		4,189		-
Listing fee		4,875,508		-
Changes in non-cash working capital:				
Receivables		(128,713)		(926)
Prepaids		(325,556)		8,500
Due from related parties		(111,749)		-
Accounts payable and accrued liabilities		325,067		37,942
Net cash used in operating activities		(5,182,800)		(1,278,742)
CASH FLOWS FROM INVESTING ACTIVITIES				
Deposits		-		(74,799)
Cash acquired on RTO		2,381		-
Acquisition of property and equipment		(812,976)		(47,771)
Advances		(671,760)		-
Net cash used in investing activities		(1,482,355)		(122,570)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares		3,588,476		927,612
Share issuance costs		(332,075)		(16,960)
Shares subscribed		6,500		-
Warrants exercised		42,499		-
Proceeds from loans payable		100,000		-
Proceeds from related party loan payable		332,401		-
Proceeds from related party		595,956		-
Advances received		-		633,781
Share subscriptions received prior to RTO		2,328,251		-
Net cash provided by financing activities		6,662,008		1,544,433
Effect of currency translation adjustment		(4,453)		-
Change in cash		(7,600)		143,121
Cash, beginning of year		147,465		4,344
Cash, end of year	$	139,865	$	147,465

Supplemental disclosures:
During the year ended June 30, 2019, the Company issued 229,106 finders' warrants for a fair value of $78,915, issued 148,809 finders' shares with a fair value of $125,000 and 49,242 special warrants with a fair value of $29,050.

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

EXMCEUTICALS INC. (formerly Orofino Minerals Inc.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Note	Share Capital Number	Share Capital Amount	Shares Subscribed	Equity Reserve	Accumulated Other Comprehensive Loss	Deficit	Non-controlling Interest	Total
Balance, June 30, 2017		**905,582**	**$ 75,984**	**$ 171**	**$ -**	**$ -**	**$ (61,710)**	**$ -**	**$ 14,445**
Founder shares	11	17,117	171	(171)	-	-	-	-	-
Issuance of shares for cash	11	77,301	927,612	-	-	-	-	-	927,612
Share issuance costs	11	-	(16,960)	-	-	-	-	-	(16,960)
Loss and comprehensive loss		-	-	-	-	-	(1,324,258)	-	(1,324,258)
Balance, June 30, 2018		**1,000,000**	**986,807**	**-**	**-**	**-**	**(1,385,968)**	**-**	**(399,161)**
Shares acquired by legal parent	3	(1,000,000)	-	-	-	-	-	-	-
Equity of EXMC	3	3,630,547	2,424,145	-	368,628	-	-	-	2,792,773
Elimination of the book value of EXMC's equity	3	-	(2,424,145)	6,500	(368,628)	-	-	-	(2,786,273)
Shares issued on RTO	3, 11	29,761,858	4,700,545	-	-	-	-	-	4,700,545
Private placements	11	5,617,545	6,047,982	-	-	-	-	-	6,047,982
Finders' shares issued on RTO	3,11	148,809	125,000	-	-	-	-	-	125,000
Fair value of finders' warrants	11	-	(78,915)	-	78,915	-	-	-	-
Fair value of special warrants	10	-	-	-	29,050	-	-	-	29,050
Share issuance costs	11	-	(332,075)	-	-	-	-	-	(332,075)
Warrants exercised	11	71,427	42,499	-	-	-	-	-	42,499
Loss and comprehensive loss		-	-	-	-	(4,453)	(9,689,398)	(140,148)	(9,833,999)
Balance, June 30, 2019		**39,230,186**	**$ 11,491,843**	**$ 6,500**	**$ 107,965**	**$ (4,453)**	**$ (11,075,366)**	**$ (140,148)**	**$ 386,341**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

EXMceuticals Inc. (formerly Orofino Minerals Inc.) (the "Company" or "EXMC") was incorporated on October 9, 2008 under the laws of British Columbia. The Company's common shares were listed on the TSX Venture Exchange ("TSX-V") under the symbol "ORR". During the year ended June 30, 2019, the Company announced that effective at the close of business on November 6, 2018 its common shares were delisted from the TSX-V at the request of the Company. The Company submitted a listing application to list its shares on the Canadian Securities Exchange (the "CSE") and the Company's shares commenced trading on the CSE on January 31, 2019 under the trading symbol "EXM".

The Company's head office and principal address is located at 24 West 4th Avenue, Vancouver, British Columbia, Canada.

These consolidated financial statements have been approved by the Board of Directors on December 4, 2019.

On June 5, 2018, the Company entered into a Share Exchange Agreement (the "Agreement") with EXM Holdings Inc. (formerly EXMceuticals Inc. and formerly "Afri-Can Cannabis Holdings Ltd.") ("EXM Holdings"), a private company incorporated under the Business Corporation Act (BC) and its wholly-owned subsidiary EXM Pharmaceutical and Therapeutical Farming Ltd. ("EXMP"), a company incorporated in Dominica. Pursuant to the Agreement, the Company consolidated its issued and outstanding common shares on a 1:7 basis and acquired all of the securities of EXM Holdings in consideration of 29,761,858 post-consolidated common shares of the Company. After the completion of the transaction, the Company changed its name to EXMceuticals Inc.

Upon completion of the transaction, the Company carries on the business of EXM Holdings which is to plan to operate cannabis and hemp farms and a Pharmaceutical grade refining facility in Portugal to produce cannabinoid ingredients for the international market. The transaction resulted in the shareholders of EXM Holdings acquiring control of the Company. Therefore, the transaction was accounted for as a reverse take-over ("RTO"). The closing of the transaction was subject to the terms set forth in the Agreement, the completion of a proposed financing and certain conditions being satisfied by both parties and approval by the CSE, which was all completed on January 31, 2019. As EXM Holdings is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at June 30, 2019, the Company had no income generating assets and is not able to finance day-to-day activities through operations. During the year ended June 30, 2019, the Company incurred a net loss of $9,829,546 and as of this date had a working capital deficit of $1,341,714 and an accumulated deficit of $11,075,366. Management's view is that the success of the Company is dependent upon successfully obtaining licensing to produce cannabis ingredients for the international market on a commercial basis which will allow it to financing its capital requirements and achieving profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, issuance of common shares in private placements and loans from related parties as required.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Preparation and Significant Accounting Policies

These consolidated financial statements have been prepared on a historical basis and have been prepared using the accrual basis of accounting, except cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, including EXM Holdings and EXMP; which were acquired on June 5, 2018 (Note 1). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The principal subsidiaries of the Company, their activities and their geographic locations as at June 30, 2019 were as follows:

Entity	Country of Incorporation	Ownership Interest	Principal Activity
EXMceuticals Inc.	Canada	100%	Holding company
EXM Holdings Inc.	Canada	100%	Holding company
EMX Pharmaceuticals and Therapeutical Farming Ltd.	Dominica	100%	Cannabis production
EMX Management Ltd.	England	100%	Dormant
EXM Ceuticals Financials B.V.	Sint Maarten	100%	Dormant
EXM Ceuticals Farming B.V.	Sint Maarten	100%	Dormant
EXMceuticals Holdings B.V.	Sint Maarten	100%	Holding company
Ceuticals Farming Limited	Malawi	100%	Dormant
EXMceuticals Portugal, LDA	Portugal	70%	Cannabis processing
Prime Ranchers Limited	Uganda	70%	Cannabis production

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Significant Estimates and Assumptions

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, profit 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 of 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 it affects both current and future periods.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Estimates and Assumptions (continued)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the useful life of property and equipment, the recoverability and measurement of deferred tax assets and provisions for contingent liabilities.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The classification/allocation of expenditures as assets or operating expenses;
- Identifying acquirer in transaction with EXM Holdings. Significant judgment is required in determining which party to the transaction was the acquirer. Refer to Note 3 for the factors management considered in reaching their conclusion that the acquirer was EXM Holdings.

Cash
Cash includes cash on deposit at banking institutions and legal trust accounts.

Property and Equipment
Property and equipment is initially recorded at cost, net of accumulated amortization and any accumulated impairment losses. Amortization is provided using the following methods at rates intended to depreciate the costs of the assets over their estimated use lives.

Asset	Method	Rate
Equipment	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	TBD

Intangible Assets

Intangible assets are recognized and measured at cost. Intangible assets with finite useful lives are amortized using the straight-line method over the useful life of the asset. The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for intangible assets and any changes arising from the assessment are applied by the Company prospectively. The Company has determined that the intangible assets related to the license outlined in Note 6 have indefinite lives. Intangibles with infinite lives are tested for impairment.

Foreign Currency Translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation (continued)

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

The Company's subsidiary EXMceuticals Portugal LDA's functional currency is the Euro and its subsidiary Prime Ranchers Limited's functional currency is the US Dollar. The parent and the remaining subsidiaries' functional currency is the Canadian Dollar.

Share-based payments

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

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

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

Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options and warrants outstanding that may add to the total number of common shares. As at June 30, 2019 and 2018, the Company's diluted loss per share was the same as the basic loss per share as the effect of the stock options and warrants were anti-dilutive.

Income Taxes

Current Income Tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from and paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

Current Income Tax (continued)
Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at July 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets / liabilities	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Deposits	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Advances payable	Other financial liabilities	Amortized cost

The Company adopted IFRS 9 retrospectively without restatement of comparative amounts from reclassification.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

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

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase in the carrying value of the asset to an amount higher than the carrying amount that would have been determined as had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products (business segment) and that is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company’s business segments. The Company’s primary format for segment reporting is based on business segments. The business segments are determined based on the Company’s management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company’s headquarters) and head office expenses. Segment capital expenditure is the total cost incurred during the period to acquire property, and equipment and intangible assets, other than goodwill.

New accounting standards adopted during the year

IFRS 9 – Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The Company adopted IFRS 9 on July 1, 2018 retrospectively and no differences have been noted in relation to the adoption of the standard.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards adopted during the year (continued)

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on July 1, 2018 and did not have an impact on the consolidated financial statements.

New accounting standards issued but not yet effective

IFRS 16 – Leases ("IFRS 16")

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. Although the Company has office leases the new standard is not expected to have a material impact on the Company's financial statements.

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

3. REVERSE TAKEOVER TRANSACTION

Upon completion of the transaction in Note 1, the shareholders of EXM Holdings acquired control of EXMC. Therefore, the transaction has been accounted for as an acquisition of EXMC by EXM Holdings. The transaction has been accounted for as a reverse take-over ("RTO"). The "Company" is defined as the consolidated entity, being the Resulting Issuer. As EXMC does not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. Although the consolidated statement of financial position and the number of shares issued are those of EXMC as a legal entity, the assets, liabilities and dollar amounts allocated to share capital are those of EXM Holdings.

In accordance with the Agreement (Note 1), EXMC issued 29,761,858 common shares for all of the issued and outstanding shares of EXM Holdings. The transaction is recognized in substance as if EXM Holdings had proceeded to the issuance of the Company's shares outstanding before the transaction in exchange for the net assets acquired. The following table provides details of the fair value of the consideration given and the fair value of the assets and liabilities acquired:

(Expressed in Canadian Dollars)

3. REVERSE TAKEOVER TRANSACTION (Continued)

Consideration		
Fair value of 29,761,858 common shares issued	$	3,050,000
Fair value of outstanding stock options and warrants		1,650,545
Fair value of finders' shares issued		125,000
Total consideration value:	**$**	**4,825,545**

Identifiable assets acquired and liabilities assumed		
Cash	$	2,381
Loan receivable		250,000
Advances to EXM Holdings		2,760,639
Accounts payable and accrued liabilities		(559,159)
Due to related parties		(1,803)
Loans payable		(173,770)
Shares subscribed		(2,328,251)
	$	**(49,963)**
Listing fee:	$	**4,875,508**

The fair value of the common shares acquired by the shareholders of EXM Holdings exceed the fair value of the assets acquired and liabilities assumed of EXMC. Because the Company cannot specifically identify any goods or services that relate to this excess, IFRS 2 requires that the difference is recognized in the determination of net loss as a listing fee.

The Company assumed 9,523 stock options exercisable at a price of $1.05 per share expiring on February 26, 2019. The fair value of the options was $2,284, estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions: risk-free interest rate - 1.91%; estimated life – 0.66 years; expected volatility - 112%; expected dividend yield - 0.00%; and forfeiture rate - 0.00%.

The Company assumed 1,114,286 warrants exercisable at a price of $0.35 per share expiring on June 16, 2020. The fair value of the warrants was $610,301, estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions: risk-free interest rate - 1.76%; estimated life – 1.38 years; expected volatility - 85%; expected dividend yield - 0.00%; and forfeiture rate - 0.00%.

The Company assumed 1,630,881 warrants exercisable at a price of $0.595 per share expiring on January 24, 2023. The fair value of the warrants was $1,037,960, estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions: risk-free interest rate - 1.77%; estimated life – 3.98 years; expected volatility - 104%; expected dividend yield - 0.00%; and forfeiture rate - 0.00%.

At June 30, 2018, the Company had received $250,000 in advances from EXMC, which was due at the earlier of February 21, 2019 or the date of the RTO. Interest was payable on the outstanding principal at a rate of 5% per annum and the advances were secured against the Company's present and subsequent acquired personal property and its ownership interest in EXMP. The fair value of the finders' shares was determined using the share price of the concurring private placement (Note 11(c)).

Pursuant to the RTO, the Company also issued 148,809 common shares of the Company with a fair value of $125,000 as finders' shares.

(Expressed in Canadian Dollars)

4. ACQUISITION OF PRIME RANCHERS LIMITED

On November 20, 2018, the Company entered into a Joint Venture Agreement ("Agreement"), through its wholly-owned subsidiary EXMceuticals Holdings B.V., to acquire 70% of Prime Ranchers Limited ("PRL"). The purpose of the joint venture is to legally grow and harvest cannabis plants for subsequent processing into products, as well as to import and/or process on cannabis raw ingredients from other supply sources for later resale and export of the products, as well as to carry out other related activities such as research and development, consultancy, etc. ("Project"). The Company has agreed to provide, in a timely and adequate manner and in the form of loans or of lease, all necessary funds required to implement the Project once the Licenses and Permits have been obtained, among others for the purpose of acquiring or leasing the related equipment, seeds, buildings as well as other material required to grow, harvest, extract, process and export the Products.

As per the Agreement, the Company shall be liable to pay PRL the sum of two hundred thousand American Dollars (USD$200,000) as follows: (i) USD$50,000 upon transfer of 70% of the shares of PRL to the Company, (ii) USD$50,000 when PRL will have been granted all licences and permits to enter into the test phase of the Project, including acceptance by the competent authorities of the buildings and processing plant, and (iii) USD$100,000 upon successful completion of the test phase and once PRL will have been granted all licences and permits for large scale operations in Uganda and full implementation of the Project. On July 18, 2018, pursuant to the agreement, the Company paid $66,835 (USD$50,000) to the shareholders of PRL in exchange for 70% of the issued and outstanding shares of PRL. This transaction was accounted for as an acquisition of an asset with the purchase price paid over the net assets acquired being recognized as a transaction cost:

	$
Total consideration paid	66,835
Transaction cost	66,835
Net assets acquired	-

5. PROPERTY AND EQUIPMENT

	Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Total $
Cost:				
Balance, June 30, 2017	-	-	-	-
Additions	47,771	-	-	47,771
Balance, June 30, 2018	47,771	-	-	47,771
Reclassification of deposits	74,799	-	-	74,799
Additions	591,152	11,162	210,663	812,976
Balance, June 30, 2019	713,722	11,162	210,663	935,546
Net Book Value:				
As at June 30, 2018	47,771	-	-	47,771
As at June 30, 2019	713,722	11,162	210,663	935,546

During the year ended June 30, 2019, the Company purchased certain property and equipment for a total of $812,976 (June 30, 2018 - $47,771). Equipment amounting to $74,799 was classified as deposits towards the purchase of equipment as at June 30, 2018. As the equipment had not been put in use as at June 30, 2019 and 2018, no amortization has been recognized.

(Expressed in Canadian Dollars)

6. INTANGIBLE ASSETS

On May 12, 2017, the Company entered into an asset purchase agreement to which the Company acquired a 100% interest in EXMP. EXMP holds 70% of the rights to a cannabis license issued by the Democratic Republic of Congo ("DRC") and 70% of the rights to a land concession with an option to acquire up to an additional land, located in the DRC. Pursuant to the asset purchase agreement, the Company issued 125,571 common shares valued at $9,000. The acquisition of EXMP was accounted for as an asset acquisition. As at June 30, 2019 and 2018, the Company performed an impairment test on the license and determined that no impairment existed.

7. ADVANCES

a) During the year ended June 30, 2017, EXM Pharmaceutical and Therapeutical Farming Ltd. ("EXMFARMING"), a fully-owned subsidiary of the Company, entered into a first memorandum of understanding ("MOU 2017") for the purpose of jointly participating and collaborating into a project consisting in the cultivation for export of psychotropic and non-psychotropic medical cannabis in the Kuba Kingdom, Mweka Territory, DRC ("Project"), based on the principles set out in the MOU 2017 and under definitive terms and conditions to be recorded in a final agreement between EXMFARMING and COMEXAF Industries s.a.r.l. ("COMEXAF") and under a Joint Venture company to be owned by EXMFARMING and COMEXAF per the terms specified in the MOU 2017.

   During the year ended June 30, 2018, EXMFARMING entered into a second memorandum of understanding ("MOU 2018") to extend the MOU 2017 for an additional year.

   During the year ended June 30, 2019, EXMFARMING entered into an extension of the MOU 2018 to extend the MOU 2018 for an additional year and to replace EXMFARMING as the counterpart in the MOU 2018 with EXM Holdings Inc., another subsidiary of the Company. During the year ended June 30, 2019, the Company advanced $617,166 towards the Project which was recorded as project development costs on the statement of loss.

b) During the year ended June 30, 2019, the Company entered into a non-binding term sheet to acquire 100% of the shares in MM (Operations) Limited, an agro-processing business in Malawi. Pursuant to the terms of the term sheet, the Company agreed to pay USD$5,000,000 in cash and USD$25,000,000 in the form of a convertible note. As at June 30, 2019, the Company had advanced $671,760 (USD$500,000) as partial payment of the cash portion of the proposed transaction. Subsequent to June 30, 2019 the term sheet was amended. Refer to Note 18(b).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2019		June 30, 2018
Trade payables	$	883,567	$	22,341
Accrued liabilities		50,000		27,000
	$	933,567	$	49,341

9. ADVANCES PAYABLE

		June 30, 2019		June 30, 2018
Orofino Minerals Inc. – Note 3	$	-	$	250,000
Other		-		383,781
	$	-	$	633,781

9. ADVANCES PAYABLE (Continued)

The advance to EXM Holdings Inc. was provided to assist with funding until the completion of the RTO (Note 3). This balance has been eliminated on consolidation after completion of the RTO.

Other advances of $383,781 are non-interest bearing, unsecured and due on demand. Of this amount, $168,281 was owed to related parties (Note 12).

10. LOANS PAYABLE

a) During the year ended June 30, 2019, the Company received loan proceeds from the Chairman totalling $332,401 as partial proceeds from a loan agreement signed on June 7, 2019 for total proceeds of $600,000 (Note 12). This loan bears interest of 10% per annum and matures six months from the date of the agreement.

   As additional consideration, the Company also agreed to issue Special Warrants to the Lender to acquire up to 88,889 common shares equal in value to 20% of the principal amount at a conversion rate of $1.35 per Special Warrant Share. Conversion of the Special Warrants is subject to the Lender subscribing for securities of the Company at an aggregate subscription price of no less than the principal amount of the loan (the "Qualifying Financing"). Upon closing of a Qualifying Financing, the Special Warrants automatically convert into Special Warrant Shares. The Special Warrants are otherwise not convertible, and in the event the Lender does not participate in a Qualifying Financing on or prior to the Loan Facility Maturity Date, the Special Warrants will expire.

   As at June 30, 2019, the Company had issued 49,242 Special Warrants, prorated based on the funds received of $332,401. The fair value of the Special Warrants was based on a market rate of 20%. The Company recorded a discount of $29,050 which will be accreted over the term of the loan. To June 30, 2019, the Company accrued $3,945 in interest and accreted $4,189 of the discount which is included in interest expense. As of June 30, 2019, $332,401 is outstanding as loan principal, offset by a net discount of $24,861. Subsequent to June 30, 2019, the remaining funds of $267,599 were advanced from the Lender.

b) During the year ended June 30, 2019, the Company received a loan from Palisade Global Investments Ltd. for $100,000. The loan bears an interest charge of 8% to be paid in cash on the payment date, in addition to the principal. During the year ended June 30, 2019, the Company accrued $8,000 of interest on this loan. Refer to Note 18(e).

11. SHARE CAPITAL

Authorized

100,000,000 common shares without par value.

Issued

During the year ended June 30, 2019 the Company:

a) The Company consolidated its shares on a 1:7 basis. All the references to shares issued have been retroactively restated to reflect the consolidation.

b) Issued 29,761,858 common shares to the shareholders of EXM Holdings in exchange for 100% of the issued and outstanding shares of EXM Holdings. The Company also issued 148,809 common shares as a finders' fee in connection with the RTO at a fair value of $125,000 recorded as a listing fee. Refer to Note 3.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (Continued)

c) Issued 3,011,220 common shares for gross proceeds of $2,529,445 (of which $130,000 is receivable at June 30, 2019). In connection with the financing, the Company paid an aggregate finders' fee of $62,471 and issued 69,416 finders' warrants (the "Finders' Warrants") at a fair value of $3,760. Each Finders' Warrant is exercisable into one common share in the capital of the Company at an exercise price of $1.26 per common share for a period of one year from the date of issuance.

d) Issued 2,606,325 common shares for gross proceeds of $3,518,537 (of which $1,255 is receivable at June 30, 2019). In connection with the financing, the Company paid an aggregate finders' fee of $269,604 and issued 159,690 finders' warrants (the "Finders' Warrants") at a fair value of $75,155. Each Finders' Warrant is exercisable into one common share in the capital of the Company at an exercise price of $1.35 per common share for a period of 18 months from the date of issuance.

e) Issued 71,427 common shares for gross proceeds of $42,499 from the exercise of warrants.

f) As at June 30, 2019, $6,500 of share subscriptions were received.

During the year ended June 30, 2018 the Company:

a) Issued 17,117 founder shares at a nominal value of $0.01 per share.

b) Issued 77,301 common shares at $12 per share for gross proceeds of $927,612. The Company paid $16,960 in share issuance costs in relation to the share issuance.

Stock Options

The Company has adopted a stock option plan whereby the Company may grant, to directors, officers, employees and consultants, options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities. All options vest immediately as per the Company's stock option plan.

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2017 and 2018	9,523	$ 1.05
Expired	(9,523)	1.05
Balance, June 30, 2019	-	$ -

Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2017	1,114,286	$ 0.35
Granted	1,630,881	0.595
Balance, June 30, 2018	2,745,167	0.50
Granted	278,348	1.33
Exercised	(71,427)	0.595
Balance, June 30, 2019	2,952,088	$ 0.57

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (Continued)

Warrants (continued)

The weighted average remaining contractual life of the outstanding warrants at June 30, 2019 was 2.37 years (2018 – 2.46 years).

Number of Warrants	Exercise Price ($)	Expiry Date
69,416*	1.26	December 7, 2019
49,242**	1.35	December 29, 2019
1,114,286	0.35	June 16, 2020
52,457*	1.35	September 15, 2020
107,233*	1.35	October 17, 2020
1,559,454	0.595	January 24, 2023
2,952,088		

*finders' warrants
** special warrants

The following weighted average assumptions were used for the Black-Scholes Option Pricing Model valuation of finder's warrants granted during the periods ended June 30, 2019 and 2018:

	2019	**2018**
Risk-fee interest rate	1.71%	-
Expected life of options	1.2 years	-
Expected annualized volatility	97.05%	-
Expected dividend rate	-	-

Equity Reserve

The equity reserve account records items recognized as stock-based compensation expense until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired stock options are transferred to deficit in the year of forfeiture or expiry.

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and responsibility for planning and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the year ended June 30, 2019, the Company incurred consulting fees and management fees of $1,281,950 (2018 - $625,690) to related parties.

As at June 30, 2019, the Company owed $722,922 (June 30, 2018 – $Nil) to officers and directors of the Company.

As at June 30, 2019, the Company advanced $111,749 (June 30, 2018 – $Nil) to officers of the Company.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (Continued)

Included in advances payable at June 30, 2019 is $Nil (June 30, 2018 - $168,281) owing to officers and directors of the Company (Note 9).

The amounts due to and from related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

On June 7, 2019, the Company entered into a loan agreement with a related party for $600,000. The loan bears interest at 10% per annum and is due on December 7, 2019. As at June 30, 2019, the Company had been advanced $322,401 of this loan. (Refer to Note 10(a)).

Key management personnel comprise the current and former President, Chief Executive Officer, Chief Financial Officer, and Directors and Officers of the Company. The remuneration of the key management personnel for the years ended June 30, 2019 and 2018 consisted of consulting fees and management fees of $1,041,277 (2018 - $364,154).

13. NON-CONTROLLING INTEREST

The non-controlling interest represents the 30% equity interest in EXMceuticals Portugal, LDA (Portugal) and 30% interest in Prime Ranchers Limited (Uganda) held by other shareholders.

The following represents the summarized consolidated statement of financial position of EXMceuticals Portugal, LDA (Portugal):

At June 30	**2019**	2018
Current Assets	**$ 265,353**	$ -
Current Liabilities	**(751,816)**	-
Total Current Net Assets	**(486,463)**	-
Non-Current Assets	**267,081**	-
Non-Current Liabilities	**-**	-
Total Non-Current Assets	**267,081**	-
Balance, end of year	**$ (219,382)**	$ -

The following represents the summarized statement of comprehensive loss of EXMceuticals Portugal, LDA (Portugal):

For the years ended June 30	**2019**	2018
Revenue	**$ -**	$ -
Net loss before income tax	**(236,208)**	-
Income tax expense	**-**	-
Net and comprehensive loss	**$ (236,208)**	$ -

The following represents the summarized consolidated statement of financial position of Prime Ranchers Limited (Uganda):

At June 30	**2019**	2018
Current Assets	**$ 112,849**	$ -
Current Liabilities	**(663,442)**	-
Total Current Net Assets	**(550,593)**	-
Non-Current Assets	**323,977**	-
Non-Current Liabilities	**-**	-
Total Non-Current Assets	**323,977**	-
Balance, end of year	**$ (226,616)**	$ -

13. NON-CONTROLLING INTEREST (Continued)

The following represents the summarized statement of comprehensive loss of Prime Ranchers Limited (Uganda):

For the years ended June 30	**2019**	2018
Revenue	**$ -**	$ -
Net loss before income tax	**(230,951)**	-
Income tax expense	**-**	-
Net and comprehensive loss	**$ (230,951)**	$ -

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and legal trust accounts, receivables and advances. Cash is deposited in bank accounts held with major banks in Canada and Portugal. As most of the Company's cash is held in trust there is a concentration of credit risk. As cash is held in legal trust, it receivable balance mainly consists of sale tax credits refundable from government bodies, and the advances expected to be applied towards investments, the credit risk has been assessed as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (Continued)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share and working capital.

There was no change in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

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

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

Cash is measured at Level 1 of the fair value hierarchy. The fair value of receivables, accounts payable, amounts due to/from related parties and loans payable approximates fair value due to the short-term nature of the financial instruments.

Fair Value

The fair value of the Company's financial assets and liabilities approximate the carrying amount.

15. SEGMENT REPORTING

Geographic information relating to the Company's activities are as follows:

	Canada	Portugal	Uganda	Dominica	Sint Maarten	Total
	$	$	$	$	$	$
June 30, 2019:						
Total assets	1,113,337	532,434	436,826	344,488	31,285	2,458,370
Total liabilities	1,604,978	267,797	48,206	151,048	-	2,072,029
Net loss	8,851,371	236,208	230,951	444,166	66,850	9,829,546

16. CONTINGENT LIABILITY

During the year ended June 30, 2019, the Company received a Notice of Claim from a former consultant for $35,236 and the parties are scheduled to go to trial in May 2020. Management is disputing this claim as they are contending the services have not been provided. The Company's legal counsel has stated that the likelihood of any outcome cannot be assessed and, therefore, no amount has been accrued as at June 30, 2019.

(Expressed in Canadian Dollars)

17. INCOME TAX

The income tax provisions differ from the expected amounts calculated by applying Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		June 30, 2019		**June 30, 2018**
Net loss	$	(9,829,546)	$	(1,324,258)
Statutory tax rate		27%		26%
Expected income tax recovery		(2,654,000)		(344,000)
Non-deductible items		1,286,000		(1,000)
Acquisition of tax assets on RTO		3,283,000		-
Increase in unrecognized deferred tax assets		(1,915,000)		345,000
	$	-	$	-

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

		June 30, 2019		**June 30, 2018**
Non-capital losses carried forward	$	2,104,000	$	357,000
Share issuance costs		92,000		4,000
Property and equipment		44,000		-
Exploration and evaluation assets		36,000		-
Unrecognized deferred tax assets		(2,276,000)		(361,000)
Net deferred income tax assets	$	-	$	-

As at June 30, 2019, the Company had the following non-capital losses that may be applied against future income for Canadian income tax purposes.

Expiring		**Amount**
2029	$	72,500
2030		18,500
2031		166,500
2032		159,500
2033		142,000
2034		117,500
2035		137,000
2036		268,000
2037		142,000
2038		1,606,500
2039		4,960,500
	$	7,790,500

18. SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2019, the Company:

a) On July 5, 2019, the Company entered into loan facility agreement with the Chairman with a maturity date of January 5, 2021 (the "Loan Facility Maturity Date") with the Lender, pursuant to which the Lender provided to the Company a loan facility for the principal amount of $1,400,000 (the "Loan Facility"). The Loan Facility bears an interest rate of 12% per annum up to the Loan Facility Maturity Date. The Company may elect to pay any outstanding principal amount and any interest accrued on the principal amount of the Loan Facility in cash or through the issuance of common shares of the Company.

As additional consideration for the Loan and Loan Facility, the Company agreed to issue special warrants (the "Special Warrants") to the Lender to acquire up to 207,407 common shares of the Company (the "Special Warrant Shares") equal to 20% of the principal amount of the Loan Facility at a conversion rate of $1.35 per Special Warrant Share. Conversion of the Special Warrants to Special Warrant Shares is subject to the closing of one or more private placements in which the Lender will have subscribed for securities of the Company at an aggregate subscription price of no less than the principal amount of the Loan Facility (the "Qualifying Financing"). Upon closing of a Qualifying Financing, the Special Warrants automatically convert into Special Warrant Shares. The Special Warrants are otherwise not convertible, and in the event the Lender does not participate in a Qualifying Financing on or prior to the Loan Facility Maturity Date, the Special Warrants will expire.

The Loan Facility also provides for the grant of performance-based warrants (the "Bonus Warrants"), entitling the Lender to acquire a percentage of the principal amount funded under the Loan Facility in common shares of the Company at a price of $1.35 per share. The percentage of Bonus Warrants the Lender will receive will be determined based on the Company's share price at the time the Loan Facility is fully repaid as follows:

(i) equal to 10% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $1.35 and $2.00 per share;

(ii) equal to 20% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $2.00 and $3.00 per share;

(iii) equal to 30% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $3.00 and $4.00 per share;

(iv) equal to 40% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $4.00 and $6.00 per share; and

(v) equal to 50% of the principal amount of the Loan Facility if the fair market value of the Company's shares is above $6.00 per share.

b) On July 15, 2019, the Company entered into an amendment to the term sheet relating to the acquisition of MM (Operations) Limited. As the owner invested a further amount of USD$1,500,000 to fully fund operations until March 31, 2020, the Company has agreed to revise the terms of the term sheet as follows: USD$6,500,000 in cash and USD$25,000,000 in a convertible note. Refer to Note 7(b).

c) On July 22, 2019, the Company issued 75,554 common shares of the Company at a price of $1.35 per share and 200,000 common shares of the Company at a price of $1.2803 per share to its creditors for debt settlements in the aggregate amount of $358,058.

18. SUBSEQUENT EVENTS (Continued)

d) On October 21, 2019, the Company entered into an additional loan facility agreement (the "October Loan Facility Agreement") with the Chairman with a maturity date of December 31, 2020 (the "October Loan Facility Maturity Date") with the Lender, pursuant to which the Lender provided to the Company a loan in the principal amount of $500,000 (the "October Loan Facility"). The October Loan Facility bears an interest rate of 15% per annum up to the October Loan Facility Maturity Date. The October Loan Facility is repayable in cash, and the accrued interest is convertible into common shares of the Company at the option of the Lender.

As additional consideration for the October Loan Facility, the Company also agreed to issue special warrants (the "October Special Warrants") to the Lender to acquire up to 74,074 common shares of the Company (the "October Special Warrant Shares") equal to 20% of the principal amount under the October Loan Facility at a conversion rate of $1.35 per October Special Warrant Share. Conversion of the October Special Warrants is subject to the Lender participating in a Qualifying Financing, as described above, for an aggregate subscription price of no less than the principal amount of the October Loan Facility.

The October Loan Facility also provides for the grant of performance-based warrants (the "October Bonus Warrants"), entitling the Lender to acquire a percentage of the principal amount funded under the October Loan Facility in common shares of the Company at a price of $1.35 per share. The percentage of October Bonus Warrants the Lender will receive will be determined based on the Company's share price at the time the October Loan Facility is fully repaid as follows:

(i) equal to 15% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $1.35 and $2.00 per share;

(ii) equal to 25% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $2.00 and $3.00 per share;

(iii) equal to 35% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $3.00 and $4.00 per share;

(iv) equal to 45% of the principal amount of the Loan Facility if the fair market value of the Company's shares is between $4.00 and $6.00 per share; and

(v) equal to 60% of the principal amount of the Loan Facility if the fair market value of the Company's shares is above $6.00 per share.

e) On October 22, 2019, the Company entered into a settlement with Palisade Global Investments Ltd. to terminate the Consulting Agreement and Loan Agreement effective July 12, 2019. Refer to Note 10(b).

f) On September 26, 2019, the Company's Board of Directors approved an equity compensation plan and on November 5, 2019, granted 500,000 restricted share units to the Chairman subject to shareholder approval. Each restricted share unit entitles the holder to purchase one common share of the Company at $1.35 per share until December 31, 2022 and is subject to vesting in equal annual installments for three years.

g) The Company issued 95,713 common shares of the Company at $0.595 per share for proceeds of $56,949 and 67,857 common shares of the Company at $0.35 per share for proceeds of $23,750 pursuant to the exercise of warrants.