



PHIVIDA HOLDINGS INC.

(the “Company” or the “Issuer”)

Form 2A LISTING STATEMENT Dated December 18, 2017

TABLE OF CONCORDANCE

This table provides the corresponding section to page numbers between the Canadian Securities Exchange Form 2A Listing Statement and the Company’s Final Long Form Non-Offering Prospectus dated November 17, 2017 (the “**Prospectus**”), filed under the Company’s profile on SEDAR (www.sedar.com), a copy of which is attached hereto as Schedule “A”.

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SCHEDULE “A” – Final Long Form Non-Offering Prospectus

SCHEDULE “B” – Form 2A, Section 14 – Capitalization Tables

SCHEDULE A

[Inserted as the following pages]

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities offered hereby have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or the securities laws of any state of the United States of America, its territories, possessions or the District of Columbia (the “United States”) and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the 1933 Act) unless exemptions from the registration requirements of the 1933 Act and any applicable state securities laws are available. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. person.

PROSPECTUS

INITIAL PUBLIC OFFERING

November 21, 2017



Up to \$5,000,000

Maximum 12,500,000 Units

Minimum 1,250,000 Units

This Prospectus qualifies the initial public offering (the “**Offering**”) of a minimum (the “**Minimum Offering**”) of 1,250,000 units (each, a “**Unit**”) and up to a maximum of 12,500,000 Units (the “**Maximum Offering**”) of Phivida Holdings Inc. (“**we**”, “**our**” “**us**”, “**Phivida Holdings**” or the “**Company**”) at a price of \$0.40 per Unit (the “**Offering Price**”) in the provinces of British Columbia and Ontario. Each Unit is comprised of one (1) common share (each, a “**Common Share**”) in the capital of the Company (each, a “**Unit Share**”) and one half of one Common Share purchase warrant (each whole warrant, a “**Unit Warrant**”), with each Unit Warrant exercisable to purchase one (1) Common Share at an exercise price of \$0.75 per Common Share for a period expiring 24 months from the closing of the Offering (the “**Closing Date**”). The Unit Warrants are subject to an acceleration clause whereby if at any time after our Common Shares are listed on the Exchange (as defined below), the closing trading price of the Common Shares on the Exchange is greater than \$1.00 for at least 20 consecutive trading days, we shall have the right to accelerate the expiry date of the Unit Warrants by giving a minimum of 20 days’ notice to the holders thereof, by way of press release, that we are exercising our right to accelerate the expiry date of the Unit Warrants.

The Units are being offered for sale by Canaccord Genuity Corp. as lead agent and bookrunner on their own behalf, and on behalf of Mackie Research Capital Corp. and Haywood Securities Inc. (collectively, the “**Agents**”) on a commercially reasonable best efforts basis pursuant to an agency agreement among the Company and the Agents dated November 21, 2017 (the “**Agency Agreement**”). If the Over-Allotment Option (as defined below) is exercised in full, an additional 1,875,000 Units will be offered by the Company.

In connection with the Offering, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. See “*Plan of Distribution*”.



SCHEDULE B

14. CAPITALIZATION TABLES

14.1 The following chart sets out for the Issuer's Common Shares to be listed on the Exchange:

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% (non-diluted)	% (fully diluted)
<u>Public Float</u>				
Total Outstanding (A)	27,073,951	33,226,651	100%	100%
Held by Related Persons or employees of the Issuer or Related Persons of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)				
	10,441,000	12,301,900	39%	37%
Total Public Float (A-B)	16,632,951	20,924,751	61%	63%
<u>Freely Tradable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	11,893,000	13,743,000	44%	41%
Total Tradable Float (A-C)	15,180,951	19,483,651	56%	59%

Public Securityholders (Beneficial)

Class of Security

<u>Size of Holdings</u>	<u>Number of Holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	6	3,825,000
Total	6	-

Public Securityholders (Registered)

Class of Security

<u>Size of Holdings</u>	<u>Number of Holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	1	4,000
5,000 or more securities	39	12,803,951
Total	40	12,807,951

Non-Public Securityholders (Registered)

Class of Security

<u>Size of Holdings</u>	<u>Number of Holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	6	10,441,000
Total	6	10,441,000

14.2 The following chart sets out details of securities of the Issuer convertible or exchangeable into any class of listed securities:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Common Share Purchase Warrants	2,452,700 ⁽¹⁾⁽²⁾	2,452,700
Options to purchase Common Shares	3,700,000 ⁽³⁾	3,700,000

- (1) 1,875,000 common share purchase warrants entitle the holders to purchase one common share of the Issuer at an exercise price of \$0.05 for a period of three years from the date of issuance.
- (2) 557,700 common share purchase warrants entitle the holders to purchase one common share of the Issuer at an exercise price of \$0.35 for a period of two years from the date of issuance.
- (3) Each option entitles the holder to purchase one common share of the Issuer at an exercise price of \$0.20 for a period of five years from the date of issuance.

14.3 The following are details of listed securities reserved for issuance that are not included in section 14.2:

Designation of security	Outstanding at the Date of this Listing Statement	Outstanding after Giving Effect to the Minimum Offering	Outstanding after Giving Effect to the Maximum Offering	Outstanding after Giving Effect to the Maximum Offering and the Over-Allotment Option⁽¹⁾
Common Shares	27,073,951	28,323,951	39,573,951	41,448,951
Common Shares reserved for issuance upon exercise of Warrants	2,452,700	3,165,200 ⁽²⁾	9,577,700 ⁽²⁾	10,646,450 ⁽²⁾
Common Shares reserved for issuance upon exercise of outstanding incentive stock options	3,700,000	3,700,000	3,700,000	3,700,000
Total Capitalization	33,226,651	35,189,151	52,851,651	55,795,401

(1) Assuming the Over-Allotment Option is exercised in full.

(2) Includes Unit Warrants and Broker Warrants.

	Price to Public	Agent's Fee ⁽¹⁾	Net Proceeds to the Company ⁽²⁾⁽³⁾
Per Unit	\$0.40	\$0.028	\$0.372
Minimum Offering ⁽⁴⁾	\$500,000	\$35,000	\$465,000
Maximum Offering	\$5,000,000	\$350,000	\$4,650,000

Notes:

- (1) In consideration for the services rendered by the Agents in connection with the Offering, we have agreed to (i) pay the Agents a cash commission (the "**Agents' Commission**") equal to 7% of the gross proceeds from the Offering, including any gross proceeds from the exercise of the Over-Allotment Option (as defined below), and (ii) issue the Agents such number of broker warrants (the "**Broker Warrants**") as is equal to 7% of the number of the Units sold under the Offering, including any additional Units issued upon the exercise of the Over-Allotment Option; provided, however, that the amount of the Agents' Commission and the number of Broker Warrants shall be reduced by 50% in respect of any Units sold, up to an aggregate of \$2,000,000 in gross proceeds, to investors included on a president's list provided by the Company to the Agents. Each Broker Warrant entitles the holder to purchase one Common Share (a "**Broker Warrant Share**") at a price of \$0.40 per Broker Warrant Share for a period of 24 months from the Closing Date. Subject to the completion of the Minimum Offering, we have also agreed to pay the Agents a corporate finance fee of \$150,000 (the "**Corporate Finance Fee**") on the Closing Date, of which \$75,000 is payable in cash and \$75,000 is payable in the form of Common Shares at a deemed price of \$0.40 per Common Share (the "**Corporate Finance Fee Shares**"). Finally, we have agreed to reimburse the Agents' for their reasonable out-of-pocket expenses incurred in connection with the Offering. The Broker Warrants and the Corporate Finance Fee Shares are qualified for distribution by this Prospectus. See "*Plan of Distribution*".
- (2) After deducting the Agent's Commission, but before deducting the expenses of the Offering, estimated to be \$150,000, which the Company will pay out of the proceeds it receives from the Offering.
- (3) We have granted the Agents an option (the "**Over-Allotment Option**"), which expires within 30 days of the Closing Date, to purchase up to such number of Units as is equal to 15% of the number of Units sold pursuant to the Offering, on the same terms as set out above to cover over-allotments, if any, and for market stabilization purposes. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of Unit Shares and Unit Warrants upon the exercise of the Over-Allotment Option. A prospective purchaser who acquires Unit Shares and Unit Warrants forming part of the Agents' over-allocation position acquires those Unit Shares and Unit Warrants under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".
- (4) There will be no closing of the Offering unless a minimum of 1,250,000 Units are sold. If subscriptions for a minimum of 1,250,000 Units have not been received within 90 days after the date of issuance of the receipt in respect of this Prospectus, the Offering may not continue and subscription proceeds will be returned to purchasers, without interest or deduction, unless an amendment to this Prospectus is filed.

Any investment in the Units is speculative due to a variety of factors including the nature of our business. An investment in these securities should only be made by persons who can afford a total loss of their investment. Legislative and regulatory uncertainties, along with difficulties concerning the anticipation of enforcement activities by US federal, state and local governments (or discretion exercised thereby), represent significant risks concerning our business activities. These risks include, but are not limited to:

- ***The US Drug Enforcement Agency ("DEA") interpretation and application of existing federal laws and rules concerning both those portions of the Cannabis plant exempted from "marihuana" under the US Controlled Substances Act ("CSA") (i.e. DEA's Clarification) and those varieties provided for as "industrial hemp" pursuant to the Farm Bill (i.e. DEA's Statement of Principles);***
- ***DEA promulgation of its "Establishment of a New Drug Code for Marihuana Extract" (the "Final Rule"), and pending litigation related thereto;***
- ***Deference to and reliance on the DEA by federal, state and/or local law enforcement and regulatory authorities;***
- ***Positions asserted by the FDA concerning products containing derivatives from industrial hemp; and***
- ***Enforcement activities by state and/or local law enforcement and regulatory authorities under the auspice of individual state law, regardless of any potential conflict thereby with federal law.***

See "Risk Factors" for more information about the risks concerning our business and operations.

There is no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation. See “Risk Factors” for additional risks.

As at the date of this Prospectus, we do not have any of our securities listed or quoted, have not applied to list or quote any of our securities, and do not intend to apply to list or quote any of our securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a US marketplace, or a market outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Market Group plc).

We have received conditional approval to list our common shares on the Canadian Securities Exchange (the “**Exchange**”). Listing on the Exchange will be subject to us fulfilling all of the listing requirements of the Exchange, including without limitation, the distribution of the Common Shares to a minimum number of public shareholders and us meeting certain financial and other requirements.

Pursuant to securities legislation, unless an amendment to this Prospectus has been filed and the regulator has issued a receipt for the amendment, the distribution period for the Offering must cease within 90 days after the date of the receipt for this Prospectus, provided that the total distribution period for the Offering must cease on or before the date that is 180 days from the date a receipt is issued for this Prospectus. See “*Plan of Distribution*”.

The Agents, or registered sub-agents who assist the Agents in the distribution of the Units, conditionally offers these securities for sale on a best efforts basis, subject to prior sale, if, as and when issued by us and accepted by the Agents in accordance with the terms of the Agency Agreement, and subject to the approval of certain legal matters on our behalf by Bacchus Law Corporation and on behalf of the Agents by Gowling WLG (Canada) LLP. See “*Plan of Distribution*” for further details concerning the Agency Agreement.

Subscriptions for the Units offered under this Prospectus will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. One or more certificates representing the Common Shares to be sold in the Offering will be issued in registered form to CDS Clearing and Depository Services Inc., or to its nominee (“**CDS**”), and deposited with CDS on the Closing Date. A purchaser of Common Shares will receive only a customer confirmation from the registered dealer from or through which the Common Shares are purchased. Notwithstanding the foregoing, Units issued to persons within the United States or to, or for the account or benefit of, U.S. persons (as defined in Rule 902(k) of Regulation S under the 1933 Act) pursuant to applicable exemptions from registration under the 1933 Act, may be represented by definitive physical certificates, as applicable. See “*Plan of Distribution*”.

Our head office is located at Suite 1070 – 1200 West 73rd Avenue, Vancouver, BC V6P 6G5.

No person is authorized by us to provide any information or to make any representation in connection with the Offering other than as contained in this Prospectus.

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GLOSSARY OF TERMS

In addition to the terms defined herein, the following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in our Financial Statements and also appearing in the documents included as schedules to this Prospectus may be defined separately and the terms and abbreviations defined below may not be used therein, except where otherwise indicated. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

Audit Committee	means a committee established by and among the Board for the purpose of overseeing our accounting and financial reporting processes and audits of our financial statements.
Auditors	means Wolrige Mahon LLP Chartered Professional Accountants.
Ayurveda	means the traditional Hindu system of medicine, which is based on the idea of balance in bodily systems and uses diet, herbal treatment and yogic breathing.
BCBCA	means the <i>Business Corporations Act</i> , R.S.B.C. 2002, c. 57 including the regulations thereunder, as amended.
Board	means our board of directors.
CAGR	means compound annual growth rate.
CBD	means cannabidiol, a naturally occurring non-psychoactive constituent compound derived from hemp oil.
CEO	means Chief Executive Officer.
CFO	means Chief Financial Officer.
cGMP	means the Current Good Manufacturing Practice regulations enforced by the US Food and Drug Administration.
EU	means the European Union.
FDA	means the US Food and Drug Administration.
Financial Statements	means the financial statements included in this Prospectus and comprised of: <ul style="list-style-type: none">• our unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2017; and• our audited consolidated financial statements for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 31, 2015.
Homeopathy	means a natural form of medicine used to treat both acute and chronic conditions by the administration of minute doses of a remedy that would in larger amounts produce in healthy persons symptoms similar to those of the condition being treated.
IFRS	means International Financial Reporting Standards as issued by the International Accounting Standards Board.

IHP	means integrated healthcare professional.
Integrative Alternative Healthcare	means a healthcare approach which integrates conventional medical practices with complementary and innovative approaches to therapeutic care.
Listing	means the listing of our Common Shares on the Exchange.
Listing Date	means the date on which the Common Shares are listed for trading on the Exchange.
MD&A	means the management's discussion and analysis included in this Prospectus and comprised of: <ul style="list-style-type: none"> • our management's discussion and analysis for the three and nine months ended June 30, 2017; and • our management's discussion and analysis for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 31, 2015.
NEO	means each of the following individuals: <ul style="list-style-type: none"> (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as CEO, including an individual performing functions similar to a CEO; (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as CFO, including an individual performing functions similar to a CFO; (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;
NI 41-101	means National Instrument 41-101 <i>General Prospectus Requirements</i> .
NI 52-110	means National Instrument 52-110 <i>Audit Committees</i> .
NI 58-101	means National Instrument 58-101 <i>Disclosure of Corporate Governance Practices</i> .
Over-Allotment Units	means the Units for sale to the public upon exercise of the Over-Allotment Option.
Phivida Enhanced	means Phivida Enhanced Distribution Inc., a British Columbia company.
Phivida Organics	means Phivida Organics Inc., a Delaware corporation.
Phivida Nutrition	means Phivida Nutrition Inc., a British Columbia company.

phytocannabinoids	means a naturally occurring cannabinoid molecule derived from hemp oil.
SEDAR	means the System for Electronic Document Analysis and Retrieval.
Selling Provinces	means British Columbia and Ontario.
Stock Option Plan	means the stock option plan adopted by the Board of Directors as described under “ <i>Options to Purchase Securities</i> ”.
Transfer Agent	means Computershare Investor Services Inc.
US	means the United States.

CURRENCY PRESENTATION

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” and “dollars” are to Canadian dollars. All references to “US\$”, “USD” or “United States dollars” are to United States currency.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements or information (collectively “**forward-looking statements**”) that relate to our management’s current expectations and views of future events. The forward-looking statements are contained principally in the sections titled “*Summary of Prospectus*”, “*Description of Business*”, “*Use of Proceeds*”, “*Management’s Discussion and Analysis*” and “*Risk Factors*”.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “seek”, “believe”, “potential”, “continue”, “is/are likely to” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- plans regarding our revenue, expenses and operations;
- our anticipated cash needs and our need for additional financing;
- ability to protect, maintain and enforce intangible properties rights;
- plans for and timing of expansion of solutions and products;
- future growth plans and the ability to meet our business objectives;
- the acceptance by customers and the marketplace of new products and solutions;
- ability to attract new customers and develop and maintain existing customers;
- ability to attract and retain personnel;
- expectations with respect to advancement and adoption of new product lines and ingredients;
- competitive position and expectations regarding competition; and
- anticipated trends and challenges in our business and the markets in which we operate.

In addition to statements relating to the matters set out above, this Prospectus contains forward-looking statements related to our projected operating model. The model speaks to our objectives only, and is not a forecast, projection or prediction of future results of operations. See “*Management’s Discussion and Analysis*” and “*Description of Business*”.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate, and are subject to risks and uncertainties. Although our management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, prospective purchasers of our securities should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under “*Risk Factors*”, which include, among others, risks related to:

- speculative nature of investment risk;
- liquidity and future financing risk;
- market risk for securities;
- increased costs of being a publicly traded company;
- no prospect of dividends;
- significant shareholding of officers and directors;
- history of operating losses;
- going-concern risk;
- competition;
- limited operating history and no established financing sources;
- agricultural operations risk;
- success of quality control systems;
- domestic supply risk;
- reliance on third-party suppliers and manufacturers;
- product recalls;
- product liability;
- effectiveness and efficiency of advertising and promotional expenditures;
- maintaining and promoting our brand;
- changing consumer preferences;
- key personnel risk;
- fluctuations in foreign currency exchange rates;
- risks related to our prices;
- requirement to generate cash flow for financial obligations;
- uninsured or uninsurable risk;
- conflicts of interest risk;
- changes to state laws pertaining to industrial hemp;
- uncertainty caused by potential changes to legal regulations;
- potential changes in federal and state laws and regulations;
- regulatory approval and permits;
- risks related to potential inability to protect intangible properties;
- risks related to potential intangible properties claims;
- global economy risk; and
- trends, risks and uncertainties.

Although the forward-looking statements contained in this Prospectus are based upon what our management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause our actual results, performance, achievements and experience to differ materially from our expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for

management to predict all such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See “*Risk Factors*”.

Potential investors should read this Prospectus with the understanding that our actual future results may be materially different from what we expect.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources including publications from various industries, and where appropriate, certain numbers, including dollar amounts, have been rounded out by us to avoid lengthy numbers. We believe that this industry data is accurate and that its estimates and assumptions are reasonable; however, there are no assurances as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable; however there are no assurances as to the accuracy or completeness of included information. Although the data is believed to be reliable, we have not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (each as defined in NI 41-101) that are prepared in connection with the Offering are not part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution of the Units under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bacchus Law Corporation, counsel to the Company, and Gowling WLG (Canada) LLP, counsel to the Agents, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”), as of the date hereof, the Unit Shares, the Unit Warrants and the Common Shares issuable upon exercise of the Unit Warrants (“**Warrant Shares**”), if issued under this Prospectus, will be “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans (“**RESP**”), registered disability savings plans (“**RDSP**”) and tax-free savings accounts (“**TFSAs**”) (each, a “**Registered Plan**”), provided that:

1. in the case of the Unit Shares and Warrant Shares, either:
 - a. The Unit Shares and Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the Exchange); or
 - b. The Company is a “public corporation” as defined in the Tax Act; and
2. in the case of the Unit Warrants, at all material times, either:
 - a. The Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act; or
 - b. The Company is a “public corporation” as defined in the Tax Act; and

the Company is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Registered Plan.

Notwithstanding that the Unit Shares, Unit Warrants and Warrant Shares may be “qualified investments” for a TFSA, RRSP or RRIF, if the Unit Shares, Unit Warrants and Warrant Shares are a “prohibited investment” within the meaning of the Tax Act, the holder of a trust governed by a TFSA or the annuitant under a RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Unit Warrants and Warrant Shares will generally be a “prohibited investment” if the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be: (i) does not deal at arm’s length with the Company for purposes of the Tax Act; or (ii) has a “significant interest” (within the meaning of the Tax Act for purposes of the prohibited investment rules) in the Company. The Unit Shares, Unit Warrants and Warrant Shares will not be a “prohibited investment” if such Unit Shares, Unit Warrants and Warrant Shares are “excluded property”, as defined in the Tax Act, for a TFSA, RRSP or RRIF. Under certain tax proposals contained in the Canadian federal budget released on March 22, 2017, the prohibited investment rules will also apply to a trust governed by an RESP or RDSP, effective after March 22, 2017.

Prospective purchasers who intend to invest through a RRSP, RRIF, RESP, TFSA or RDSP should consult their own tax advisors with respect to whether the Unit Shares, Unit Warrants and Warrant Shares should be a prohibited investment having regard to their particular circumstances.

SUMMARY OF PROSPECTUS

GENERAL

The following is a summary only and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus:

BUSINESS OVERVIEW

We are a Canadian-based corporation operating in the US functional food and natural health products market with a focus on custom formulated hemp oil extracts and hemp oil infused beverages and nutraceuticals. We were incorporated under the laws of British Columbia, Canada, and we have three wholly-owned subsidiaries: Phivida Organics, Phivida Nutrition and Phivida Enhanced. Our current focus is on the sale of hemp extracts for wholesale brokerage and for use in our proprietary hemp oil infused consumer branded formulations. Upon completion of the Offering, we plan to begin selling hemp oil infused beverages and nutraceuticals into retail markets across the US under the “Phivida” brand name and are currently in commercial production and sale of our wholesale hemp oil products.

Each of our three subsidiaries represents a unique division of our business, with separate yet complementary product lines. Our wholesale hemp extracts are currently manufactured and sold through Phivida Organics as the operating company, but we are planning for our Phivida Nutrition and Phivida Enhanced product lines to be manufactured and sold through the Phivida Holdings parent company as the operating entity. Our Phivida Organics business consists of acting as a wholesale commodity broker of hemp oil extracts, and our Phivida Organics products are currently available for purchase. One of our subsidiaries, Phivida Nutrition, owns and licenses to us the formulas for several product lines of custom blended hemp oil infused functional beverages. One of our subsidiaries, Phivida Enhanced, owns and licenses to us the formulas for several product lines of custom blended hemp oil infused nutraceutical formulations. We intend that both our Phivida Nutrition and Phivida Enhanced products will be produced and marketed through Phivida Holdings; however, at this time, neither our Phivida Nutrition nor our Phivida Enhanced products are currently being manufactured and are not available for purchase.

Our products are aimed at the mass consumer preventative health and wellness markets, the professional alternative healthcare markets and clinician markets. Management believes the emergence of phytocannabinoid based functional foods and natural health products will have a significant impact on the global pain management market and represents a significant commercial opportunity for us.

OUR PRODUCTS

We produce premium wholesale hemp oil products and, upon completion of the Offering, intend to begin producing specialty functional natural health products made with organic hemp extracts. Naturally occurring cannabinoids found in hemp (such as cannabidiol and other non-psychoactive cannabinoids and terpenes) are phytochemicals widely studied to be therapeutic for their anti-inflammatory and anti-oxidant properties.¹ Cannabinoid-rich hemp oils are sought after for a range of consumer product categories, such as pharmaceuticals, nutraceuticals, supplements, functional foods and beverages, topical ointments, and cosmetics, as alternatives for e-juice and vape pen products, and pet and animal supplements, among

¹ Robert, Zurier “Cannabinoids, inflammation, and fibrosis” (2016) 30:11 The FASEB journal 3682-3689; Fitzcharles, MA. & W Hauser “Cannabinoids in the Management of Musculoskeletal or Rheumatic Diseases” (2016) 18: 76 Current Rheumatology Reports; Robert, Grundy “The therapeutic potential of the cannabinoids in neuroprotection” (2005) 11:10 Expert opinion on Investigational Drugs at 1365 – 1374; P, Mukhopadhyay, Rajesh M et al “Cannabinoid-2 receptor limits inflammation, oxidative/nitrosative stress, and cell death in nephropathy” (2010) 48:3 Free Radical Biology Medicine at 457 – 467

others.

Phivida Organics

Our principal product as of the date of this Prospectus is hemp oil containing naturally occurring cannabinoids. Sold by our subsidiary, Phivida Organics, in bulk, this product is a whole plant nutraceutical extract made using a supercritical CO₂ fluid extraction process, which is a cold filtered manufacturing process used to refine the key constituents found in the hemp plant. The resulting product can be used by manufacturers of consumer packaged goods, such as pet supplements, e-juice, topical ointments, cosmetics and pharmaceuticals.

Phivida Nutrition

Phivida Nutrition owns and licenses to Phivida Holdings a portfolio of custom formulated hemp oil infused beverages. Our product formulations include a proprietary blend of nutraceuticals (vitamins, minerals, antioxidants, etc.) and infused with nanoencapsulated hemp oil extracts. Each formula also contains a proprietary blend of all-natural colours, flavours, and stability for heightened consumer marketability.²

Phivida Nutrition beverage formulations are ready for commercial production and upon completion of the Minimum Offering, Phivida Holdings intends to begin manufacturing the Phivida Nutrition products.

Phivida Enhanced

Phivida Enhanced owns and licenses to Phivida Holdings the formulas for two categories of phytocannabinoids-based nutraceuticals. Phivida Enhanced products will be formulated from proprietary blends of botanical nutraceuticals and hemp oil extracts. Phivida Enhanced product formulas contain hemp oil extracts and proprietary blends of all-natural colours, flavours and appearance-enhancing ingredients. Certain products will also contain botanical based vitamins, minerals and anti-oxidants.

Phivida Enhanced products are ready for commercial production and upon completion of the Minimum Offering, Phivida Holdings intends to begin manufacturing the Phivida Enhanced products.

MARKET

Through a strategic mix of wholesale, consumer and clinical products and by way of a multi-channel distribution model, we will be participating at the intersection of four separate channel markets. Our range of clinical and consumer based products include participation in the (a) CBD-hemp oil and medical cannabis markets, (b) plant based nutraceuticals and Integrative Alternative Healthcare markets, (c) non-steroidal anti-inflammatory drug markets, and the (d) organic functional foods markets.

DISTRIBUTION MODEL

Several different distribution models are available for our products, which we intend to leverage at different stages in the development lifecycle of the Company to ensure maximum profitability and productivity. In the initial stages, we will be focusing our distribution efforts on ecommerce direct-to-retail for both bulk hemp oil extract products and our packaged goods.

As an initial launch strategy, we intend to target online bulls-eye consumer and clinical markets and regional niche distribution channels along the pacific US coastal states rather than mass market channels for a greater penetration and market share in established markets. Beyond ecommerce, we plan to focus

² For more information about product mix, see <https://phivida.com/pages/extracts>.

distribution on a front office management system that will train and motivate field agents with established relationships in targeted channels for a focused, representative approach to retail. We believe this approach is ideal for the hemp products market as it provides an opportunity to focus our marketing resources on educating targeted customers about the potential health benefits of CBD and other key ingredients in our products.

We have identified five core channels along the pacific US distribution network, as follows:

1. Ecommerce and Web Affiliates: targeting online consumers;
2. Dispensaries & Vape Shops;
3. Integrated Health – Naturopathy Clinics & Retail;
4. Natural and Specialty Grocery; and
5. Mass Marketing.

See “*Description of the Business*” for further detail.

The Offering: Up to a maximum of 12,500,000 Units and a minimum of 1,250,000 Units at a price of \$0.40 per Unit. See “*Plan of Distribution*”.

12,500,000 Unit Shares (excluding 6,250,000 Common Shares issuable upon exercise of the Unit Warrants) underlying the Units sold under the Offering. This Prospectus also relates to the offer and sale of the Common Shares underlying the Unit Warrants being offered by us.

Unit Warrants to purchase a maximum of 6,250,000 Common Shares and a minimum of 625,000 Common Shares. Each Unit Warrant is exercisable to purchase one Common Share at an exercise price of \$0.75 per Common Share. The Unit Warrants will be exercisable upon issuance and will expire on the 24 month anniversary of issuance, subject to an accelerated expiry whereby if at any time after the Listing Date the closing price of the Common Shares is greater than \$1.00 for at least 20 consecutive trading days, we shall have the right to accelerate the expiry of the Unit Warrants by giving a minimum of 20 days’ notice to the holders thereof, by way of press release, that we are exercising our right to accelerate the expiry date of the Unit Warrants. See “*Description of the Securities to be Distributed*”.

Minimum Offering: There will be no closing of the Offering unless a minimum of 1,250,000 Units are sold. If subscriptions for a minimum of 1,250,000 Units have not been received within 90 days after the date of issuance of the receipt in respect of the final prospectus, the Offering may not continue and subscription proceeds will be returned to purchasers, without interest or deduction, unless an amendment to the final prospectus is filed.

Over-Allotment Option: We have granted the Over-Allotment Option to the Agents to purchase additional Units equal to 15% of the total Units sold under the Offering, exercisable in whole or in part at any time up to and including the date that is 30 days after the Closing Date, to cover over-allotments, if any, and for market stabilization purposes. See “*Plan of Distribution*”.

Agents’ Commission: The Agents will receive a cash commission of 7% of the gross proceeds of the Offering on the Closing Date, subject to a 50% reduction in respect of any Units sold, up to an aggregate of \$2,000,000 in gross proceeds, to investors included on a president’s list provided by the Company to the Agents. See “*Plan of Distribution*”.

Broker Warrants: We will issue warrants to the Agents to purchase such number of Common Shares as is equal to 7% of the total number of Units sold under the Offering at an exercise price of \$0.40 per Common Share for a period expiring 24 months from the Closing Date, subject to a 50% reduction in respect of any Units sold, up to an aggregate of

\$2,000,000 in gross proceeds, to investors included on a president's list provided by the Company to the Agents. See "*Plan of Distribution*".

Listing:

We have received conditional approval to list the Common Shares for trading on the Exchange. Listing will be subject to us fulfilling all of the listing requirements of the Exchange, including meeting certain financial and other requirements.

Use of Proceeds

If we complete the Minimum Offering we intend to use the net proceeds towards product and brand marketing as well as contract manufacturing for our Phivida Organics products, research and innovation, general administration and working capital for operational cash flow.

If we complete the Maximum Offering we intend to use the net proceeds to commercialize our retail products by manufacturing and marketing the Phivida Enhanced and Phivida Nutrition consumer product lines, as well as continuing to manufacture and market the Phivida Organics product lines, developing operational infrastructure, continued product development, research and innovation, general administration and working capital for operational cash flow.

Risk Factors:

An investment in the Units should be considered highly speculative and investors may incur a partial or total loss of their investment. Investors should consult with their professional advisors prior to investing in the Units.

Our activities are subject to risks inherent in the health and food product industry as well as the risks normally encountered in a newly established business, including but not limited to: negative cash flow; competition; lack of adequate capital; liquidity concerns and future financing requirements to sustain operations; law and regulations relating to our business; control of a large proportion of the Common Shares by insiders of the Company; dilution; no history of operations and revenues, and no history of earnings or dividends; economic changes; uninsured risks; no public market for the Units; and volatility in share prices.

See "*Risk Factors*".

Summary of Financial Information:

The tables below summarize selected financial data for the periods indicated and should be read in conjunction with the Financial Statements and related notes thereto, and with the MD&A included as Schedules “D” and “E” of this Prospectus. All financial statements of the Company are prepared in accordance with IFRS.

The information provided in this section is qualified in its entirety by the Financial Statements included under the heading entitled “*Financial Statement Disclosure*” in this Prospectus for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 30, 2015, and for the three and nine months ended June 30, 2017. Reference should be made to those Financial Statements.

Summary Components of Statement of Financial Position	June 30, 2017 (unaudited) (\$)	September 30, 2016 (audited) (\$)	September 30, 2015 (audited) (\$)
Current assets	1,127,060	280,879	238,182
Total assets	1,127,060	280,879	238,182
Current liabilities	52,207	158,554	76,980
Total liabilities	52,207	158,554	76,980
Working capital	1,074,853	122,325	161,202
Accumulated deficit	(2,973,928)	(1,169,779)	(155,423)

Business Objectives:

Our short term business objectives are to: (i) raise capital to develop our business by completing the Offering; (ii) streamline our supply chain and operations platform; (iii) capitalize production of retail products, pilot and rollout through distribution partners; and (iv) capture 1-3% market share within target channels and regions.

See “*Description of the Securities to be Distributed*” for further detail.

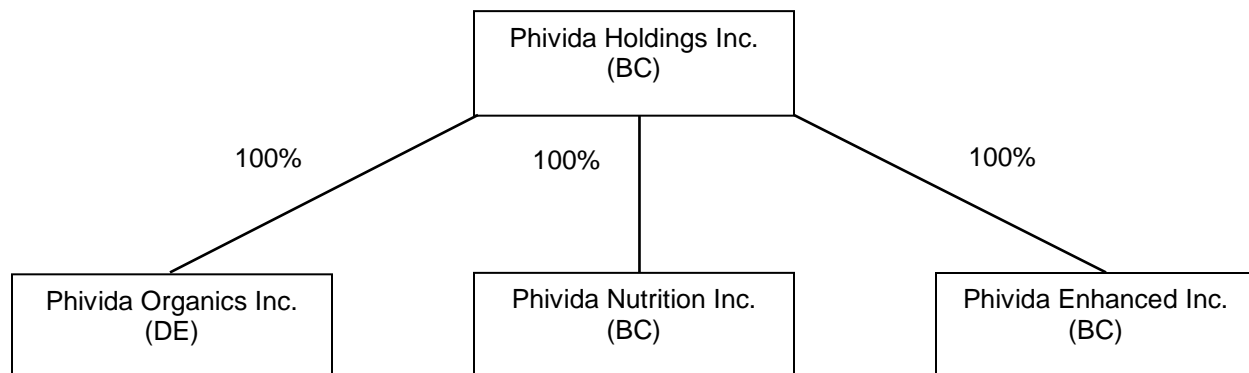
CORPORATE STRUCTURE

Name, Address and Incorporation

We were incorporated under the BCBCA on April 24, 2015 as “Icarus Capital Corp.”; we subsequently changed our name on November 18, 2015 to “Phytofarms Holdings Inc.” and on January 16, 2017 to “Phivida Holdings Inc.” Our head office is located at Suite 1070 – 1200 West 73rd Avenue, Vancouver, BC V6P 6G5 and our registered office is Suite 200 – 1238 Homer Street, Vancouver, BC V6B 2Y5. We have three wholly owned subsidiaries: Phivida Organics, Phivida Nutrition and Phivida Enhanced.

Intercorporate Relationships

The Company has three wholly-owned subsidiaries, as follow



History

On November 3, 2015, we completed a share purchase agreement with Blueprint Corporate Services Ltd. whereby we acquired 100% of the issued and outstanding shares of Phivida Organics, of which two of our officers and directors were also officers and directors at the time, thereby making this a related party transaction, and in exchange we paid Blueprint Corporate Services Ltd. the sum of \$1.00.

On January 4, 2016, we entered into and closed a share exchange agreement with Phivida Nutrition and the shareholders of Phivida Nutrition, which included John-David Belfontaine, a director of the Company, thereby making this a related party transaction. Pursuant to the share exchange agreement, we acquired 100% of the issued and outstanding shares of Phivida Nutrition from the shareholders of Phivida Nutrition, and in exchange we issued 2,000,000 Common Shares to the former Phivida Nutrition shareholders.

On January 8, 2016, we entered into and closed a share exchange agreement with Phivida Enhanced and the shareholders of Phivida Enhanced, which included John-David Belfontaine, a director of the Company, thereby making this a related party transaction. Pursuant to the share exchange agreement, we acquired 100% of the issued and outstanding shares of Phivida Enhanced from the shareholders of Phivida Enhanced, and in exchange we issued 2,000,000 Common Shares to the former Phivida Enhanced shareholders.

DESCRIPTION OF THE BUSINESS

General

The Company is a British Columbia domiciled company with three wholly owned subsidiaries. Each of the subsidiaries represents a unique division with separate yet complimentary business lines. Phivida Organics is a business to business (B2B) wholesale commodity broker of hemp oil extracts which procures and resells hemp oil extracts produced from organic hemp and imported into the United States. Phivida Nutrition is the owner and licensor of several product lines of custom blended hemp oil infused functional beverage formulations. These custom formulas are trade secrets and have been exclusively licensed to Phivida Holdings to be branded, manufactured and sold under the Phivida trademark and distributed to retail consumer channels as hemp oil infused functional foods and beverages, if we can raise the Minimum Offering. Phivida Enhanced is the owner and licensor of several product lines of custom blended hemp oil infused nutraceutical formulations. These custom formulations are intangible properties and have been exclusively licensed to Phivida Holdings to be branded, manufactured and sold under the Phivida trademark and distributed to integrated health care practitioners and clinical channels

as hemp oil infused hemp oil infused nutraceuticals, if we can raise the Minimum Offering. At this time, the Company does not hold nor has any plans to pursue a license under the Access to Cannabis for Medical Purposes Regulations of Canada.

Our Products and Services

The Company produces premium wholesale hemp oil products, and plans to begin producing specialty functional natural health products made with organic hemp extracts. Hemp oil is sold across the US and imported under the FDA Harmonized Tariff Code 1515.90.80.10. Naturally occurring cannabinoids found in hemp (such as cannabidiol and other non-psychoactive cannabinoids and terpenes) are phytochemicals widely studied to be therapeutic for their anti-inflammatory and anti-oxidant properties³ (see “*Phytocannabinoids*” below). Cannabinoid-rich hemp oils are sought after for a range of consumer product categories, such as pharmaceuticals, nutraceuticals, supplements, functional foods and beverages, topicals and cosmetics, and as alternatives for e-juice and vape pen products and pet and animal supplements, among others.

Leveraging an established network of formulation technicians, supply chain partners, contract manufacturers as well as licensed retailers and distributors, we plan to offer a strategic mix of hemp oil infused products for sale across the US. Our anticipated product mix ranges from premium bulk hemp oil extracts formats, which are currently commercially available, to custom formulated functional foods and natural health products for retail sale, which we intend to begin manufacturing if we raise the Maximum Offering. Our branded retail consumer package goods are now in final formulation and packaging design, with qualified contract manufacturing partners standing by to facilitate production. Phivida Organics provides a number of bulk hemp oil product formats for wholesale brokerage, which are currently commercially available, including water soluble and enhanced bioavailable products through our licensed nanoencapsulation technology (see “*Intellectual Property*”). Phivida Nutrition’s specialty blends of custom formulated functional beverages, which are not yet commercially available, will target the mainstream consumer markets which distribute innovative preventative health and wellness products. Phivida Enhanced develops products, which are not yet commercially available, for integrated and alternative health care practitioners, for patient access to naturally occurring cannabinoids from hemp oil, free of psychoactive constituents and strict federal and state level laws and regulations as they pertain to marijuana. We will seek to develop existing formulations and new functional food and natural health products innovations in the future.

Brand and Product Formula Licensing to State-Licensed Medical Cannabis Processing Facilities

On June 15, 2017, the Company entered into a license agreement with MJ Farms Sedro Woolley, LLC, a Washington state company (“**MJ Farms**”), under which we granted MJ Farms the right to license the Phivida trademark and intangible properties rights and the Vida+ recognized mark, including our brand, packaging and formulas, such that MJ Farms may use the same in connection with the manufacture, advertising, promotion, sale and distribution of certain of our products through state-licensed medicinal cannabis production facilities for sale in state licensed i502 retail dispensaries.⁴ MJ Farms does not have the right to sub-license under this agreement. The packaging must be adjusted to be compliant with WA

³ Robert, Zurier “Cannabinoids, inflammation, and fibrosis” (2016) 30:11 The FASEB journal pp. 3682-3689; Fitzcharles, MA. & W Hauser “Cannabinoids in the Management of Musculoskeletal or Rheumatic Diseases” (2016) 18: 76 Current Rheumatology Reports; Robert, Grundy “The therapeutic potential of the cannabinoids in neuroprotection” (2005) 11:10 Expert opinion on Investigational Drugs at pp. 1365-1374; P, Mukhopadhyay, Rajesh M et al “Cannabinoid-2 receptor limits inflammation, oxidative/nitrosative stress, and cell death in nephropathy” (2010) 48:3 Free Radical Biology Medicine at pp. 457-467.

⁴ See http://lcb.wa.gov/mjlicense/retailer_license_description_fees.

i502 label regulations⁵ and more specifically the exact prerequisites and regulations set out in Washington State Legislature, Chapter 314-55 WAC.⁶

All of our partners must produce the intangible properties sub-licensed to them at a state-licensed production facility, for instance, a “Washington State LCCB licensed i502 cannabis processor”.⁷

In addition, the i502 process partner must add a trace amount (1-2mg) of state compliance medicinal cannabis extract, processed in their facility, for example, “i502 compliant THC cannabis oil” to our full spectrum hemp oil extract.⁸ Currently our full spectrum hemp oil extract acts as a “carrier oil” (or base ingredient) and the product is eligible to be registered as an approved i502 medical cannabis product.⁹



Phivida Organics is a wholesale hemp oil extract commodity broker. The Company’s principal product is hemp oil containing naturally occurring cannabinoids. Sold in bulk, this product is a whole plant nutraceutical extract made using a supercritical CO₂ fluid extraction process (“**Supercritical CO₂ Extraction**”, see below at “*Production and Distribution*”). All Phivida Organics hemp oil extracts are made with hemp biomass and produced using Supercritical CO₂ Extraction. All hemp oil products are third party tested for safety and consistency. The resulting product can be used by manufacturers of consumer packaged goods, such as pet supplements, e-juice, topical ointments, cosmetics and pharmaceuticals. These unique blends of hemp infused oil contain naturally occurring phytocannabinoids, terpenes and flavonoids as well as other all natural flavoring and stability agents. In consultation with key wholesale accounts, we analyze product specifications and identify unique processing solutions in a bulk wholesale format. None of our bulk wholesale Phivida Organics hemp oil extract products are consumer packaged retail goods.

Phytocannabinoids

Cannabinoids are chemical compounds which are designed to interact with the Endocannabinoid System (“**ECS**”) in all vertebrate mammals. The ECS is a network of receptors that is located in the body’s central nervous system. ECS receptors are found throughout the body: in the brain, organs, connective tissues, glands, and immune cells. In each tissue, the ECS is responsible for modulating major physiological processes (pain/inflammation, appetite, mood, sleep, etc.), with the singular goal of maintaining a stable internal environment within the body.¹⁰ The human body naturally creates cannabinoids to assist the ECS in the modulation of these processes, called endogenous cannabinoids.

As a naturally occurring compound found in hemp oil extract, phytocannabinoids are an exogenous cannabinoid, which means a cannabinoid from a source outside of the body. In April 1998, the United States Department of Health filed a patent on Cannabinoids as antioxidants and neuroprotectants. The patent described cannabinoids as aiding in the treatment of oxidative associated diseases. The patent defines Oxidative associated diseases to include: “without limitation, free radical associated diseases,

⁵ See <http://lcb.wa.gov/mj2015/labelproduct-approval-process>.

⁶ See <http://apps.leg.wa.gov/wac/default.aspx?cite=314-55-105>.

⁷ See <http://lcb.wa.gov/marj/marijuana-2017>) and more specifically, http://lcb.wa.gov/mjlicense/processor_license_descriptions_fees.

⁸ Domestic or international sourced from companies like Endoca.com which have supply agreements that represent 100% compliance with the *Federal Agricultural Act* s. 7606 on hemp products.

⁹ See <http://lcb.wa.gov/records/frequently-requested-lists>.

¹⁰ See <http://www.harmreductionjournal.com/content/2/1/17>.

such as ischemia, ischemic reperfusion injury, inflammatory diseases, systemic lupus erythematosus, myocardial ischemia or infarction, cerebrovascular accidents (such as a thromboembolic or hemorrhagic stroke) that can lead to ischemia or an infarct in the brain, operative ischemia, traumatic hemorrhage (for example a hypovolemic stroke that can lead to central nervous system hypoxia or anoxia), spinal cord trauma, Down's syndrome, Crohn's disease, autoimmune diseases (e.g. rheumatoid arthritis or diabetes), cataract formation, uveitis, emphysema, gastric ulcers, oxygen toxicity, neoplasia, undesired cellular apoptosis, radiation sickness, and others".¹¹ The patent goes on to provide that Cannabinoids are believed to be particularly beneficial in the treatment of oxidative associated diseases of the central nervous system, "because of the ability of the cannabinoids to cross the blood brain barrier and exert their antioxidant effects in the brain. In particular embodiments, the pharmaceutical composition of cannabinoids is used for preventing, arresting, or treating neurological damage in Parkinson's disease, Alzheimer's disease and HIV dementia..." among others.¹²

A large body of clinical research data on cannabinoids and their potential therapeutic effects on inflammation and oxidative associated diseases, disorders and health conditions has been published. Clinical trials have been conducted on a range of disorders, from general analgesia¹³ and inflammation¹⁴, to major cardiovascular¹⁵, oncological¹⁶ and neurodegenerative disorders¹⁷. This body of clinical trials is publicly available via the National Institutes of Health website.¹⁸

Nanoencapsulation

We have entered into a licensing agreement with Ambary Gardens LLC, a nanoencapsulation technology provider, to process hemp oil extracts for solubility and enhanced bioavailability. Encapsulation of essential oils is a process by which various blends of hemp oil are prepared by high pressure homogenization. These hemp oil extracts are thereby converted into a nanoemulsion format. By processing hemp oil this way, these oils may then be incorporated into various fluid based product formats, including functional beverages. As a secondary benefit of nanoencapsulation, this process may also enhance the ability of the key constituents in the hemp oil extracts to by-pass metabolism through the gastrointestinal tract upon oral ingestion. The encapsulation process acts to preserve the quality attributes of the cannabinoids, and other key functional constituents within the final product and protect these constituents through first pass metabolism allowing for a higher concentration of the active functional compounds to be absorbed into the blood stream for desired effect.

Production and Distribution of Phivida Organics Products

Our hemp biomass is obtained from permitted US hemp farms in compliance with federal and state agriculture department regulations. Our contract manufacturers produce hemp oil extracts in professional contract manufacturer facilities in compliance with cGMP standards within the US, in compliance with

¹¹ "Cannabinoids as antioxidants and neuroprotectants", US patent publication number US6630507 B1 p. 9 at 56.

¹² "Cannabinoids as antioxidants and neuroprotectants", US patent publication number US6630507 B1 p. 10 at 4-9.

¹³ W, Hauser., M, Fitzcharles., et al. "Cannabinoids in Pain Management and Palliative Medicine" (2017) 114: 38 Dtsch Arztebl Int at p. 627; DG, Boychuk., G, Goddard., et al. "The effectiveness of cannabinoids in the management of chronic nonmalignant neuropathic pain: a systematic review" (2015) 29: 1.

¹⁴ R, Zurier., SH, Burstein., "Cannabinoids, inflammation and fibrosis" (2016) 30: 11 at pp. 3682-3689.

¹⁵ WSV, Ho., MEM., Kelly "Cannabinoids in the Cardiovascular System" (2017) Vol. 80 Advances in Pharmacology at pp. 329-366; Y Lu., HD, Anderson., "Cannabinoid signaling in health and disease" (2017) 94: 4 Canadian Journal of Physiology and Pharmacology at pp. 311-327.

¹⁶ V, Maida., PJ, Daeninck "A user's guide to cannabinoid therapies in oncology" 6 Current Oncology at pp. 398-406; R, Ramer., B, Hinz., "Cannabinoids as Anticancer Drugs" Vol. 80 Advances in Pharmacology at pp. 397-436.

¹⁷ C, De Caro., A, Leo., et al., "The potential role of cannabinoids in epilepsy treatment" (2017) 17: 11 Expert Review of Neurotherapeutics at pp. 1069-1079; CM, Koo., HC, Kang., "Could Cannabidiol be a Treatment Option for Intractable Childhood and Adolescent Epilepsy?" (2017) 7:1 Journey of Epilepsy Research at pp 16-20.

¹⁸ See <https://www.ncbi.nlm.nih.gov/pubmed/?term=cannabinoids>.

applicable regulations (Please see “*Government Regulations*” for more details on regulatory requirements). After harvesting hemp stalk biomass, our supply chain partners employ Supercritical CO₂ Extraction to produce premium quality food-grade hemp oil extract. Supercritical CO₂ Extraction is a cold filtered manufacturing process used to refine the key constituents found in the hemp plant. The properties of a supercritical fluid can be altered by varying the pressure and temperature levels, allowing selective concentrations of the target constituent and levels of purity therein. Supercritical CO₂ has the special properties of behaving like a gas and a liquid at the same time, and is characterized by its high diffusivity and high density, such that it can penetrate into material allowing for faster and more efficient botanical oil extractions. Together, these features render carbon dioxide into a supercritical state with high transport and extraction capacities. The result is a purified and food safe grade of hemp oil extract, ready for use in functional foods and natural health products.

Hemp oil extracts are internally tested using chromatography technology to chart chemical composition of the finished product and to verify safety and consistency. We use third party testing at certified independent laboratories for safety and quality control. Independent safety and consistency testing may include; (1) potency, (2) terpenes, (3) microbiology (bacteria), (4) residual solvents, (5) heavy metals, and (6) pesticides. Chromatographic test results are published in an independent Certificate of Analysis for customers and contract manufacturers. We contract full service fulfillment and contract manufacturing companies in the US to store, process and filter our products, and to fill samples and bulk orders for our wholesale customers.

Phivida Organics offers standardized bulk hemp oil extract product formats, as well as custom formulated products, with varying volume and potency of naturally occurring phytocannabinoids and terpenes. Bulk hemp oil products are produced and packaged in cGMP compliant facilities using high-performance pharmaceutical grade packaging (i.e. Curtec) made by an industrial packaging company based in the Netherlands. This specialty packaging ensures bulk products are protected against moisture, tampering, UV/sunlight and contamination. Every package is labeled with batch and lot and estimated expiration dates and is complete with a certificate of analysis from third party independent testing laboratories.

Our supply chain management system is supervised by Phivida Organics’ Vice President of Operations with support from the operations team of each of our subsidiaries.

Phivida Organics Hemp Oil Extracts



Wholesale Sales

For the year ended September 30, 2016, Phivida Organics recorded total gross sales revenue of \$335,269. One hundred percent of these sales are attributed to wholesale brokerage of custom blended hemp oil extracts sold in bulk quantities. Each of these bulk orders were custom formulated on behalf of customers for unique blends tailored to the needs of their product specifications.



Phivida Nutrition owns and licenses to Phivida Holdings a portfolio of custom formulated hemp oil infused beverages. Existing formulas include three key categories of hemp oil infused beverages. Our product formulations include a proprietary blend of nutraceuticals (vitamins, minerals, antioxidants, etc.) and infused with nanoencapsulated hemp oil extracts. The proprietary blend of pre-mix nutraceuticals used in every Phivida Nutrition formula has been selected to highlight the potential health benefits of phytocannabinoids found in the hemp oil ingredients, and includes encapsulated and water soluble hemp oil extract, flavouring, stabilizers, organoleptic enhancements and a proprietary blend of vitamins, minerals and antioxidants. These proprietary nutraceutical blends target prevailing health conditions which have a body of published research and clinical trials concerning the potential efficacy of phytocannabinoids in their therapeutic treatment. Each formula also contains a proprietary blend on all-natural colours and flavours, and stability for heightened consumer marketability.

Each nutraceutical has been selected based on having been studied by third parties for potentially therapeutic properties. See "*Nutraceutical Research*" for clinical data on the potential therapeutic value of these nutraceutical ingredients. Phivida Nutrition beverage formulations are ready for commercial production and we intend to begin manufacturing the following Phivida Nutrition products if we raise the Minimum Offering:

- Vitamin Juice: Phivida Nutrition owns and licenses to Phivida Holdings the proprietary custom blended nutraceutical and hemp oil extract formula for our vitamin juice beverages. We anticipate that our proposed Vitamin Juices will be produced in 16 oz bottles with 25 mg of CBD hemp oil and offered in 12-pack cases, and are designed to aid mental focus; cognition; memory immunity; joint, muscle and neuro-protection; and sleep. Our proposed Vitamin Juice flavours are as follows:
 - Pom-Cranberry;
 - Rasp-Blueberry; and
 - Orange-Grapefruit.
- Iced Tea: Phivida Nutrition owns and licenses to Phivida Holdings the proprietary custom blended nutraceutical and hemp oil extract formula for our hemp oil infused Iced Tea. These custom blends of all natural ingredients, encapsulated and water soluble hemp oil extract, flavouring, stabilizers, organoleptic enhancements and a proprietary blend of vitamins, minerals and antioxidants are designed to aid chronic gastrointestinal conditions. We anticipate that our proposed Iced Tea will be produced in 16 oz bottles with 25 mg of CBD hemp oil and offered in 12-pack cases in the following flavours:
 - Peach Passionfruit: to aid digestion, anti-nausea and bloating;
 - Green Tea Mint: to aid digestion, anti-nausea and bloating; and
 - Lemon Ginger: to aid digestion, anti-nausea and bloating.
- Nutrition Protein Shakes: Phivida Nutrition owns and licenses to Phivida Holdings the proprietary custom blended nutraceutical nanoencapsulated and water soluble hemp oil infused vegan protein shakes. These custom blends of all natural ingredients, encapsulated and water soluble hemp oil extract, flavouring, stabilizers, organoleptic enhancements and a proprietary blend of vitamins, minerals and antioxidants are designed to aid muscle, bone and joint repair. The custom blend flavours are as follows:

- Dutch Chocolate;
- Vanilla Chai; and
- Blueberry.

The Phivida Nutrition product development team is now in the process of developing additional product concepts with new proprietary blends of botanical nutraceuticals and nanoencapsulated hemp oil infused extracts.

Nutraceutical Research

Below is a summary collection of key nutraceutical ingredients used in Phivida Nutrition products and the corresponding clinical data and articles published in established scientific periodicals and journals.

Ingredients	Potential Benefits	Studies / Articles
Ashwaganda	<i>Anti-inflammatory, anti-oxidative neuro-protectant, anxiolytic, etc.</i>	An Overview on Ashwaganda: A Rasayana (Rejuvenator) of Ayurveda ¹⁹
Coconut Water	<i>Electrolytes, Antioxidants, etc.</i>	Coconut (Cocos nucifera L.: Arecaceae): In health promotion and disease prevention ²⁰
Cognizin® (Citicoline)	<i>Cognition, memory, etc.</i>	Cognizin: A Collection of Citicoline Studies ²¹
Curcumin	<i>Anti-inflammation, anti-oxidative, etc.</i>	A collection Curcumin studies ²²
Gamma-Aminobutyric Acid	<i>Sleep Enhancement, Stress/Anxiety, Depression, Neuro-protectant, etc.</i>	Alternative Medicine Review: Gamma-Aminobutyric Acid (GABA) ²³
Glutamine	<i>Stress, Injury (Muscle/Bone Repair), joint health, performance, etc.</i>	Glutamine Randomized Studies in Early Life: The Unsolved Riddle of Experimental and Clinical Studies ²⁴

¹⁹ See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3252722/>.

²⁰ See http://ac.els-cdn.com/S1995764511600783/1-s2.0-S1995764511600783-main.pdf?_tid=807aae54-2f62-11e7-b490-00000aabb0f27&acdnat=1493748756_e20a4adc9a072b3fe90f2b5e7c57f861_.

²¹ VV, Mashin., LA Belova., et al. "Multicenter observational program for evaluation of the effectiveness of the recognan (citicoline) in the correction of cognitive impairment in patients with chronic cerebrovascular pathology" see <https://www.ncbi.nlm.nih.gov/pubmed/28884715>; E, Mcglade., AM Agoston., et al. "The Effect of Citicoline Supplementation on Motor Speed and Attention in Adolescent Males" (2015) Journal of Attention Disorders see <https://www.ncbi.nlm.nih.gov/pubmed/26179181>; M Fioravanti., AE, Buckley., "Citicoline (Cognizin) in the treatment of cognitive impairment" (2006) 1:3 at pp. 247-251.

²² N, Zhang., G, Wei., et al. "Effect of curcumin on acute spinal cord injury in mice via inhibition of inflammation and TAK1 pathway." (2017) 69: 5 Pharmacological Reports; YC, Chen., MY, Shie., et al., "Anti-inflammation performance of curcumin-loaded mesoporous calcium silicate cement" (2017) 116; 9 Journal of the Formosan medical Association at pp. 679-688; S, Zhao., L, Ma., et al. "Curcumin-loaded redox response of self-assembled micelles for enhanced antitumor and anti-inflammation efficacy" (2017) 12 International Journal of Nanomedicine at pp. 2489-2504; K, Rashid., S, Chowhury., et al. "Curcumin attenuates oxidative stress induced NFkB mediated inflammation and endoplasmic reticulum dependent apoptosis of splenocytes in diabetes" (2017) 143 Biochemical Pharmacology at pp. 140-155.

²³ See <http://altmedrev.com/publications/12/3/274.pdf>.

²⁴ See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3457673/>.

Ingredients	Potential Benefits	Studies / Articles
Triphala	<i>Detoxification, mild laxative, digestion, blood pressure regulation, gastrointestinal inflammation, etc.</i>	Clinical Study of 'Triphala' – A Well Known Phytomedicine from India ²⁵
Resveratrol	<i>Anti-aging, anti-carcinogenic, anti-inflammatory, and anti-oxidant, etc.</i>	Resveratrol and health--a comprehensive review of human clinical trials ²⁶
Vitamin B1, B2, B3, B5, B6, B9	<i>Depression, energy, digestion, anti-anemia, cognition, etc.</i>	Vitamin B Complex Benefits ²⁷
Vitamin C	<i>Anti-oxidant, Autoimmune, cardiovascular health, etc.</i>	The Benefits of Vitamin C ²⁸
Wellmune® (Beta glucans)	<i>Autoimmune, Antimicrobial, disease prevention, etc.</i>	New Research on Biothera Beta Glucans is Published in Nature ²⁹
Zembrin® (<i>Sceletium tortuosum</i>)	<i>Stress relief, cognition/memory, anxiolytic, etc.</i>	Acute Effects of <i>Sceletium tortuosum</i> (Zembrin), a Dual 5-HT Reuptake and PDE4 Inhibitor, in the Human Amygdala and its Connection to the Hypothalamus ³⁰
Zinc Citrate	<i>Autoimmune, Bone density, hormone production, reproduction, cardio vascular health, anti-oxidant, cognition, etc.</i>	US National Library of Medicine National Institutes of Health: Zinc Citrate ³¹
Vegan Proteins (vs. animal)	<i>Muscle density, injury repair, joint health cardiovascular health, etc.</i>	Comparison of Nutritional Quality of the Vegan, Vegetarian, Semi-Vegetarian, Pesco-Vegetarian and Omnivorous Diet ³²



²⁵ See https://www.researchgate.net/publication/43561239_Clinical_Study_of_%27Triphala%27_-_A_Well_Known_Phytomedicine_from_India.

²⁶ See <https://www.ncbi.nlm.nih.gov/pubmed/21688389>.

²⁷ See <http://www.med-health.net/B-Complex-Benefits.html>.

²⁸ See <http://www.webmd.com/diet/features/the-benefits-of-vitamin-c>.

²⁹ See <http://www.wellmune.com/blog/2011/04/27/new-research-on-biothera-beta-glucans-is-published-in-nature/>.

³⁰ See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3828542>.

³¹ See <https://ods.od.nih.gov/factsheets/Zinc-HealthProfessional>.

³² See <https://www.accessdata.fda.gov/scripts/InteractiveNutritionFactsLabel/protein.html>.



Phivida Enhanced owns and licenses to Phivida Holdings the formulas for two categories of phytocannabinoid-based nutraceuticals. Each Phivida Enhanced product line will be designed to cater to the needs of integrated health care practitioners as a natural alternative therapy. Phivida Enhanced products will be formulated from proprietary blends of botanical nutraceuticals and hemp oil extracts. Each blend will be custom formulated to aid in the treatment of key specific health conditions with a higher concentration of phytocannabinoids (See “Phytocannabinoids” and “Nutraceutical Research” for clinical data on the potential therapeutic value of these nutraceutical ingredients). Phivida Enhanced product formulas will contain hemp oil extracts and proprietary blends of all-natural colours, flavours and appearance-enhancing ingredients. Certain products will also contain botanical based vitamins, minerals and anti-oxidants, for enhanced therapeutic effect.



The first category of Phivida Enhanced products will be hemp oil tinctures marketed under the Vida+ brand name as functional foods and supplement nutraceuticals. In the base format, Vida+ tinctures will use an organic hemp oil extract. We anticipate that this product will be manufactured in 1 oz bottles and marketed in a range of CBD concentrations for varying body types and usages, with options including Reg 2.5% (650 mg), Max 5% (1,300 mg) or Pro 10% (2,650 mg). Vida+ tinctures will be made with specialty UV protective packaging and are intended to be sold to clinics and distributors in 12-unit retail merchandising display kits.



The second category of Phivida Enhanced formulated products will be a single serve vitamin shot using the custom blend premixes from the Phivida Nutrition vitamin juice blends. Phivida Vitamin Shots will be available in Pom-Cranberry, Rasp-Blueberry and Orange-Grapefruit flavours, and will have a 10 mg nanoencapsulated hemp oil infusion. We anticipate that each vitamin shot will be produced in a 2.5 oz bottle and offered in 12-pack



cases, and will be custom formulated with a special blend of nutraceuticals to target certain conditions. This product line of hemp oil infused vitamin shots will act as a cross over product between the Phivida Enhanced and the Phivida Nutrition lines to provide the value of a targeted blend for sale in retail and convenience channels, and other point of sale installations in the natural specialty foods and grocery channels.



Production and Distribution of Phivida Nutrition and Phivida Enhanced Products

We are ready to begin manufacturing our Phivida Nutrition and Phivida Enhanced products. In order to reach full scale commercial production, we must raise the Minimum Offering for the purchase of raw goods, and for production, packaging logistics and distribution/marketing expenses. If we are able to raise the Minimum Offering, we will engage manufacturing and distribution service providers to begin commercial production of our Phivida Enhanced and Phivida Nutrition products in compliance with applicable rules and regulations. We anticipate that if we are able to raise the Minimum Offering, we will begin preparing for commercial production of our Phivida Enhanced and Phivida Nutrition products immediately, with plans to produce and market these products at a commercially reasonable time thereafter. We plan to market our Phivida Enhanced and Phivida Nutrition products primarily in urban centres located in Washington, Oregon, California and Colorado.

Specialized Skill and Knowledge

The nature of our business requires specialized knowledge and technical skill around cannabinoid science and the hemp industry in the US, clinical sciences, product formulation, quality assurance, cGMP manufacturing, ingredient sourcing, and marketing and distributing of functional foods. See "*Background of Management and Directors*" for more information.

Market Outlook

Through a strategic mix of wholesale, consumer and clinical products and by way of a multi-channel distribution model, we will be participating at the intersection of four separate channel markets, all of which have experienced recent growth. The following section provides an overview of recent secondary research from a cross section of markets in which we, and our wholly owned subsidiaries, will be participating. Our range of clinical and consumer based products include participation in the (a) CBD-hemp oil and medical cannabis markets; (b) plant based nutraceuticals and Integrative Alternative Healthcare markets; (c) non-steroidal anti-inflammatory drug markets; and (d) organic functional foods markets.

Wholesale Market

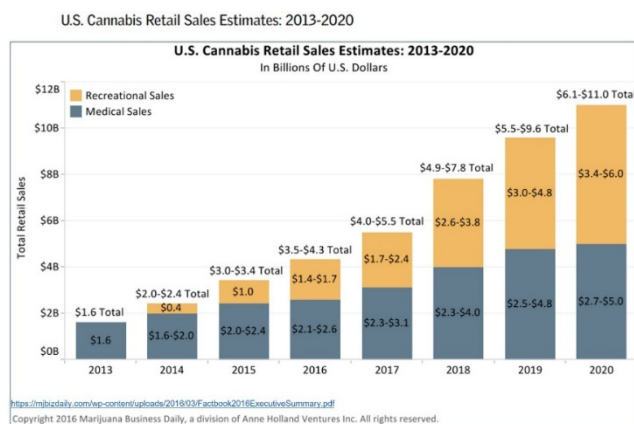
Phivida Organics products offer hemp oil extract for wholesale to manufacturers of consumer packaged goods. Phivida Organics selects wholesale customers who operate in categories which are not directly competitive to the other Phivida Holdings business lines. By nature the Phivida Organics wholesale business is 100% dependent on wholesale customers having the ability to resell their finished retail CBD products.

Hemp Business Journal estimates the total retail value of hemp products sold in the US in 2016 to be at least \$688 million USD, driven in part by the emergence of hemp CBD—a category growing at 53% annual growth rate. Hemp Business Journal estimates \$130 million USD in hemp industry sales is from the hemp CBD category, nearly 20% of the total market. This category is being driven by channel sales in the natural products industry, smoke shops and online verticals, with pharmaceutical players quickly moving into position to capture market share. According to Hemp Business Journal, SPINS, the leading market research firm for natural products, tracked \$2.47 million USD for products with CBD listed as the primary ingredient in 2016. Hemp Business Journal's data demonstrates the hemp industry is growing with a 22% CAGR, and they estimate that the hemp industry will grow to \$1.8 billion USD in sales by 2020, led by food, body care, and CBD-based products.³³

Patient Conversion: Medicinal Cannabis to Hemp Oil

Our products provide state registered medicinal cannabis patients with an alternative source to non-psychoactive phytocannabinoids through the licensing of its clinical and consumer product brands. The US medical cannabis market is a rapidly growing market, with estimated retail cannabis sales rising from an estimated \$2.2-\$2.6 billion USD in 2014 to \$7.4-8.2 billion USD in 2018.³⁴ A 2016 Bloomberg report predicted the US cannabis market to reach \$50 billion USD by 2026.³⁵

Numerous US states have enacted some variation of hemp oil extract regulations, such as Colorado³⁶, Washington³⁷ and Oregon³⁸. As a wholesale commodity, management believes there may be a potential for cannabinoid-rich hemp oil to reach bulk market sales such as the beer, wine and spirits sector, pet and equine supplements, and cosmetics/personal care. Four of the largest medical hemp oil markets in the US, and where we intend to focus our brand licensing efforts, distribution and sales efforts initially, are California, Oregon, Washington and Colorado, with an 89% market share as illustrated in the following graphs.³⁹



³³ See <https://votehemp.com/PR/PDF/4-14-17%20VH%20Hemp%20Market%20Data%202016%20-%20FINAL.pdf>.

³⁴ See <https://mjbizdaily.com/new-forecast-u-s-medical-marijuana-and-recreational-cannabis-sales-to-hit-8-billion-by-2018/?nomobile=1>.

³⁵ See <https://www.bloomberg.com/news/articles/2016-09-12/cannabis-industry-to-expand-to-50-billion-by-2026-analysts-say>.

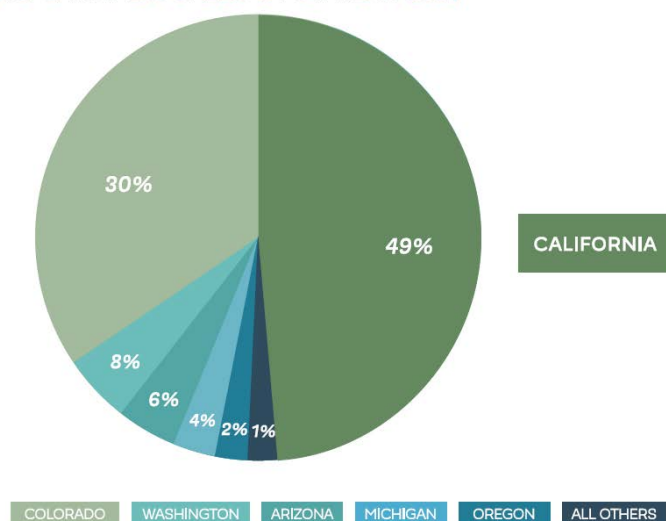
³⁶ See <https://www.colorado.gov/pacific/agplants/industrial-hemp>.

³⁷ See <https://agr.wa.gov/Inspection/Hemp>.

³⁸ See <http://www.oregon.gov/ODA/programs/MarketAccess/MACertification/Pages/Hemp.aspx>.

³⁹ See <https://mjbizdaily.com/wp-content/uploads/2016/03/Factbook2016ExecutiveSummary.pdf>; see https://www.huffingtonpost.ca/entry/marijuana-industry-fastest-growing_n_6540166.

\$2.7 BILLION U.S. CANNABIS SALES BY STATE IN 2014



SOURCE: ARCVIEW MARKET RESEARCH (CONSUMER AND WHOLE SALES)

Natural Products Market

Phivida Enhanced products will offer a unique mix of clinical-grade botanical-enhanced nutraceutical products, and target the natural health product market. The major growth drivers to these markets are increased life expectancy in an aging population, an increase in health conscious consumer awareness, the high cost of healthcare, and innovation and disruption in biotechnology and pharmacology through ongoing research and development.⁴⁰

Phivida Enhanced nutraceutical products, once in commercial production, will be targeted in part towards the integrated health care practitioner market.

Organic Functional Foods

Phivida Nutrition products, being hemp oil infused functional and organic edibles, will fall into the organic functional food market. Within the organic foods category, beverages have grown 225% from a \$4 billion USD market to a \$14 billion USD market since 2004.⁴¹

As the organic functional beverage market shows significant growth trends, we believe the Phivida Nutrition formulas will be well-positioned to capture a share of this growth market.

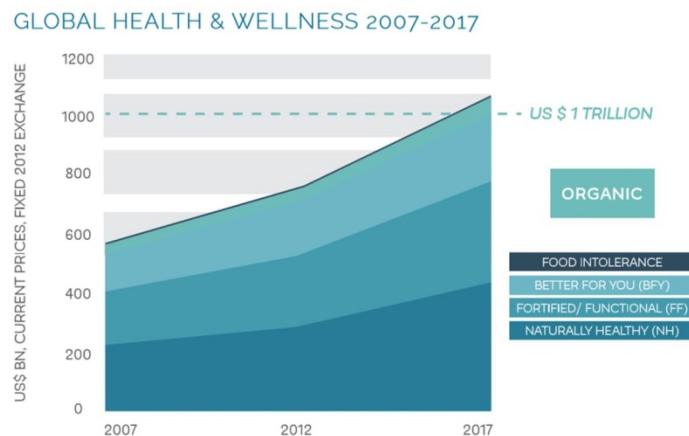
As illustrated in the graph below, within the greater global organic food category, the subcategory of functional (or health and wellness based) beverages has experienced significant growth from 2006 to

⁴⁰ Frost and Sullivan: Global Nutraceutical Industry: Investing in Harvesting Living (2009) For more, see pp. 16, 27 and 44; see www.frost.com/prod/servlet/cio/236145272.

⁴¹ USDA, "Economic Research Service Using Data from Nutrition Business Journal", 2013; see <https://www.ers.usda.gov/topics/natural-resources-environment/organic-agriculture/organic-market-overview>.

2016.⁴² We believe that Phivida Nutrition's products will be well positioned to leverage this recent rise in the functional beverage market.

Further, the global natural health and wellness market has grown by over 66% in the past decade, and is expected to scale from a \$675 billion USD market in 2008 to over \$1 trillion USD by the end of 2017, as illustrated in the following graph.⁴³



Marketing and Sales Plan

Several different distribution models are available for our products which we intend to leverage at different stages in the development lifecycle of the Company to ensure maximum profitability and productivity. In the initial stages, we will be focusing our distribution efforts on ecommerce direct-to-retail and bulk distribution sales.

⁴² Health and Wellness Versus Non-Health and Wellness Packaged Food and Beverages, Retail Sales 2002-2017; see <http://blog.euromonitor.com/2012/11/health-and-wellness-the-trillion-dollar-industry-in-2017-key-research-highlights.html>.

⁴³ See <http://blog.euromonitor.com/2012/11/health-and-wellness-the-trillion-dollar-industry-in-2017-key-research-highlights.html>.

As an initial launch strategy, we intend to target online bulls-eye consumer and clinical markets and regional niche distribution channels along the pacific US coastal states rather than mass market channels for a greater penetration and market share in established markets. Beyond ecommerce, we plan to focus distribution on a front office management system that will train and motivate field agents with established relationships in targeted channels for a focused, representative approach to retail. This approach will seek to capture shelf space in smaller regional chain businesses and independent co-operatives. We believe this approach is ideal for the hemp products market as it provides an opportunity to focus our marketing resources on educating targeted customers about the potential health benefits of CBD and other key ingredients in our products, and the non-traditional marketing model for a strong, defensible market share position from which to streamline operations in each market before moving into traditional sales streams and both national and international roll-out strategies.

We have identified five core channels along the pacific US distribution network, as follows:

1. Ecommerce and Web Affiliates: targeting online consumers

- a. Affiliates – We plan to list our products on appropriate affiliate distribution websites and market our products on such websites as follows:
 - Conduct social media campaigns following store to store demonstrations;
 - Merchandise through web affiliates with online affiliate registration; and
 - Purchase online advertising through companies such as Leafly and Weedmaps.
- b. Clinics and licensed IHPs: we plan to market our products to IHPs as follows:
 - Design and fund a bioequivalence study to test the absorption rate of encapsulated hemp oils and write a white paper on the results;
 - Host or attend medical educational webinars for naturopathic doctors and IHPs;
 - Participate in third party online content about medical education and studies to increase knowledge of the products;
 - Digital advertising and online merchandising, white papers, and blogs; and
 - Sponsor major IHP academic conferences and universities.
- c. Natural and Specialty Retailers – We plan to market our products to online natural and specialty stores as follows:
 - Conduct social media advertising with links to relevant blogs that have references and links to web affiliates and ecommerce retailers;
 - Participate in public relations blogs;
 - Advertising in tradeshow, events and conducting in-store sampling events to promote consumer brand awareness; and
 - Working with web affiliates to conduct advertising campaigns for increased traffic to their websites.

2. Dispensaries & Vape Shops:

- Participate in educational events and seminars for registered medical cannabis patients and licensed retail dispensaries and industry conferences and tradeshow;
- Conduct a one-on-one dispensary promotional and sampling tour;
- Contribute to third party blog content and research around hemp; and

- Conduct digital marketing and advertising through monthly subscriptions, banner advertisements.

3. Integrated Health – Naturopathy Clinics & Retail:

- Hold medical education seminars and key-note speeches at industry trade association conferences for Naturopathic doctors and integrated health care practitioners, and support ongoing continued education of licensed practitioners;
- Obtain endorsements from respected and recognized Naturopathic doctors and clinicians; and
- Participate in affiliate and loyalty programs, with incentives to practitioners to include products in clinical practice, and for referrals to active patients.

4. Natural and Specialty Grocery:

- Conduct in-store experiential brand marketing, retail sales and merchandising, sampling and promotions, demonstrations, and primary market research surveys;
- Participate in the national channel tradeshow circuit to major suppliers;
- Obtain endorsements from respected brand ambassadors; and
- Participate in affiliate and loyalty programs, with discount promotions and points incentives.

5. Mass Marketing:

- Conduct a social media campaign, with social influencer programming;
- Run a targeted channel multimedia advertising and brand marketing campaigns;
- In store sampling, education and point of sale promotions at all participating locations;
- Retail merchandising and experiential installations at related industry events;
- Public relations campaigns promoting clinical study results, and testimonials from practitioners, patients and consumers through a new program; and
- Media relations with articles, editorials and blogs on our products.

See “*Use of Proceeds*” for a detail aggregation of the proceeds of the Offering that we intend to allocate to these product marketing efforts.

Competitive Overview

Phivida Organics

There are companies that compete against Phivida Organics in the wholesale hemp oil extract market in the United States. These competitors include Endoca APS LLC, CannaVest Europe GMBH and Gaia Botanicals LLC. We anticipate that additional competitors may enter the market in 2017.

These competitors may also seek to derive cannabinoids from permitted hemp farms that are compliant with federal laws and regulations, on a case by case basis. These competitors also rely on cGMP standards and third party testing. Currently, both CannaVest Europe GMBH and Gaia Botanicals LLC also base their operations in Colorado. Endoca APS LLC and CannaVest Europe GMBH can be considered as relatively new entrants into the wholesale hemp oil extract, like Phivida Organics.

Phivida Organics differentiates itself from its competitors by relying on 100% organic Canadian hemp seed oil as the base carrier oil (the substance used to dilute essential oils) to blend with its full spectrum

of hemp oil extracts. Phivida Organics aims to have faster processing times than its competitors, by completing shipments within 30 days from the date of order. Additionally, Phivida Organics' nanoencapsulation technology enables us to process hemp oil extracts for solubility and enhanced bioavailability.

Phivida Nutrition

Phivida Nutrition products will be part of a rapidly evolving functional food nutraceutical market with a breadth and depth of products. Cannabinoid-infused foods and beverages (i.e. "edibles") is a prevailing consumer category within the US cannabis industry. Thus, existing cannabinoid infused foods are available, and highly sought out by consumers and medicinal cannabis patients within regulated channels. There are several indirect competitive products in our category, such as Dixie Botanicals LLC and Legal (Mirth Provisions LLC), which are in commercial distribution within established target markets. When sold in regulated dispensary channels, these products are in direct competition with Phivida Nutrition products with most competitive companies distributing their products in Denver, Seattle, Portland, Los Angeles and San Francisco. In addition to these competitors, we expect new competitors to enter the market in 2017.

Phivida Enhanced

We anticipate that Phivida Enhanced formulas may compete with other phytocannabinoid-based nutraceuticals currently sold in the market place, such as Ananda Apothecary LLC, Dixie Botanicals LLC, CW Botanicals LLC, CannaVest Europe GMBH and Elixinol Ltd. Most companies in this market currently rely on e-commerce platforms for commercial distribution. We expect Phivida Enhanced to be competitive in the marketplace as we intend to focus efforts on: strategic marketing; branding; social media education and awareness; childproof and eco-friendly packaging; pricing; quality control; and potency in product formulation, subject to market conditions.

Competitive Advantage

We feel that our business has a number of strengths over our competitors. A breakdown of our strengths is as follows:

- **Team of Specialists:** we have assembled a team with expertise in product development, brand development, business development and account management, executive management, business administration, supply chain management, channel sales and client relationship management, and proven success in operations, management, growth and exit of start-up functional food and nutraceutical companies. See "*Directors and Executive Officers*".
- **Holistic Approach:** we are incorporating the principles of a variety of established alternative therapeutic medicine traditions and practices such as Naturopathic Medicine, Ayurveda and Homeopathy into our product lines, as well as appealing to the organic, vegan and sustainable protein and functional food markets. These principles have been applied in product development through (a) our proprietary blends, (b) our all-natural botanical based product ingredients and (c) the use of phytocannabinoid-rich hemp oil extracts in product formulations.
- **Quality:** we have established high quality standards for our products. Our bulk supply is subject to a stringent quality control program, and our retail product ingredients and retail products are processed in cGMP certified or cGMP standard facilities that strictly adhere to ingredient and quality control standards.
- **Encapsulation Technology:** we have licensed a technology that allows production of CBD infused functional beverages and water-based nutraceuticals through the following methods: making the oil water-soluble; promoting microencapsulation (clarity and stability in solution); converting oil to powder (conversion of lipids to crystalline form); and increasing bioavailability (enhanced uptake of cannabinoids into the blood stream by 400%). See "*Intellectual Property*".

- Variety of hemp oil bulk products: Our supply chain partners can produce any concentration or blend of hemp oil with any percentage of phytocannabinoids and terpenes, from 20% to 88.9% CBD (and less than 0.3% THC).⁴⁴ Through supply chain partners, we can custom formulate products to any product specification for: edibles, extracts, tinctures, nutraceuticals, vapes/e-juices, cosmetics, topicals, pet and animal products, and beverages (including wine, beer and spirits).
- Price and Service: we offer a wide selection of high CBD concentrate hemp oil bulk products, often at a significant discount to the prevailing commodity markets, and the unique offering of nanoencapsulated enhanced hemp oil extracts.
- Our hemp oil extract products are 0.3% THC or less⁴⁵, which makes them eligible for therapeutic uses without psychoactive side effects.

Government Regulation

In addition to the typical regulation of any manufacturing and commercial business, our operations are subject to state and federal regulation of cultivation of hemp and the manufacturing of products intended for human ingestion or topical application intended for use by either humans or animals. All our hemp oil infused products are or will be governed under the FDA Harmonized Tariff Code 1515.90.80.10. All hemp oil extracts are procured from supply contacts in compliance with the s. 7606 of the 2014 Agricultural Act as well as the CSA under the legal precedent of *HIA v. DEA*, 357 F.3d 1012 (9th Cir. 2004). Our senior management team continuously monitors the development of applicable US laws and the Company engages US legal counsel to interpret US laws to ensure we and our suppliers are operating in compliance with all applicable laws and permits. We have also adopted an internal policy with the purpose of ensuring that all of our raw goods and service providers are in compliance with applicable laws and regulations. The objectives of the policy are:

- To ensure all raw goods products suppliers are operating in good standing, certified to operate and produce raw goods products, operating within their designated NAICS industry classification, in compliance with the applicable federal and state laws and regulations, and appropriately insured, by requiring proof of applicable licenses, certifications and regulatory compliance from each supplier through government issued documentation;
- To ensure that we only use raw goods and contract production practices that are in accordance with cGMP standards;
- To mandate the pre-qualification of all potential contract supply chain organizations through the evaluation of quality standards, including third party product and process testing, and analysis to ensure all non-conforming products, defective products and products which do not meet internal quality assurance and control standards are not used by us;
- To set and maintain quality standards through raw good testing via certified laboratories and contract manufacturing inspection services recognized by prevailing industry associations and federal and state regulated bodies;
- To educate our members on supply chain quality assurance and control standards; and
- To foster and facilitate supplier and service provider compliance with applicable laws.

⁴⁴ Cannabinoids potency is verified through third party laboratory testing and certificates of analysis.

⁴⁵ As verified through third party laboratory testing and certificates of analysis.

Federal Regulation of Industrial Hemp

We acquire hemp extracts and oils from legally permissible US and international sources. The regulation of third party suppliers has a significant impact upon our business, notwithstanding that we are not directly subject to such regulation related to the cultivation of industrial hemp. As a result we require evidence of legally permissible sourcing of our raw materials, in addition to purity and concentration of cannabinoids in such raw materials. However, any enforcement activity related to any one or more of the reasons set forth below, or any additional uncertainties which may arise in the future, could cause substantial interruption or cessation of our business, including adverse impacts to our supply chain and distribution channels, and other civil and/or criminal penalties at the federal level. A summary of the history and current status of hemp and cannabinoids in the US follows.

In 2013, the US Office of the Attorney General published a memorandum, the Cole Memo, to all US Attorneys regarding federal law enforcement priorities.⁴⁶ The Cole Memo remains in effect today. The Cole Memo discusses concerns related to illegal diversion of psychoactive marijuana; avoidance of violence; youth access to marijuana; organized crime involvement; impairment while driving; and other criminal activities and compliance with existing state and local laws and regulations regarding marijuana (despite any conflict with federal law). In sum, the Cole Memo establishes that federal enforcement priorities remain most concerned with illicit diversion and other adverse impacts of the use of psychoactive marijuana which neither comports with federal or even state or local law. Because our activities concern non-psychoactive industrial hemp, and derivatives therefrom, the Cole Memo's stated priorities are either satisfied or irrelevant as the hemp-related business activities do not present the same concerns of diversion, violence or other illegal or dangerous activities as might apply to psychoactive marijuana.

Prior to 2014, pursuant to the CSA, it was illegal to grow any variety of the plant *Cannabis sativa L.* without a permit from the DEA.⁴⁷ While the CSA definition of "marihuana" included an explicit exemption for certain portions of the *Cannabis* plant, such as the stalk and non-viable seed, sometimes referred to as "non-psychoactive hemp," the cultivation restrictions on *Cannabis* resulted in the elimination of hemp as a domestic agricultural crop.⁴⁸ In addition, certain states have enacted similar Controlled Substance Acts which prohibit or narrowly restrict the distribution, sale, possession and/or use of any products containing even trace amounts of THC.⁴⁹ Further, certain states have adopted prohibitive and/or restrictive laws restricting the sale of products containing individual cannabinoids found in *Cannabis*, such as CBD, to specified persons, upon physician prescription and for use in connection with specific conditions.⁵⁰

In 2014, Congress enacted the Agricultural Act of 2014 (the "**Farm Bill**") which provides for the cultivation of industrial hemp as part of agricultural pilot programs adopted by individual states and research by institutions of higher education.⁵¹ Approximately 30 US states have implemented legislation pursuant to the Farm Bill.⁵² The various state industrial hemp programs have varied requirements regarding the registration of cultivators and processors, the involvement of institutions of higher education and permissible commercialization.⁵³

⁴⁶ See Cole Memo, <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

⁴⁷ See <https://fas.org/sgp/crs/misc/RL32725.pdf>, p. 12.

⁴⁸ *Ibid.*

⁴⁹ See <http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx>.

⁵⁰ *Ibid.*

⁵¹ 7 U.S.C. § 5940.

⁵² *Supra* note 42, p. 13.

⁵³ *Ibid.*

In response to DEA actions to block seeds imported by some states in order to grow industrial hemp and in order to avoid similar DEA actions to stall full implementation of the Farm Bill, when Congress enacted the Consolidated and Further Continuing Appropriations Act, 2015, it contained provisions to block federal law enforcement authorities from interfering with state agencies and hemp growers, and counter-efforts to obstruct agricultural research, stating that “none of the funds made available” to the US Justice Department and DEA “may be used in contravention” of the Farm Bill.⁵⁴ Similar language was included in the 2016 Consolidated Appropriations Act, and in addition, the US Department of Agriculture (“**USDA**”) was also blocked from prohibiting the transportation, processing, sale or use of industrial hemp that is grown or cultivated in accordance with the Farm Bill.⁵⁵ This language was carried into the 2017 Consolidated Appropriations Act.⁵⁶

In August 2016, the DEA, along with USDA and the FDA, issued their *Statement of Principles* with respect to the Farm Bill. There, the DEA sought to amend the congressionally-legislated definition of “industrial hemp” and the overall scope of the Farm Bill including which conduct is authorized pursuant to the Farm Bill.⁵⁷ The DEA further opined it does not believe the Farm Bill provides for “general commercial activity.”⁵⁸ Contrarily, state departments of agriculture and congressional representatives condemned the *Statement of Principles* for seeking to administratively constrain explicit Congressional legislation.⁵⁹

In December 2016, the DEA published the Final Rule. There, “marihuana extract” is defined for the first time under U.S. law as “an extract containing one or more cannabinoids that has been derived from any plant of the genus *Cannabis*” and establishes a four-digit code for the tracking of “marihuana extract,” implying that cannabinoids derived from marihuana or hemp is a Schedule 1 controlled substance and thus requires a DEA permit.⁶⁰ However, for a number of procedural and substantive reasons, including such definition encompassing both scheduled and non-scheduled substances in an overly broad fashion, the Final Rule is the subject of pending litigation between the Hemp Industries Association (“**HIA**”) and the DEA before the Ninth Circuit Court of Appeals.⁶¹ In the DEA’s recent responding brief in the pending litigation on the Final Rule, the DEA conceded that it maintains no jurisdiction with regard to Farm Bill Activities.^{62,63} Despite the DEA’s concession that it maintains no jurisdiction with regard to Farm Bill Activities, in practice, there remains concern over the extent to which other federal, state and local agencies defer to the DEA’s earlier, negative rhetoric towards the Farm Bill in the Statement of Principles, thereby causing adverse impacts against those acting pursuant to the Farm Bill including limited, misguided enforcement by state and local authorities that are confused by DEA’s conflicting interpretations of, and misrepresentations of the congressional intent behind, the Farm Bill hemp’s amendment. Should the DEA succeed in the pending litigation on the Final Rule, although “marihuana extract” would technically require a DEA controlled substances permit, which would be an unrealistic option for retail products, one can anticipate that there would be a subsequent lawsuit challenging the DEA’s authority to regulate the Farm Bill, resulting in continued litigation and stays of enforcement of the

⁵⁴ P.L. 113-235, Division B, §539.

⁵⁵ P.L. 114-113, Division A, §763.

⁵⁶ P.L. 115-31, Division A, §537.

⁵⁷ See <https://www.federalregister.gov/documents/2016/08/12/2016-19146/statement-of-principles-on-industrial-hemp>.

⁵⁸ *Ibid.*

⁵⁹ See http://www.kyagr.com/marketing/documents/HEMP_Federal-Congressional-Response-to-Joint-Statement.pdf; http://www.kyagr.com/marketing/documents/HEMP_Quarles_Joint-Statement-Comments.pdf; http://www.kyagr.com/marketing/documents/HEMP_McConnell.Letter-to-Sec.Vilsack-re-Hemp.pdf.

⁶⁰ DEA, *Establishment of a New Drug Code for Marihuana Extract*, 81 Fed. Reg. 240, 90194 (Dec 14, 2016).

⁶¹ *Hemp Industries Ass’n v. Drug Enforcement Administration*, Case No. 17-70162.

⁶² *Hemp Industries Ass’n v. Drug Enforcement Administration*, Case No. 17-70162, § (III)(B)(2), pp. 32-33.

⁶³ Farm Bill Activities includes industrial hemp research, farming, processing, transportation, storage, distribution, marketing, and sales under a state department of agriculture hemp pilot program or hemp research conducted by and with an institution of higher education.

Final Rule. In the event that the HIA is successful in the pending litigation, there will be no reasonable basis on which the DEA can determine that hemp oil is a controlled substance.

Shortly after the HIA filed its petition blocking enforcement of the Final Rule, it filed another action seeking to direct the DEA to show cause why it should not be held in contempt for failure to comply with a 2004 order that permanently enjoined the DEA from regulating hemp fiber, stalk, sterilized seed and oil as a controlled substance.⁶⁴ In 2003, the DEA issued two final rules: one that expanded the CSA Schedule 1 listing of synthetic THC to include THC “naturally contained in a plant of the genus *Cannabis* (cannabis plant),”⁶⁵ and a second that exempted hemp fiber, seed and oil products containing THC not intended for human consumption from control (the “**2003 Rules**”).⁶⁶ The collective result of the 2003 Rules was to classify all naturally-occurring THC intended for human consumption as a Schedule 1 controlled substance. In 2004, the HIA was successful in obtaining an injunction from the Court of Appeals of the Ninth Circuit prohibiting the DEA from enforcing the 2003 Rules (with respect to non-psychoactive hemp or products containing it).⁶⁷ However, the DEA never took action as a result of the injunction, including not amending its listing of THC in Schedule 1 of the CSA. Until recently the DEA also did not appear to have taken any enforcement action under the enjoined regulation. In December 2016, the North Dakota Department of Agriculture advised a state-licensed farmer/producer that a planned shipment of hempseed oil out of the state would require a DEA registration, citing the federal CSA. This action prompted HIA to file a motion for contempt with the Court of Appeals of the Ninth Circuit for failing to comply with the 2004 injunction.⁶⁸

During the pendency of the litigation relating to the Final Rule, with respect to internationally sourcing hemp derivatives, the DEA recently published a memo clarifying that the Final Rule is allegedly not intended to encompass products containing those portions of the plant which may be lawfully sourced from international sources.⁶⁹ However, the DEA further clarifies its unilateral belief that cannabinoid-rich hemp materials cannot practically be obtained from the lawfully exempt portions of the plant *excluded* from the DEA definition of “marihuana.” Thus, DEA’s clarified position presents potential issues, at least practically speaking, worthy of consideration with respect to the lawful import of internationally-sourced hemp-derived products.

The importation of industrial hemp raw materials and finished products have historically been permitted pursuant to, and when derived from, the above-mentioned CSA exemption of certain portions of the *Cannabis* plant from the definition of marihuana.^{70,71} However, the emergence of a market for CBD and cannabinoids (other than THC) derived from *Cannabis* has increased the scrutiny of imported industrial hemp raw materials for compliance with the CSA and relevant FDA regulation with respect to products intended for use by either humans or animals.⁷²

State Regulation of Industrial Hemp

At present, we only source from suppliers located in Colorado that are in compliance with state and federal regulations. When packaged into a final product for distribution, we are operating within the

⁶⁴ *Hemp Industries Ass’n, et al., v Drug Enforcement Administration, et al., Case No. 03-71336.*

⁶⁵ DEA, Clarification of Listing of “Tetrahydrocannabinols” in Schedule 1, 68 Fed. Reg. 14, 114, 14, 119 (Mar 21, 2003).

⁶⁶ DEA, Exemption from Control of Certain Industrial Products and Materials Derived from the Cannabis Plant, 68 Fed Reg. 14, 119 (March 21, 2003).

⁶⁷ *Hemp Industries Ass’n v. DEA*, 357 F. 3d 1012, 1018 (9th Cir. 2004).

⁶⁸ *Hemp Industries Ass’n, et al., v Drug Enforcement Administration, et al., Case No. 03-71336.*

⁶⁹ See https://www.deadiversion.usdoj.gov/schedules/marijuana/m_extract_7350.html; c.f. Section 1.

⁷⁰ 66 *Federal Register* 51530, October 9, 2001.

⁷¹ See <https://fas.org/sqp/crs/misc/RL32725.pdf>, p. 20.

⁷² *Ibid*, p. 22.

bounds of federal and state law and may sell our products into other states, including Washington, Oregon, California and Colorado, where we initially intend to make our products available for purchase.

Colorado

The bulk of our operations are based in Colorado as a result of the state's legalization of industrial hemp.

Passed in 2012, Amendment 64 to the Colorado Constitution directed the General Assembly to enact legislation governing the cultivation, processing, and sale of industrial hemp.⁷³ Legislation adopted in 2013⁷⁴ delegated the responsibility for establishing institutional and commercial registration and inspection regulations to the Colorado Department of Agriculture (the "**CDA**"). The CDA adopted rules and regulations that set forth the requirements of registration and inspection.⁷⁵

After the 2014 Farm Bill's passage, the state of Colorado passed the Industrial Hemp Regulatory Program pursuant to The Hemp Act of 2014 (the "**Hemp Act**").⁷⁶ The Hemp Act expressly authorized two categories of industrial hemp cultivation registration: (i) research and development ("**R&D**") and (ii) commercial. R&D is limited to institutions of higher education or any person or legal entity under a pilot program administered and directed by the CDA for purposes of agricultural or academic research in the development of industrial hemp. Commercial cultivation is generally understood to mean the growth of industrial hemp for any purpose including engaging in commerce, market development, and market research, by any person or legal entity other than an institution of higher education or under a pilot program administered by the CDA.

Accordingly, pursuant to bills, laws, regulations and policies set forth by the U.S. federal government and the U.S. Office of the Attorney General, the CDA has accepted, and continues to accept, Commercial Industrial Hemp Applications. All compliant Colorado Hemp Act registrations are deemed Farm Bill compliant by the federal government.

Through contract, we source all industrial hemp material for our products from Lilu's Garden's Limited ("**Lilu's**"). Lilu's cultivates all of its hemp pursuant to a Colorado commercial hemp registration and is in good standing with the CDA. Thus, we source our hemp from a Farm Bill compliant registrant. Next, we contract with a third party Colorado contractor to manufacture hemp extract from the hemp material.

Effective, July 1, 2017, the Colorado Department of Public Health and Environment (the "**CDPHE**"), established and published its policy regarding manufacturers of products intended for human consumption made from oils (extracts) and other derivatives from industrial hemp. This policy now allows these manufacturers to register with CDPHE as a manufacturer of food products pursuant to Colorado law, where prior permit applications were previously withheld and/or unprocessed. The CDPHE policy allows for food products to be manufactured in Colorado, so long as, among other conditions, the hemp derivatives are sourced from compliant sources in good standing with governing state laws and that finished products contain no more than 0.3% THC, to be demonstrated by testing assays. Our contracted manufacturer is registered and in good standing with CDPHE; its hemp extract is, therefore, produced lawfully under Colorado state law.

⁷³ Col. Const. art. 18, § 16.

⁷⁴ Senate Bill 13-241.

⁷⁵ 8 CCR 1203-23.

⁷⁶ See C.R.S. §§35-61-101, *et seq.*

California

California's industrial hemp laws are in a state of flux, particularly regarding extracts (including CBD) therefrom. The state statute's definition of industrial hemp includes extracts from any part of the plant.⁷⁷ Additionally, industrial hemp is regulated separate and apart from marijuana and medical cannabis.⁷⁸ Beyond these provisions, however, there are no specific laws or regulations regarding the processing, distribution, storage, transportation, and possession of hemp extracts. Industry advocates will lobby during the 2018 legislative session for legislation that, if successful, will further solidify and clarify the legality of all activities surrounding industrial hemp extracts. Because the Company will conduct its manufacturing operations in Colorado and, at most, contract in California to bottle hemp extract that was processed in Colorado, it is in compliance with California's statutes regardless of any existing ambiguities regarding the legality of manufacturing hemp extracts in California.

Oregon

Oregon's industrial hemp laws are also in a state of flux. While extracts and CBD are not specifically referred to in Oregon's industrial hemp statutes, they are included in the state's hemp regulations.⁷⁹ An "industrial hemp product or commodity" includes CBD and other compounds derived from hemp.⁸⁰ Further, all cannabinoid products from hemp must be tested for their THC and CBD content and microbiological contaminants.⁸¹ Beyond that, there are no specific laws or regulations limiting the production, distribution, storage, transportation, and possession of hemp extracts other than maintaining transfer forms.⁸² Accordingly, so long as the Company's packaged goods comply with Oregon's THC, CBD and microbiological testing requirements, the goods will comply with existing Oregon statutes and regulations.

Washington

Washington state passed its industrial hemp statute, the Industrial Hemp Research Program ("IHRP"), in 2014 shortly after the 2014 Farm Bill's passage.⁸³ The scope of the IHRP is to regulate the cultivation and processing of industrial hemp within Washington. The IHRP does not allow for the production of CBD products from industrial hemp grown pursuant to the program.⁸⁴ However, the Department of Agriculture has indicated that its jurisdiction does not extend to packaged goods. Accordingly, so long as the Company's products enter Washington as packaged goods, the IHRP limitations would not apply.

Future Uncertainty of Legal Status

There remain a number of considerations and uncertainties regarding the sourcing and distribution of industrial hemp and products containing hemp derivatives. Applicable laws and regulations remain subject to change as there are different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses with respect to the treatment of the importation of derivatives from exempted portions of the *Cannabis* plant and the scope of operation of Farm Bill-compliant hemp programs relative to the CSA and the emerging regulation of cannabinoids. These different federal, state and local agency interpretations, as discussed above, touch on the regulation of cannabinoids by the DEA and/or the FDA and the extent to which imported derivatives and/or Farm Bill-

⁷⁷ *Health and Safety Code § 11018.5 (a).*

⁷⁸ *Id. at § 11018.5 (b).*

⁷⁹ *See Oregon Revised Statutes § 571.300 et seq.; Oregon Administrative Rules § 603-048-0010 et seq.*

⁸⁰ *OAR § 603-048-0010 (11)(a).*

⁸¹ *Id. at § 603-048-2320, 603-048-2340.*

⁸² *Id. at § 603-048-0500.*

⁸³ *RCW 15.120 et seq., Washington Administrative Code 16-305 et seq.*

⁸⁴ *See RCW 15.120.020, agr.wa.gov/Inspection/Hemp/HempFAQ.aspx.*

compliant cultivators and processors may engage in interstate commerce, whether under federal and/or state law. The uncertainties likely cannot be resolved without further federal legislation, regulation or a definitive judicial interpretation of existing legislation and rules. For example, the Industrial Hemp Farming Act continues to be re-introduced during each session of Congress, which would further clarify and explicitly expand the scope of permitted industrial hemp activities within the United States. The Industrial Hemp Farming Act would provide another affirmative layer demonstrating the lack of DEA jurisdiction under the CSA by amending the CSA to definitively exclude industrial hemp from the definition of “marihuana”.⁸⁵ By removing industrial hemp from the definition of a controlled substance, the Industrial Hemp Farming Act would allow for commercial production of industrial hemp without fear of violating federal law; however, past legislative attempts to remove hemp from the CSA, including six bills in the House and three in the Senate since 2005, did not make it to a floor vote.⁸⁶ Despite that, 2017’s H.R. 3530, introduced this past July by Representative James Comer (KY-R), has support of the committee chairs and, thus, a floor vote is more likely in 2018.

FDA Regulation

The FDA regulates the formulation, manufacture, packaging, storage, labeling, importation and distribution and sale of dietary supplements and food ingredients in the United States. Our processing, formulation, manufacturing, labeling, advertising and distribution of nutritional supplements and hemp related products are subject to the Food, Drug and Cosmetic Act, the Dietary Supplement Health and Education Act of 1994 (the “DSHEA”) and the Food Safety Modernization Act. These federal statutes are administered by the FDA along with various agencies of the states and localities in which the products are sold. These regulations include but are not limited to a prohibition on therapeutic claims in advertising, accurate labeling of ingredients and manufacturing practices.

The DSHEA, an amendment to the federal Food, Drug and Cosmetic Act, established a framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. Generally, under DSHEA, dietary ingredients marketed in the United States prior to October 15, 1994 may be used in dietary supplements without notifying the FDA. “New” dietary ingredients (i.e., dietary ingredients “not marketed in the United States before October 15, 1994”) must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been “present in the food supply as an article used for food” without being “chemically altered.” A new dietary ingredient notification must provide the FDA with evidence of a “history of use or other evidence of safety” establishing that use of the dietary ingredient “will reasonably be expected to be safe.” As of the date hereof, the status of hemp products containing cannabinoids as a nutritional supplement, whether hemp products containing cannabinoids as an ingredient were present in the food supply without being chemically altered and marketed in the United States prior to October 15, 1994 has not been definitively established by the FDA.

There is substantial uncertainty and different interpretations among state and federal regulatory agencies, legislators, academics and businesses as to whether cannabinoids were present in the food supply and marketed prior to October 15, 1994 or whether such inclusion of cannabinoids is otherwise approved by the FDA as dietary ingredient, notwithstanding that cannabis and the cannabinoids contained therein have been therapeutically used and consumed as food by human beings for centuries even if not specifically labeled as CBD or other cannabinoids.⁸⁷ In addition, there is substantial uncertainty and different interpretations as to whether cannabinoids are by definition an impermissible adulterant due to cannabis being a controlled substance under the CSA. The uncertainties cannot be resolved without further federal legislation, regulation or a definitive judicial interpretation of existing legislation and rules. A determination that hemp products containing cannabinoids were not present in the food supply,

⁸⁵ The Industrial Hemp Farming Act of 2017, H.R. 3530.

⁸⁶ See <http://www.thecannabist.co/2017/08/15/industrial-hemp-farming-act-congress-comer-polis/85923/>.

⁸⁷ See <http://hempology.org/ALLARTICLES.html> for links to numerous historical, including U.S. government, sources

marketed prior to October 15, 1994, are not otherwise approved by the FDA as a dietary ingredient or are adulterants would have a materially adverse effect upon our business.

Intangible Properties

We rely on intangible properties laws, confidentiality agreements, contractual provisions and similar measures to protect our intangible properties. Our contracted service providers and members of management are required to sign agreements acknowledging that all intangible properties created by them on our behalf is owned by us. On November 25, 2015, we filed an application to trademark the word “Phytofarms” in Canada, which trademark was subsequently approved on June 23, 2016. On May 25, 2016, we filed an application to trademark the word “PHIVIDA” in the United States for which the Company received confirmation of a Notice of Allowance (NOA) from the United States Patent and Trademark Office and no opposition was filed for the published application. The Company is now in process of filing a final Statement of Use (SOU) which meets all legal requirements for the final issuance of a registration certificate providing legal protection of the PHIVIDA mark as a registered trademark within US jurisdictions. Despite our efforts to protect our intangible properties, unauthorized persons may attempt to obtain our intangible properties and others may develop similar intangible properties independently.

The following is a summary of the intangible properties that we have acquired or developed to date.

Technology License

On July 30, 2016, we entered into an agreement with Ambary Gardens LLC to obtain an exclusive worldwide licence from Ambary Gardens LLC for us to use certain nanoencapsulation and micronization technology to create functional, specific and proprietary mixtures of formulated beverage products using encapsulated phytocannabinoids. Under the licence agreement, Ambary Gardens LLC receives delivery of our hemp oil and uses the licensed technologies to nanoencapsulate our hemp oil, so that we may market and sell our products as infused with nanoencapsulated hemp oil. As consideration for the license, we have agreed to pay a running royalty, payable each quarter until the termination of the licence equal to 3.5% of the gross profit (as defined in the licence agreement) that we receive on our products that make use of the licensed technology, as well as additional labour processing fees of \$0.0035/mg with a minimum of 1 kg to formulate liquid or oil based nanoencapsulated and or micronized formulas. The Ambary Gardens LLC licence has a term of 5 years, and may be renewed by us for three additional terms of 5 years each. In the event of a default not cured within 30 days’ notice, the license is terminable by Ambary without penalty.

Encapsulation technology allows Phivida Organics hemp oil extracts to be processed for use in fluid format. This process converts hydrophobic oils into a lipophilic format providing solubility in limited concentration. Soluble hemp oil extracts allow for novel fluid delivery methods of consuming phytocannabinoids found in hemp and will provide the basis for the manufacturing of the Phivida Nutrition line of hemp oil infused functional beverages. Studies have shown that encapsulated oils may enhance the bioavailability of the key constituents found within botanical extracts.⁸⁸

The Company plans to employ a portion of the proceeds from the Maximum Offering, if raised, to begin manufacturing, marketing and distributing its Phivida Nutrition and Phivida Enhanced consumer products, and conduct independent clinical studies, including pharmacokinetic studies to verify these estimations on the enhanced bioavailability of its encapsulated hemp oil extracts.

⁸⁸ [See http://www.sciencedirect.com/science/article/pii/S152500161630836X](http://www.sciencedirect.com/science/article/pii/S152500161630836X)

Product Formulations

Phivida Nutrition and Phivida Enhanced are the exclusive owners of a strategic portfolio of specialty blended and custom formulated functional foods and natural health products, which formulas have been licensed to us under worldwide exclusive licenses. The formulas are for:

- Vitamin Juices;
- Iced Teas;
- Nutrition Protein Shakes; and
- Vitamin Shots;

and are further described under “*Description of the Business – Our Products and Services*”. See “*Description of the Business – Our Products and Services – Nutritional Research*” for clinical data on the potential therapeutic value of these nutraceutical ingredients. We have internally generated all of our product formulations and protect same as trade secrets.

Web Domains

We have use and control over the following domain names:

- www.phivida.com
- www.phyvida.com
- www.fiivida.com

Employees

As of the date of this Prospectus, we do not have any employees. All officers, executives, advisors and service providers serve us as independent consultants, on a fee for service basis.

Reorganizations

On November 3, 2015, we completed a share purchase agreement with Blueprint Corporate Services Ltd. whereby we acquired 100% of the issued and outstanding shares of Phivida Organics, and in exchange we paid Blueprint Corporate Services Ltd. the sum of \$1.00. At the time of the transaction, Phivida Organics and Phivida Holdings were under common control, thereby making this a related party transaction.

On January 4, 2016, we entered into and closed a share exchange agreement with Phivida Nutrition and the shareholders of Phivida Nutrition, which included John-David Belfontaine, a director of the Company. Pursuant to the share exchange agreement, we acquired 100% of the issued and outstanding shares of Phivida Nutrition from the shareholders of Phivida Nutrition, and in exchange we issued 2,000,000 Common Shares to the former Phivida Nutrition shareholders.

On January 8, 2016, we entered into and closed a share exchange agreement with Phivida Enhanced and the shareholders of Phivida Enhanced, which included John-David Belfontaine, a director of the Company. Pursuant to the share exchange agreement, we acquired 100% of the issued and outstanding shares of Phivida Enhanced from the shareholders of Phivida Enhanced, and in exchange we issued 2,000,000 Common Shares to the former Phivida Enhanced shareholders.

History

Chronology of Significant Events and Milestones

The following is a timeline of key events in our history:

We were incorporated on April 24, 2015 under the name “Icarus Capital Corp.” with the mission to bring high-quality, widely available and affordable hemp oil wholesale products and hemp oil infused consumer branded products to the US market. Our name was changed to “Phytofarms Holdings Inc.” on November 18, 2015, and to “Phivida Holdings Inc.” on January 16, 2017.

On June 17, 2015, we completed a private placement of 2,500,000 Common Shares at a price of \$0.005 per share for proceeds of \$12,500. On June 30, 2015, we completed a private placement of 375,000 Common Shares at a price of \$0.02 per Common Share for proceeds of \$7,500.

On December 4, 2015, and amended on March 30, 2016, we entered into a CBD-hemp oil supplier agreement with WFS Pharmagreen Inc., our first wholesale hemp oil supplier agreement.

On January 4, 2016, we entered into and closed a share exchange agreement with Phivida Nutrition whereby we acquired 100% of the issued and outstanding shares of Phivida Nutrition from the shareholders of Phivida Nutrition, and in exchange we issued 2,000,000 Common Shares to the former Phivida Nutrition shareholders. On January 4, 2016, we also entered into a license agreement with Phivida Nutrition to use certain formulas owned by Phivida Nutrition. See “*Material Contracts*” and “*Intangible Properties*” for more details about these agreements.

On January 8, 2016, we entered into and closed a share exchange agreement with Phivida Enhanced whereby we acquired 100% of the issued and outstanding shares of Phivida Enhanced from the shareholders of Phivida Enhanced, and in exchange we issued 2,000,000 Common Shares to the former Phivida Enhanced shareholders. On January 8, 2016, we also entered into a license agreement with Phivida Enhanced to use certain formulas owned by Phivida Enhanced. See “*Material Contracts*” and “*Intangible Properties*” for more details about these agreements.

On January 29, 2016, we completed a private placement by issuing 1,014,000 units at a price of \$0.25 per unit for gross proceeds of \$253,000. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant exercisable at a price of \$0.35 per Common Share for 24 months.

On July 30, 2016, we entered into a license agreement with Ambary Gardens LLC to use certain of Ambary Gardens LLC’s nanoencapsulation and micronization technology to create functional, specific and proprietary mixtures of formulated beverage products using encapsulated phytocannabinoids. See “*Intangible Properties*” and “*Material Contracts*” for more details.

In November 2016, we launched our Phivida Organics wholesale hemp oil extracts in the US for purchase online at www.phivida.com.

On December 15, 2016, we completed a private placement by issuing 3,750,000 units at a price of \$0.02 per unit for gross proceeds of \$75,000. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant exercisable at a price of \$0.05 per Common Share for 24 months.

On February 14, 2017, we completed a private placement by issuing 6,150,000 Common Shares at a price of \$0.20 per Common Share for gross proceeds of \$1,230,000.

On June 15, 2017, we entered into a license agreement with MJ Farms which grants MJ Farms the right to license our trademarks and intangible properties rights such that MJ Farms may use the same in connection with the manufacture, advertising, promotion, sale and distribution of certain of our products through state-licensed medicinal cannabis production facilities for sale in state-licensed i502 retail

dispensaries. See “Description of Business – Our Products and Services – Brand and Product Formula Licensing to State Licensed Medical Cannabis Processing Facilities” for more details.

USE OF PROCEEDS

If we raise the Maximum Offering, we anticipate that in addition to our Phivida Organics wholesale products, in the next year we will begin full-scale manufacturing, marketing and distribution of our proposed Phivida Nutrition and Phivida Enhanced products. Our Phivida Nutrition products will consist of custom formulated hemp oil infused beverages that include a proprietary blend of nutraceuticals (vitamins, minerals, antioxidants, etc.) and infused with nanoencapsulated hemp oil extracts. Our Phivida Enhanced products will be marketed under the Vida+ brand name as functional foods and supplement nutraceuticals. In the base format, Vida+ will use an organic hemp oil extract. This product will be manufactured and marketed in a range of CBD concentrations for varying body types and usages, with options including 2.5%, 5% or 10% CBD. Vida+ tinctures will be made with specialty UV protective packaging and intend to be sold to clinics and distributors in 12-unit retail merchandising display kits.

Available Funds

Upon the completion of the Offering, we estimate we will have the following funds available:

Source of Funds	Amount if Minimum Offering is Raised (\$)	Amount if Maximum Offering is Raised (\$)	Amount if Over-Allotment Option is Exercised in Full (\$)
Gross Proceeds of Offering	500,000	5,000,000	5,750,000
Less: Agent's Commission	(35,000)	(350,000)	(402,500)
Transaction Costs ⁽¹⁾	(150,000)	(150,000)	(150,000)
Net Proceeds of Offering	315,000	4,500,000	5,197,500
Approximate Working Capital as of October 31, 2017	665,893	665,893	665,893
Total Funds Available	980,893	5,165,893	5,863,393

Note:

(1) Consists of estimated fees to obtain a listing on the Exchange, estimated Transfer Agent fees and estimated legal fees.

Total Funds Available, Breakdown of Funds and Principal Purposes for Which Funds Will be Used

Our total anticipated operating expenses and capital expenditures over the next 12 months assuming the completion of the Minimum Offering, Maximum Offering and the exercise of the Over-Allotment Option are as follows:

Expense	Minimum Offering (\$)	Maximum Offering (\$)	Over Allotment Option (\$)
General Administration	243,000	243,600	254,400
Legal	27,000	27,000	27,000
Insurance	43,875	43,875	43,875
Accounting	13,500	13,500	13,500
Office Lease	40,500	40,500	40,500
Office Supplies/Equipment/Costs	18,000	18,000	18,000
Software	13,000	13,600	13,600
Travel	16,875	16,875	27,675
Office Manager	50,000	50,000	50,000
Corporate Secretary	20,250	20,250	20,250
Product / Brand Marketing, Advertising and Retail Promotions	266,500	806,100	1,006,650
Product Development: Phivida Enhanced Formulations	Nil	164,500	210,750
Product Development: Phivida Nutrition Formulations	Nil	158,900	224,600
Research and Development	50,000	154,000	154,500
Contract Manufacturing (Retail Product Inventory)	421,393	2,095,793	2,462,493
Contingency Account (Cash)	Nil	43,000	50,000
Fulfillment/Operations Centre	Nil	1,500,000	1,500,000
Total	980,893	5,165,893	5,863,393

We have a limited operating history and may sustain losses in the future. Since our inception, we have had negative operating cash flow. Accordingly, any unallocated funds will be used for general working capital purposes. We intend to spend the available funds from the Offering as described in the preceding table. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. If such an event occurs during the completion of the Offering, if required, an amendment to this Prospectus will be filed. See *"Risk Factors"*.

Business Objectives and Milestones

The following describes our business objectives and milestones using our total funds available:

Business Objective	Milestones	Estimated Time Period	Allocation of Available Funds if Minimum Offering is Raised (\$)	Allocation of Available Funds if Maximum Offering is Raised (\$)	Allocation of Available Funds if Over-Allotment Option is Exercised in Full (\$)
Set up General Administrative platform	Set up office(s), organize US Legal and Accounting, acquire Corporate Collateral	3 - 6 Months	243,000	243,600	254,400
Implement products to be sold in the following identified locations: 40 Dispensaries, 20 Clinics 10 Grocery Stores (70 total stores)	Launch digital brand marketing, and multimedia advertising and retail sales merchandising campaigns in major urban centers across the pacific USA coastal states	12 -18 Months	266,500	806,100	1,006,650
Develop / create Phivida Enhanced product formulas brands / labels	Determine packaging design and production details	3 - 6 Months	Nil	164,500	210,750
Develop / create Phivida Nutrition product formulas brands / labels	Determine packaging design and production details	3 - 6 Months	Nil	158,900	224,600
Launch large scale manufacturing of Phivida Nutrition and Phivida Enhanced products for sale into USA pacific states	Pilot Production Run – 25,000 x 12 skus	6 - 9 Months	421,393	2,095,793	2,462,493
Operations and Processing Centre	Source and build out operational infrastructure with processing laboratory, offices and fulfillment center	12 - 18 Months	Nil	1,500,000	1,500,000
Maintain reserve of operational cash flow	Set up and maintain contingency account	n/a	Nil	43,000	50,000
Complete clinical study to prove enhanced bioavailability of nanoencapsulated hemp oil	Engage clinical resources to undertake PhiClinics Study – White paper	12 - 18 Months	50,000	154,000	154,500
Total			980,893	5,165,893	5,863,393

We plan to use any excess capital raised for general working capital purposes.

Other Sources of Funding

In addition to the funds to be raised under the Offering, we had approximate working capital of \$665,893 as of October 31, 2017 acquired through equity financing. We began generating revenue in the financial year ended September 30, 2016, during which we recorded gross revenues of \$335,269. However, we have not yet reached profitability and we are currently dependent on financing to execute our business plan.

Please see our MD&A included as Schedules “D” and “E” hereto for additional disclosure for venture issuers without significant revenue and junior issuers.

DIVIDENDS OR DISTRIBUTIONS

We have not paid dividends since our incorporation. While there are no restrictions in our articles or pursuant to any agreement or understanding which could prevent us from paying dividends or distributions, we have limited cash flow and anticipate using all available cash resources to fund working capital and grow our business. As such, there are no plans to pay dividends in the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board of Directors on the basis of our earnings, financial requirements and other conditions existing at the time a determination is made.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The MD&A should be read in conjunction with the Financial Statements and the disclosure contained in this Prospectus. The discussions of results are as of the dates stated in the applicable MD&A. The financial statements and the financial data derived therefrom and included in this Prospectus have been prepared in accordance with IFRS.

Our MD&A for the three and nine month periods ended June 30, 2017, and for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 30, 2015, are included herein as Schedules “D” and “E”, respectively.

DESCRIPTION OF OUTSTANDING SECURITIES

Common Shares

Our authorized capital consists of an unlimited number of Common Shares, of which 27,073,951 are issued and outstanding as at the date of this Prospectus as fully paid and non-assessable.

Holders of the Common Shares are entitled to vote at all meetings of the holders of our Common Shares and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate ratably in any distribution of our property or assets upon liquidation or wind-up.

Warrants

The following table summarizes the common share purchase warrants outstanding in our authorized capital as of the date of this Prospectus:

Date of Issuance	Number of Warrants	Exercise Price (\$)	Expiry Date
January 29, 2016	577,700	0.35	January 29, 2018
December 15, 2016	1,875,000	0.05	December 15, 2019
Total	2,452,700		

Options

The Board has approved a Stock Option Plan, designed for our selected employees, officers, directors, consultants and contractors, to incentivize such individuals to contribute toward our long term goals, and to encourage such individuals to acquire Common Shares as long-term investments. Our Stock Option Plan is administered by the Board and authorizes the issuance of stock options not to exceed a total of 15% of the number of Common Shares issued and outstanding from time to time. The terms of any award are determined by the Board, provided that no options may be granted at less than the fair market value of Common Shares as of the date of the grant. As of the date of this Prospectus, there are 3,700,000 outstanding options to purchase Shares under the Stock Option Plan:

Date of Grant	Number of Options	Exercise Price (\$)	Expiry Date
May 5, 2017	3,700,000	0.20	May 5, 2022

See “Options to Purchase Securities” for more information.

DESCRIPTION OF THE SECURITIES TO BE DISTRIBUTED

Unit Shares

Each Unit is comprised of one Unit Share and one-half of one Unit Warrant. Upon the completion of the Offering, we will issue up to 12,500,000 Unit Shares (14,375,000 if the Over-Allotment Option is exercised in full). The holder of each Unit Share is entitled to vote at all meetings of the holders of our Common Shares and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate ratably in any distribution of our property or assets upon liquidation or wind-up.

Unit Warrants

Each Unit is comprised of one Unit Share and one-half of one Unit Warrant. Upon the completion of the Offering, we will issue up to 6,250,000 Unit Warrants (7,187,500 if the Over-Allotment Option is exercised in full). Each Unit Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.75 per Common Share for a period of 24 months from the Closing Date. The Unit Warrants are subject to an acceleration clause whereby if at any time after our Common Shares are listed on the Exchange, the closing trading price of the Common Shares on the Exchange is greater than \$1.00 for at least 20 consecutive trading days, we shall have the right to accelerate the expiry date of the Unit Warrants by giving a minimum of 20 days’ notice to the holders thereof, by way of press release, that we are exercising our right to accelerate the expiry date of the Unit Warrants.

The Unit Warrants will be issued pursuant to and in accordance with a warrant indenture to be entered into at the closing of the Offering between the Company and the Transfer Agent.

Over-Allotment Units

The Over-Allotment Units will be issued for the sole purpose of covering over-allotments from subscribers of the Offering. The Over-Allotment Option and the Common Shares underlying the Units and the Unit Warrants issued under the Over-Allotment Option are qualified for distribution under this Prospectus.

Broker Warrants

Upon the completion of the Offering, we will issue up to 875,000 Broker Warrants (1,006,250 if the Over-Allotment Option is exercised in full) entitling the Agents to purchase such number of Broker Warrant Shares equal to 7% of the number of Units sold pursuant to the Offering. The Broker Warrants will be

exercisable at \$0.40 per Broker Warrant Share for a period of 24 months from the Closing Date, and shall be reduced by 50% in respect of any Units sold, up to an aggregate of \$2,000,000 in gross proceeds, to investors included on a president's list provided by the Company to the Agents.

CONSOLIDATED CAPITALIZATION

The following table provides information about our capitalization as of the dates specified below:

Designation of security	Number Authorized to be Issued	Outstanding at June 30, 2017	Outstanding at the Date of this Prospectus	Outstanding after Giving Effect to the Minimum Offering	Outstanding after Giving Effect to the Maximum Offering	Outstanding after Giving Effect to the Maximum Offering and the Over-Allotment Option ⁽¹⁾
Common Shares	Unlimited	27,073,951	27,073,951	28,323,951	39,573,951	41,448,951
Common Shares reserved for issuance upon exercise of Warrants	Unlimited	2,452,700	2,452,700	3,165,200 ⁽²⁾	9,577,700 ⁽²⁾	10,646,450 ⁽²⁾
Common Shares reserved for issuance upon exercise of outstanding incentive stock options	Unlimited	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Total Capitalization		33,226,651	33,226,651	35,189,151	52,851,651	55,795,401

Note:

(1) Assuming the Over-Allotment Option is exercised in full.

(2) Includes Unit Warrants and Broker Warrants.

The table below sets out the details of the issued and outstanding Common Shares and securities convertible into Common Shares following completion of the Offering.

	Minimum Offering		Maximum Offering		Over-Allotment Option ⁽¹⁾	
	Number of Common Shares	Percentage of Total ⁽³⁾	Number of Common Shares	Percentage of Total ⁽³⁾	Number of Common Shares	Percentage of Total ⁽³⁾
Common Shares reserved for issuance at the closing of the Offering	1,250,000	4%	12,500,000	24%	14,375,000	26%
Common Shares reserved for issuance upon exercise of Unit Warrants	625,000	2%	6,250,000	12%	7,187,500	13%
Broker Warrant Shares reserved for issuance upon exercise of Broker Warrants	87,500	<1%	875,000	2%	1,006,250	2%
Total fully diluted Share capitalization after the Offering ⁽²⁾	35,189,151	100%	52,851,651	100%	55,795,401	100%

Notes:

(1) Assuming the Over-Allotment Option is exercised in full.

(2) Assuming exercise of all Unit Warrants, Broker Warrants, Warrants and incentive stock options.

(3) Rounded to the nearest whole number.

For further details about our issued securities, see “*Prior Sales*”.

OPTIONS TO PURCHASE SECURITIES

The Board has adopted a Stock Option Plan whereby a maximum of 15% of the issued and outstanding Common Shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the Stock Option Plan, options may be granted to: (i) our employees, officers, directors, and consultants; (ii) employees, officers, directors, and consultants of an affiliate of ours; and (iii) any other person deemed suitable by the Board to receive options to purchase Common Shares.

The exercise price of any option when exercised may not be less than the greater of the closing market price of the Common Shares on: (a) the last trading day immediately preceding the date of grant of the option; and (b) the date of grant of the option; provided however, that if the Common Shares are not listed on any securities exchange, the exercise price may not be less than the fair market value of the Common Shares as may be determined by the Board on the day immediately preceding the date of the grant of such option.

Under the Stock Option Plan, the following maximums apply:

- The aggregate number of Common Shares subject to an option that may be granted to any one individual in any 12 month period under the Stock Option Plan shall not exceed 5% of the issued and outstanding Common Shares at the time of grant;
- The aggregate number of Common Shares subject to an option that may be granted to any one consultant in any 12 month period under the Stock Option Plan shall not exceed 2% of the issued and outstanding Common Shares at the time of grant.

- The aggregate number of Common Shares subject to an option that may be granted to any one person conducting investor relations activities in any 12 month period under the Stock Option Plan shall not exceed 2% of the issued and outstanding Common Shares at the time of grant.

The options are non-assignable and non-transferable. Options granted under the Stock Option Plan have a maximum term of five years and can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Stock Option Plan or within 90 days (or as otherwise determined by the Board) after ceasing to be an eligible optionee, or, if the optionee dies, within one year from the date of the optionee's death.

Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time.

All options granted to date are subject to a vesting schedule whereby 25% vest 3 months after the date of grant, 25% vest 6 months after the date of grant, 25% vest 9 months after the date of grant and 25% vest 12 months after the date of grant. The following table summarizes the allocation of the options granted by us from May 5, 2017 (date of adoption of Stock Option Plan) to the date of this Prospectus:

Optionee	Number of Options	Exercise Price (\$)	Date of Grant	Expiry Date
Directors who are not also officers of the Company ⁽¹⁾	600,000	0.20	May 5, 2017	May 5, 2022
Officers of the Company, current and former ⁽²⁾	1,200,000	0.20	May 5, 2017	May 5, 2022
Directors and officers of the Company's subsidiaries, current and former ⁽³⁾	450,000	0.20	May 5, 2017	May 5, 2022
Consultants and employees	1,450,000	0.20	May 5, 2017	May 5, 2022
Total	3,700,000			

Notes:

- (1) This information applies to three individuals.
(2) This information applies to four individuals.
(3) This information applies to two individuals.

PRIOR SALES

The table below summarizes the issuance of Common Shares or securities convertible into Common Shares during the 12 month period preceding the date of this Prospectus:

Date of issuance	Type of Security Issued	Number of Securities Issued	Price per Security (\$)	Value Received (\$)	Type of Transaction
December 15, 2016	Units	3,750,000 ⁽¹⁾	0.02	75,000	Cash
January 6, 2017	Common Shares	450,000	0.20	90,000	Debt Conversion
February 14, 2017	Common Shares	6,150,000	0.20	1,230,000	Cash
April 30, 2017	Common Shares	189,000	0.20	37,800	Debt Conversion

Note:

- (1) Consists of units comprised of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant exercisable into one Common Share at an exercise price of \$0.05 per Common Share for a period of 36 months.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Principals Escrowed Securities

We anticipate that we will be classified as an “emerging issuer”, as defined under NP 46-201, at the time our Common Shares are listed on the Exchange. John-David Belfontaine, Kyle Johnston, George Kovalyov, Brian Martin and Joost Luecker fall within the definition of “principal” of an emerging issuer under NP 46-201 and each of them has entered into an escrow agreement with us and the Transfer Agent on May 16, 2017 and June 21, 2017 substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1) (the “**Principals Escrow Agreement**”). Pursuant to the terms of the Principals Escrow Agreement, each of John-David Belfontaine, Kyle Johnston, George Kovalyov, Brian Martin and Joost Luecker has agreed that until three years from the date on which the Common Shares are listed for trading on the Exchange they will not transfer or otherwise dispose of their Common Shares during the term of the Principals Escrow Agreement unless in accordance with the terms of the Principals Escrow Agreement, except that the following automatic timed releases will apply to such Common Shares:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the date the Company's securities are listed on a Canadian exchange (the Listing Date)	1/10 of the escrow Shares
6 months after the listing date	1/6 of the remaining escrow Shares
12 months after the listing date	1/5 of the remaining escrow Shares
18 months after the listing date	1/4 of the remaining escrow Shares
24 months after the listing date	1/3 of the remaining escrow Shares
30 months after the listing date	1/2 of the remaining escrow Shares
36 months after the listing date	the remaining escrow Shares

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, the automatic timed release escrow applicable to us will result in the escrow securities being released in equal tranches of 15% after completion of the release on the Listing Date.

The following table sets out information on the number of Common Shares subject to the terms of the Principals Escrow Agreement among us, the Transfer Agent, and the following persons who are collectively referred to as the “**Principal Escrow Holders**”:

Name of Escrow Holder	Number of Escrowed Securities	Percentage of Issued and Outstanding Common Shares Prior to Giving Effect to the Offering ⁽¹⁾	Percentage of Issued and Outstanding Common Shares After Giving Effect to the Minimum Offering ⁽²⁾	Percentage of Issued and Outstanding Common Shares After Giving Effect to the Maximum Offering ⁽³⁾	Percentage of Issued and Outstanding Common Shares After Giving Effect to the Maximum Offering and the Over-Allotment Option ⁽⁴⁾	Percentage of Outstanding Common Shares on a Fully Diluted Basis After Giving Effect to the Minimum Offering ⁽⁵⁾	Percentage of Outstanding Common Shares on a Fully Diluted Basis After Giving Effect to the Maximum Offering ⁽⁶⁾	Percentage of Outstanding Common Shares on a Fully Diluted Basis After Giving Effect to the Maximum Offering and the Over-Allotment Option ⁽⁷⁾
John-David Belfontaine	2,215,000	8%	8%	6%	5%	6%	4%	4%
Prime Wire Media Inc. ⁽⁸⁾	5,315,000	20%	19%	13%	13%	15%	10%	10%
George Kovalyov	336,000	1%	1%	<1%	<1%	<1%	<1%	<1%
Kyle Johnston	450,000	2%	2%	1%	1%	1%	<1%	<1%
Kyle Capital Corp. ⁽⁹⁾	2,000,000	7%	7%	5%	5%	6%	4%	4%
Brian Martin	600,000	2%	2%	2%	2%	2%	1%	1%
Just Choose Love Productions Ltd. ⁽¹⁰⁾	170,000	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Luecker Quality Assured Consulting Inc. ⁽¹¹⁾	307,000	1%	1%	<1%	<1%	<1%	<1%	<1%

Notes:

- (1) Based on 27,073,951 issued and outstanding Common Shares.
- (2) Based on 28,323,951 issued and outstanding Common Shares after giving effect to the Minimum Offering.
- (3) Based on 39,573,951 issued and outstanding Common Shares after giving effect to the Maximum Offering.
- (4) Based on 41,448,951 issued and outstanding Common Shares after giving effect to the Maximum Offering and the full exercise of the Over-Allotment Option.
- (5) Based on 35,189,151 issued and outstanding Common Shares after giving effect to the Minimum Offering and the exercise of all Unit Warrants, Broker Warrants, Warrants and incentive stock options.
- (6) Based on 52,851,651 issued and outstanding Common Shares after giving effect to the Maximum Offering and the exercise of all Unit Warrants, Broker Warrants, Warrants and incentive stock options.
- (7) Based on 55,795,401 issued and outstanding Common Shares after giving effect to the Maximum Offering and the full exercise of the Over-Allotment Option, and the exercise of all Unit Warrants, Broker Warrants, Warrants and incentive stock options.
- (8) A company wholly-owned by John-David Belfontaine, our President, CEO and a director.
- (9) A company wholly-owned by Kyle Johnston, our Vice President of Business Development.
- (10) A company wholly-owned by Brian Martin, a director and the Vice-President of Clinical Products for Phivida Organics.
- (11) A company wholly-owned by Joost Luecker, a director and the Vice President of Research and Development for Phivida Organics.

Non-Principals Escrowed Securities

We have also entered into an escrow agreement with the Transfer Agent and two non-principal holders of our Common Shares (the “**Non-Principals Escrow Agreement**”), as follows:

Designation of Class	Number of Restricted Common Shares	Percentage of Class⁽¹⁾
Common Shares	2,850,000	10.5%

Note:

(1) Based on 27,073,951 issued and outstanding Common Shares.

Pursuant to the terms of the Non-Principals Escrow Agreement, each shareholder has agreed that until 36 months from the date on which the Shares are listed for trading on the Exchange they will not transfer or otherwise dispose of their Shares during the term of their Non-Principals Escrow Agreement unless in accordance with the terms of the Non-Principals Escrow Agreements, except that the following automatic timed releases will apply to such common shares:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the date the Issuer's securities are listed on a Canadian exchange (the Listing Date)	1/10 of the escrow Shares
6 months after the listing date	1/6 of the remaining escrow Shares
12 months after the listing date	1/5 of the remaining escrow Shares
18 months after the listing date	1/4 of the remaining escrow Shares
24 months after the listing date	1/3 of the remaining escrow Shares
30 months after the listing date	1/2 of the remaining escrow Shares
36 months after the listing date	the remaining escrow Shares

The complete text of the Principals Escrow Agreement and the Non-Principals Escrow Agreement is available for inspection during regular business hours at our registered and records office located at Suite 200 – 1238 Homer Street, Vancouver, BC V6B 2Y5.

PRINCIPAL SECURITYHOLDERS

To the knowledge of our directors and officers, the only people who own or control, directly or indirectly, or exercise control or direction over, more than 10% of the Common Shares are:

Name of Shareholder	Type of Ownership	Number of Securities Owned by Shareholder	Percentage of Outstanding Common Shares ⁽¹⁾	Percentage Owned on a Fully-diluted Basis ⁽²⁾	Number of Convertible or Exchangeable Securities Outstanding
John-David Belfontaine ⁽³⁾	Direct	7,530,000 Common Shares ⁽⁴⁾	28%	14%	646,900 ⁽⁵⁾

Notes:

- (1) Based on 27,073,951 issued and outstanding Common Shares as at the date of this Prospectus.
- (2) Based on 52,851,651 issued and outstanding Common Shares, assuming the completion of the Maximum Offering and the exercise of all Unit Warrants, Broker Warrants, Warrants and incentive stock options.
- (3) CEO, President and a director of Phivida Holdings.
- (4) Of these Common Shares, 2,215,000 are held directly and 5,315,000 are held by Prime Wire Media Inc., a company controlled by Mr. Belfontaine.
- (5) Includes 46,900 warrants to purchase Common Shares at an exercise price of \$0.35 per Common Share until January 29, 2018, and 600,000 options to purchase Common Shares at an exercise price of \$0.20 per Common Share until May 5, 2022.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table sets out the name, province and country of residence, position or offices held with us, date appointed, number and percentage of voting securities of us that each of our directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as at the date of this Prospectus:

Name, Position Held in Company, Province and Country of Residence	Principal Occupation, Business or Employment for Last Five Years	Date of Appointment	Number and Percentage of Common Shares Beneficially Owned or Controlled ⁽³⁾	Number of Convertible or Exchangeable Securities Outstanding	Total Ownership on an Undiluted Basis	Total Ownership on a Fully-diluted Basis ⁽⁴⁾
John David Belfontaine President CEO, Director ⁽¹⁾ British Columbia, Canada	President of Prime Wire Media Inc. since 2010; President of Alpine MediJuana Inc., a medicinal cannabis company since 2014; the Company's President and a Director since 2015.	Director and President since November 13, 2015, CEO since April 7, 2017	7,530,000 ⁽⁵⁾ (28%)	646,900 ⁽⁸⁾	7,530,000	8,176,900 (14%)
Carmelo Marrelli Chief Financial Officer Ontario, Canada	Principal of Marrelli Support Services Inc. since 2009	April 7, 2017	Nil	200,000 ⁽⁹⁾	Nil	200,000 (<1%)

Name, Position Held in Company, Province and Country of Residence	Principal Occupation, Business or Employment for Last Five Years	Date of Appointment	Number and Percentage of Common Shares Beneficially Owned or Controlled ⁽³⁾	Number of Convertible or Exchangeable Securities Outstanding	Total Ownership on an Undiluted Basis	Total Ownership on a Fully-diluted Basis ⁽⁴⁾
Kyle Johnston Vice President of Business Development British Columbia, Canada	Former CEO of VantageWire.com between 2006 and 2011, and was the Chief Revenue Officer of Equities.com, Inc. between 2014 and 2016 after it acquired VantageWire.com; the Company's Vice President of Business Development and a Director since November 2015; Managing Partner of Aeon Markets Inc. since February 2016.	Officer since November 13, 2015	2,450,000 ⁽⁶⁾ (9%)	202,800 ⁽¹⁰⁾	2,450,000	2,652,800 (5%)
George Kovalyov Vice President of Finance, Director ⁽¹⁾⁽²⁾ British Columbia, Canada	Accountant at Adrian Jacob Ltd. between 2001 and 2013; Founder and President of GVK Group Chartered Accountants until August 2016; Principal of Schindler & Co since October 2016; the Company's CFO between July 2015 and April 2017.	Director since November 13, 2015 Vice President of Finance since April 7, 2017	336,000 ⁽⁷⁾ (1%)	211,200	336,000	547,200 (1%)
James Bailey Director ⁽¹⁾ Ontario, Canada	Chief Marketing Officer of Blue Goose Pure Foods Limited between 2013 and 2015; the Chief Marketing Officer of Wolverine World Wide, Inc. between 2015 and 2016; CEO of Package Apparel Inc. since September 2016.	May 5, 2017	Nil	200,000 ⁽⁹⁾	Nil	200,000 (<1%)

Name, Position Held in Company, Province and Country of Residence	Principal Occupation, Business or Employment for Last Five Years	Date of Appoint- ment	Number and Percentage of Common Shares Beneficially Owned or Controlled (3)	Number of Convertible or Exchangeable Securities Outstanding	Total Ownership on an Undiluted Basis	Total Ownership on a Fully- diluted Basis (4)
William Ciprick Director ⁽¹⁾⁽²⁾ Quebec, Canada	President of ATG Consulting Inc. between March 2012 and April 2016; Senior Vice President of Corporate Advisory at the Business Development Bank of Canada since April 2016.	May 5, 2017	Nil	200,000 ⁽⁹⁾	Nil	200,000 ($<1\%$)
Peter Simeon Director ⁽¹⁾⁽²⁾ Ontario, Canada	Partner at Gowling WLG (Canada) LLP since February 2015; and between June 2008 and February 2015, partner at Wildeboer Dellelce LLP.	May 5, 2017	125,000 ⁽⁷⁾ ($<1\%$)	200,000 ⁽⁹⁾	125,000	325,000 ($<1\%$)

Notes:

- (1) Term of office expires at our next annual general meeting of shareholders.
- (2) Member of the Audit Committee.
- (3) Based on 27,073,951 issued and outstanding Common Shares as at the date of this Prospectus.
- (4) Based on 52,851,651 issued and outstanding Common Shares, assuming the completion of the Maximum Offering and the exercise of each director or executive officer's convertible securities, as applicable.
- (5) Of these Common Shares, 2,215,000 are held directly and 5,315,000 are held by a company controlled by Mr. Belfontaine.
- (6) Of these Common Shares, 450,000 are held directly and 2,000,000 are held by a company controlled by Mr. Johnston.
- (7) These Common Shares are held directly.
- (8) Includes 600,000 options to purchase Common Shares at an exercise price of \$0.20 per Common Share and 46,900 warrants to purchase Common Shares at an exercise price of \$0.35 per Common Share.
- (9) Represents options to purchase Common Shares at an exercise price of \$0.20 per Common Share.
- (10) Includes 200,000 options to purchase Common Shares at an exercise price of \$0.20 per Common Share and 2,800 warrants to purchase Common Shares at an exercise price of \$0.35 per Common Share.
- (11) Includes 200,000 options to purchase Common Shares at an exercise price of \$0.20 per Common Share and 11,200 warrants to purchase Common Shares at an exercise price of \$0.35 per Common Share.

Term of Office of Directors

The term of office of the directors expires annually at the time of our annual general meeting. The term of office of the executive officers expires at the discretion of the Board of Directors.

Aggregate Ownership of Securities

As at the date of this Prospectus, our directors and executive officers as a group beneficially own, directly or indirectly, or exercise control of, 10,441,000 Common Shares collectively representing 39% of our 27,073,951 issued and outstanding Common Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Cease Trade Orders

At the date of this prospectus, no director, executive officer or promoter of the Company is, or was within 10 years prior to the date of this prospectus, a director, chief executive officer or chief financial officer of any company that:

- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director, executive officer or promoter was acting in the capacity as director, chief executive officer or chief financial officer of the relevant company; or
- (ii) was subject to a cease trade order, an order or similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director, executive officer or promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To our knowledge no director or executive officer of ours or a shareholder holding a sufficient number of securities of us to affect materially the control of us:

- (i) is, as at the date of this Prospectus, or has been within the 10 years before the date hereof, a director or executive officer of any company, including us, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To our knowledge and other than as disclosed herein, no director or executive officer of ours or a shareholder holding a sufficient number of securities of us to affect materially the control of us, has been subject to:

- (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement with a provincial and territorial securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Our directors are required by law to act honestly and in good faith with a view to our best interests and to disclose any interests which they may have in any project or opportunity of ours. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of Directors.

To our knowledge, there are no known existing or potential conflicts of interest among us, our promoters, directors and officers or other members of management of ours or any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

BACKGROUND OF MANAGEMENT AND DIRECTORS

Below is a brief description of each of our directors and executive officers including: names; ages; positions and responsibilities; relevant educational background; principal occupations or employment during the five years preceding the date of this Prospectus.

Our officers intend to dedicate the following percentages of their time to our affairs: John-David Belfontaine (CEO): 75-85%; George Kovalyov: 40-50% (VP, Finance); Kyle Johnston 40-50% (VP, Business Development); Carmelo Marrelli (CFO): 5-10%.

See “*Executive Compensation: Employment, Management and Consulting Agreements*” for a summary of the management and consulting agreements we have entered into with our executive officers. Each of our directors and executive officers have agreed to confidentiality and non-competition provisions in their respective management or consulting agreements. See “*Directors and Executive Officers – Conflicts of Interest*”.

All of the directors and officers are considered independent contractors of the Company.

John-David Belfontaine – 38

John-David Belfontaine has 15 years of experience in executive administration, management, finance, public relations and channel marketing, specializing in corporate development for venture stage companies. Since 2015, Mr. Belfontaine has acted as our President. Mr. Belfontaine has experience in the consumer packaged goods industry, as he has previously been engaged as a marketing manager for Sodexo, assistant retail wealth product manager at Empire Life Financial, and a national brand account manager for Nestle. Mr. Belfontaine holds a Bachelor of Arts (hons) from McMaster University.

Carmelo Marrelli – 45

Carmelo Marrelli is the principal of Marrelli Support Services Inc., a firm that has delivered accounting and regulatory compliance services to listed companies on various exchanges for 18 years, where he has worked since February 2009. Mr. Marrelli is a Chartered Professional Accountant (CPA, CA, CGA) and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. He has a Bachelor of Commerce degree from the University of Toronto.

George Kovalyov – 32

George Kovalyov is the founder and President of GVK Group Chartered Accountants, and he has more than six years of experience acting as an accountant for companies in various industries, from start-up companies to large privately held firms. Mr. Kovalyov acted as our CFO from July 2015 to April 2017, and has acted as one of our directors since August 2015. Through his positions as one of our officers and

directors over the last two years, Mr. Kovalyov has gained experience in our industry. Since October 2016, he has acted as a principal of Schindler & Co., from September 2013 to August 2016, he was the principal of GVK Accounting Group, which merged with Schindler & Co in 2016, and from September 2011 to September 2013 he was employed as an accountant at Adrian Jacobs Ltd.. Mr. Kovalyov holds a Bachelor of Business Administration from Kwantlen Polytechnic University and is a Chartered Professional Accountant (CPA, CA).

Kyle Johnston – 33

Kyle Johnston has 10 years of experience operating several financial media companies. He was the CEO and Chief Revenue Officer of Vantage Wire, where he worked from May 2006 to November 2014, which was acquired by Equities.com. Mr. Johnston worked at Equities.com, which continues to carry on business, from December 2014 until January 2016, and since February 2016 he has worked at Aeon Markets Inc. Mr. Johnston has depth of experience and networks in corporate communications and media relations for publicly traded companies with an expertise in digital marketing and market awareness, and as one of our directors and officers over the last two years he has gained valuable experience in our industry.

James Bailey – 41

James Bailey has 15 years of experience with marketing and distribution for Fortune 500 companies. Mr. Bailey is a career marketing and sales executive with a current position as the Chief Executive Officer for a leading garment company in Vancouver, British Columbia. Mr. Bailey has experience in the consumer packaged goods industry, as he has designed strategic marketing and distribution models for food and apparel products and brings decades of business development and executive leadership experience, networks and relations to the Company. Mr. Bailey has acted as Chief Marketing Officer of Blue Goose Pure Foods Limited between 2013 and 2015, was the Chief Marketing Officer of Wolverine World Wide, Inc. between 2015 and 2016, and from September 2016 to present, Mr. Bailey has acted as CEO of Package Apparel Inc.

William Ciprick – 50

William Ciprick has 24 years of experience from Proctor & Gamble, SMART Technologies and independent executive consulting, as well as more than 20 years of experience in sales, operations, marketing for pharmaceutical manufacturing and distribution. Since October 2016, Mr. Ciprick has acted as the Senior Vice President of the Business Development Bank of Canada, Corporate Advisory division and specializes in developing corporate governance and strategic operational plans for long term growth. Mr. Ciprick is the co-author of the Phivida Holdings FY1-3 Strategic business plan, and holds a BA in Economics from the University of British Columbia.

Peter Simeon – 40

Peter Simeon has 15 years of experience as a lawyer focused on securities, corporate finance, and mergers and acquisitions. Since February 2015 he has been a partner at Gowling WLG (Canada) LLP and has extensive experience in corporate commercial and securities law. Prior to 2015, he was a partner at Wildeboer Dellelce LLP, a boutique corporate law firm in Toronto. Mr. Simeon has a Bachelor of Arts from Queen's University and a law degree from Osgoode Hall at York University. Mr. Simeon acts as an independent director of several publicly traded companies in Canada.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In accordance with the requirements for new reporting issuers, this disclosure is intended to communicate the anticipated compensation to be provided to our officers and directors for the year ending September

30, 2017. We rely on the Board of Directors to determine the executive compensation that is to be paid to our executives.

Director and Executive Officer Compensation, Excluding Compensation Securities

Table of Compensation Excluding Compensation Securities							
Name and Position	Year Ending September 30,	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
John-David Belfontaine President, CEO & Director	2017	90,000 USD ⁽¹⁾	Nil	Nil	Nil	Nil	90,000 USD
Carmelo Marrelli CFO	2017	15,000 ⁽²⁾	Nil	Nil	Nil	Nil	15,000
George Kovalyov Vice President of Finance & Director	2017	72,000 ⁽³⁾	Nil	Nil	Nil	Nil	72,000
Kyle Johnston Vice President of Business Development	2017	22,500 ⁽⁴⁾	Nil	Nil	Nil	Nil	22,500
James Bailey Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
William Ciprick Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
Peter Simeon Director	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Anticipated to be paid to Mr. Belfontaine pursuant to an executive consulting agreement dated January 1, 2017 and amended as of April 7, 2017.
- (2) Anticipated to be paid to Marrelli Support Services Inc., a company controlled by Mr. Marrelli, pursuant to a consulting agreement dated April 1, 2017.
- (3) Anticipated to be paid to Mr. Kovalyov pursuant to an executive consulting agreement dated July 26, 2016 and amended as of February 8, 2017.
- (4) Paid to Mr. Johnston as consulting fees for the period from October 1, 2016 to December 31, 2016.

Stock Options and Other Compensation Securities

The table below sets out information regarding compensation securities anticipated to be granted or issued to each director and NEO for the financial year ending September 30, 2017.

Compensation Securities							
Name and Position	Type of Compensation Security ⁽¹⁾	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class ⁽²⁾	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
John-David Belfontaine President, CEO & Director	Stock Options	600,000	May 5, 2017	0.20	N/A	N/A	May 5, 2022
Carmelo Marrelli CFO	Stock Options	200,000	May 5, 2017	0.20	N/A	N/A	May 5, 2022
George Kovalyov Vice President of Finance & Director	Stock Options	200,000	May 5, 2017	0.20	N/A	N/A	May 5, 2022
Kyle Johnston Vice President of Business Development	Stock Options	200,000	May 5, 2017	0.20	N/A	N/A	May 5, 2022
James Bailey Director	Stock Options	200,000	May 5, 2017	0.20	N/A	N/A	May 5, 2022
William Ciprick Director	Stock Options	200,000	May 5, 2017	0.20	N/A	N/A	May 5, 2022
Peter Simeon Director	Stock Options	200,000	May 5, 2017	0.20	N/A	N/A	May 5, 2022

Notes:

- (1) None of our directors or officers held stock options or other compensation securities at September 30, 2016.
(2) Each option is exercisable into one Common Share. The options vest according to the following schedule: 25% three months after the date of grant, 25% six months after the date of grant, 25% nine months after the date of grant and 25% twelve months after the date of grant.

No compensation securities were exercised by a director or NEO during the most recently completed financial year.

Stock Option Plans

The Board of Directors has adopted a stock option plan whereby a maximum of 15% of the issued and outstanding Common Shares, from time to time, may be reserved for issuance pursuant to the exercise of options. See *“Options to Purchase Securities”* for additional information in respect of the stock option plan.

Employment, Consulting and Management Agreements

On July 26, 2016, as amended February 8, 2017, we entered into an executive consulting agreement with George Kovalyov, our Vice President of Finance and a director. Pursuant to the agreement, Mr. Kovalyov, until April 7, 2017, provided all services to fulfill the duties and responsibilities as our CFO, and beginning on April 7, 2017, provides all services to fulfill the duties and responsibilities as our Vice

President of Finance and a director, in exchange for consideration of \$6,000 per month, payable in Common Shares at a value per share equal to the current market price of the Common Shares.

On January 1, 2017, as amended April 7, 2017, we entered into an executive consulting agreement with John-David Belfontaine, our CEO, President and a director. Pursuant to the agreement, Mr. Belfontaine will provide all services to fulfill the duties and responsibilities as our President, CEO and a director in exchange for consideration of \$10,000 USD per month and stock options to purchase an aggregate total of 200,000 Common Shares (as of the date of this Prospectus, Mr. Belfontaine has been granted an additional 400,000 stock options for total holdings of 600,000 stock options). The options shall expire 5 years from the date of grant. The options will vest over a one year period, on a quarterly basis beginning 3 months after the date of grant, and once vested, each stock option may be exercised to purchase one Common Share at a price of \$0.20 per Common Share.

On January 23, 2017, we entered into a director agreement with Peter Simeon, one of our directors. Pursuant to the agreement, once Mr. Simeon was appointed as a director on May 5, 2017, he became obligated to provide director services to us in exchange for 200,000 stock options. The options shall expire 5 years from the date of grant, and will vest over a one year period, on a quarterly basis beginning 3 months after the date of grant, and once vested, each stock option may be exercised to purchase one Common Share at a price of \$0.20 per Common Share.

On February 8, 2017, we entered into a director agreement with William Ciprick, one of our directors. Pursuant to the agreement, once Mr. Ciprick was appointed as a director on May 5, 2017, he became obligated to provide director services to us in exchange for 200,000 stock options. The options shall expire 5 years from the date of grant, and will vest over a one year period, on a quarterly basis beginning 3 months after the date of grant, and once vested, each stock option may be exercised to purchase one Common Share at a price of \$0.20 per Common Share.

On February 9, 2017, we entered into a director agreement with James Bailey, one of our directors. Pursuant to the agreement, once Mr. Bailey was appointed as a director on May 5, 2017, he became obligated to provide director services to us in exchange for 200,000 stock options. The options shall expire 5 years from the date of grant, and will vest over a one year period, on a quarterly basis beginning 3 months after the date of grant, and once vested, each stock option may be exercised to purchase one Common Share at a price of \$0.20 per Common Share.

On April 1, 2017, we entered into a consulting agreement with Carmelo Marrelli, our CFO, and Marrelli Support Services Inc., a company controlled by Mr. Marrelli. Pursuant to the agreement, Marrelli Support Services Inc. shall provide all accounting services to us, and Mr. Marrelli shall provide the services of CFO to us, including the preparation of all financial statements and management discussion and analysis reports, in exchange for compensation of \$2,500 per month, payable in cash.

Incentive Plan Awards

We currently have the Stock Option Plan in place for the purposes of attracting and motivating our directors, officers, employees, and consultants and advancing our interests by affording such persons with the opportunity to acquire an equity interest in us through rights granted under the Stock Option Plan. Any grant of options under the Stock Option Plan is within the discretion of the Board of Directors, subject to the condition that the maximum number of Common Shares which may be reserved for issuance under the Stock Option Plan may not exceed 15% of our issued and outstanding Common Shares. Both our Board of Directors and our shareholders have approved the Stock Option Plan.

Pension Plan Benefits

Neither we, nor any of our wholly owned subsidiaries, currently provides any pension plan benefits for NEOs, directors, or employees.

Termination and Change of Control Benefits

There are no provisions granting any termination or change of control benefits to any of the NEOs.

Oversight and Description of Director and NEO Compensation

At present, the Board as a whole determines the compensation of our NEOs and does so with reference to industry standards and our financial situation. The Board has the sole responsibility for determining the compensation of our directors. Director compensation is determined by the Board from time to time with reference to industry standards and our financial situation.

Our directors are reimbursed for any out-of-pocket expenses incurred in the course of their duties as directors.

From time to time, directors may be retained as consultants or experts to provide specific services to us and will be compensated on a normal commercial basis for such services. Other than as disclosed under “*Employment, Consulting and Management Agreements*” above, as of the date of this Prospectus, no other directors have been retained by us as a consultant.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our directors or officers, nor any associate or affiliate of such person is indebted to us; nor has any such person’s indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by us.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

We are required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of us or our affiliates. The members of our audit committee are George Kovalyov, William Ciprick and Peter Simeon. The audit committee is responsible for overseeing our financial reporting process on behalf of the Board, including overseeing the work of the independent auditors who report directly to the audit committee.

The specific responsibilities of the audit committee, among others, include:

- (i) evaluating the performance and assessing the qualifications of the independent directors and recommending to the Board and the shareholders the appointment of our external auditor;
- (ii) determining and approving the engagement of and compensation for audit and non-audit services of our external auditor;
- (iii) reviewing our financial statements and management’s discussion and analysis of financial condition and results of operations and recommending to the Board whether or not such financial statements and management’s discussion and analysis of financial condition and results of operations should be approved by the Board;
- (iv) conferring with our external auditor and with management regarding the scope, adequacy and effectiveness of internal financial reporting controls;
- (v) establishing procedures for the receipt, retention and treatment of complaints received by us regarding our accounting controls, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding

questionable accounting and auditing matters; and

- (vi) reviewing and discussing with management and the independent auditor, as appropriate, our guidelines and policies with respect to risk assessment and risk management, including major financial risk exposure and investment and hedging policies and the steps taken by management to monitor and control our exposure to such risks.

Audit Committee Charter

The Audit Committee Charter is included in this Prospectus as Schedule “A”.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with a company, which could, in the view of that company’s board of directors, reasonably interfere with the exercise of the member’s independent judgment. A majority of the members of our audit committee meet the definition of “independence” provided in NI 52-110, as follows: William Ciprick and Peter Simeon are independent by reason that they have no direct or indirect material relationship with us, they are not nor ever have been an employee or an executive officer of us, nor have any of their immediate family, and they have not received any direct compensation from us as of the date of this Prospectus; and George Kovalyov is not independent by reason that he is one of our officers.

A “venture issuer” as defined in NI 52-110 means an issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a US marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc. Section 6.1 of NI 52-110 provides an exemption from the audit committee composition requirements of Part 3 (*Composition of Audit Committee*) for venture issuers providing that only a majority of the audit committee need be independent. We meet the definition of “venture issuer” definition and will be relying on this exemption.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements. All of the members of our audit committee are financially literate.

George Kovalyov: Mr. Kovalyov has experience with private and public companies, audits and financial statements, and is a Chartered Professional Accountant who was the founder and President of GVK Group Chartered Accountants until August 2016 and has acted as a principal of Schindler & Co. since October 2016.

Peter Simeon: Mr. Simeon has 15 years of experience as a lawyer focused on securities, corporate finance and mergers and acquisitions. Mr. Simeon regularly reviews financial statements to provide advice to clients, and has acted as a director, and served on the audit committee of, several public companies.

William Ciprick: Mr. Ciprick has 24 years of experience in executive consulting for Proctor & Gamble, SMART Technologies and independent consulting. Since October 2016, Mr. Ciprick has acted as the Senior Vice President of the Business Development Bank of Canada, Corporate Advisory division and specializes in developing corporate governance and strategic operational plans for long term growth.

Audit Committee Oversight

The audit committee was appointed by the Board of Directors on May 5, 2017. The Board of Directors as a whole carried out the responsibilities of the audit committee prior to May 5, 2017. The audit committee has not yet made any recommendations concerning the nomination or compensation of our external auditor, as such auditor was appointed by the Board of Directors.

Reliance on Certain Exemptions

Since the commencement of our most recently completed financial year, we have not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The audit committee has not adopted any specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

As the Company's current auditor, Wolrige Mahon LLP, was appointed subsequent to September 30, 2016, the Company did not incur any audit, audit-related or tax fees in either of its last two fiscal years ending September 30, 2016 and 2015. The audits for the year ended September 30, 2016 and the period ended September 30, 2015 were performed concurrently after September 30, 2016 and therefore the Company incurred fees relating to the September 30, 2016 and September 30, 2015 audits in the financial year ending September 30, 2017 as follows:

Audit Service Fees	From October 1, 2016 to the date of this Prospectus (\$)
Audit Fees	25,000
Audit Related Fees	13,000
Tax Fees	7,500
All other fees	5,000
Total	50,500

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with our day-to-day management. The Board will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

NI 58-201 establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. Pursuant to NI 58-201, the Board has adopted a Code of Business Conduct and Ethics, which addresses, but is not limited to, the following issues:

- (i) conflicts of interest;

- (ii) compliance with laws, rules, and regulations;
- (iii) protection and proper use of corporate opportunities;
- (iv) protection and proper use of corporate assets;
- (v) confidentiality of corporate information;
- (vi) fair dealing with security holders, customers, competitors, and employees; and
- (vii) accuracy of business records.

In addition, pursuant to National Policy 51-201 *Disclosure Standards*, we have adopted a Disclosure Policy, which addresses, but is not limited to addressing, the following issues:

- (i) timely disclosure of material information;
- (ii) insider trading;
- (iii) the development and mandate of our disclosure committee (the “**Disclosure Committee**”);
- (iv) rumours and speculation; and
- (v) our designated spokespersons.

Disclosure Committee

The Disclosure Committee oversees the development, implementation and effectiveness of our policies and guidelines. The members of our Disclosure Committee are George Kovalyov and John-David Belfontaine.

The Disclosure Committee is responsible for reviewing and authorizing disclosure in advance of the Company’s public releases and monitoring our website. Additionally, the Disclosure Committee is committed to educating our directors, officers and employees about various disclosure issues and the Disclosure Policy.

Board of Directors

As of the date of this Prospectus, the Board consists of five directors: James Bailey, William Ciprick, Peter Simeon, John-David Belfontaine, and George Kovalyov.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from holding shares or securities in the company. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

At this time, James Bailey, William Ciprick and Peter Simeon are considered to be “independent” within the meaning of NI 58-101 as neither of them are one of our officers. John-David

Belfontaine, by reason of him holding the office of President and CEO, and George Kovalyov, by reason of him holding the office of Vice President of Finance, are considered to be “non-independent”. The Board will consider adding another independent director after the Common Shares are listed on the Exchange if warranted or required by the policies of the Exchange.

Directorships

Our directors currently serve on the following reporting issuers as a director as at the date of this Prospectus:

Name	Company	Market	Position Held
Peter Simeon	Tolima Gold Inc.	TSX-V	Director
	SecureCom Mobile Inc.	CSE	Director
	Namaste Technologies Inc.	CSE	Director
	Cluny Capital Corp.	TSX-V	Director

Orientation and Continuing Education

Each of our new directors is briefed about the nature of our business, our corporate strategy and our current issues. New directors will be encouraged to review our public disclosure records as filed on SEDAR at www.sedar.com after we become a reporting issuer. Directors are also provided with access to management to better understand our operations, and to our legal counsel to discuss their legal obligations as our directors.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct and Ethics for all our directors, officers and future employees and our subsidiaries.

The Board is also required to comply with the conflict of interest provisions of the *BCBCA* and relevant securities regulation in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his interest and is not entitled to vote on any matter that is the subject of the conflict of interest. See “*Directors and Executive Officers - Conflicts of Interest*” and “*Risk Factors*”.

Further, the Board has adopted a written Whistleblower Policy to ease the reporting of ethical complaints or other violations of the Code of Business Conduct and Ethics.

Nomination of Directors

Our management is in contact with individuals involved in the hemp and nutraceutical sector. From these sources management has made a number of contacts and in the event that we require any new directors, such individuals will be brought to the attention of the Board. We will conduct reference and background checks on suitable candidates. New nominees generally must have a track record in business management, areas of strategic interest to us, the ability to devote the time required to carry out the obligations and responsibilities of a director and a willingness to serve in that capacity.

Compensation

At present, the Board as a whole determines the compensation of our CEO and CFO and does so with reference to industry standards and the financial situation of the Company. The Board has the sole

responsibility for determining the compensation of our directors. For details on compensation to directors, see “*Executive Compensation*” above.

Given our size and limited operating history, the Board does not plan to form a compensation committee to monitor and review the salary and benefits of our executive officers at the present time. The Board will carry out these functions until such time as it deems the formation of a compensation committee is warranted.

Other Board Committees

Other than as disclosed herein, there are no committees of the Board of Directors as of the date of this Prospectus.

Assessments

Neither we nor the Board of Directors has developed a formal review system to assess the performance of the directors or the Board as a whole. The contributions of individual directors are monitored by other members of the Board on an informal basis through observation.

PLAN OF DISTRIBUTION

We have received conditional approval to list the Common Shares for trading on the Exchange. Listing will be subject to us fulfilling all of the listing requirements of the Exchange. The Offering will be made in accordance with applicable securities laws, rules, regulations, policies and instruments. In accordance with the anticipated terms of the Agency Agreement, subscription funds will be held by the Agents until the Closing Date.

We have appointed Canaccord Genuity Corp., Mackie Research Capital Corp. and Haywood Securities Inc. by way of the Agency Agreement as agents in connection with the Offering in the Selling Provinces on a commercially reasonable efforts basis, for gross proceeds of a minimum of \$500,000 and a maximum of \$5,000,000, not including the Over-Allotment Option. Each Unit is comprised of one Unit Share and one-half of one Unit Warrant. Each Unit Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.75 at any time prior to 5:00 p.m. (Vancouver time) on the date that is 24 months following the Closing Date. The Unit Warrants are subject to an acceleration clause whereby if at any time after our Common Shares are listed on the Exchange, the closing trading price of the Common Shares on the Exchange is greater than \$1.00 for at least 20 consecutive trading days, we shall have the right to accelerate the expiry date of the Unit Warrants by giving a minimum of 20 days’ notice to the holders thereof, by way of press release, that we are exercising our right to accelerate the expiry date of the Unit Warrants. The Agency Agreement also permits the Agents to offer and sell the Units through certain of their qualified US broker-dealer affiliates in transactions that are exempt from the registration requirements of the 1933 Act and any applicable securities laws of any state of the United States.

The Offering Price and the terms of the Offering were determined by negotiation between us and the Agents. While the Agents have agreed to use commercially reasonable efforts to sell the Units, they are not obligated to purchase any Units. The Agency Agreement provides that the obligations of the Agents pursuant to the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets or upon the occurrence of certain stated events. The Agents may enter into selling arrangements with other investment dealers at no additional cost to us.

As consideration for the Agents’ services, we will pay or issue to the Agents the following consideration under the Agency Agreement on the Closing Date:

- (i) a cash commission equal to 7% of the gross proceeds of the Offering;
- (ii) warrants to purchase such number of Common Shares as is equal to 7% of the Units

issued pursuant to the Offering at the Offering Price;

- (iii) subject to the completion of the Minimum Offering, a corporate finance fee of \$150,000, of which \$75,000 is payable in cash and \$75,000 is payable in the form of Common Shares at a deemed price of \$0.40 per Common Share; and
- (iv) reimbursement of the Agents' legal fees and reasonable out-of-pocket expenses incurred in connection with the Offering.

The amount of the Agents' Commission and the number of Broker Warrants shall be reduced by 50% in respect of any Units sold, up to an aggregate of \$2,000,000 in gross proceeds, to investors included on a president's list provided by the Company to the Agents.

We have granted the Over-Allotment Option to the Agents to sell the Over-Allotment Units, or up to an additional 1,875,000 Units, at the Offering Price. The Over-Allotment Option is exercisable in whole or in part at any time until the date that is 30 days after the Closing Date. The Over-Allotment Option may only be exercised by the Agents to cover over-allotted subscriptions received from subscribers. If the Over-Allotment Option is exercised in full, the total price to the public, Agent's Commission and net proceeds to us (before payment of the expenses of the Offering) will be \$5,750,000, \$402,500 and \$5,347,500, respectively. This Prospectus qualifies the Units for distribution in the Selling Provinces as well as the grant of the Over-Allotment Option, and the issuance of the Unit Shares and Unit Warrants underlying the Over-Allotment Units.

This Prospectus also qualifies the Broker Warrants and the Corporate Finance Fee Shares for distribution in the Selling Provinces. We have agreed to issue Broker Warrants representing 7% of the Units issued under to the Offering, which is in compliance with the requirements set by NI 41-101, which restricts the maximum number of securities that may be qualified under a prospectus being issued to Agents as compensation to not more than 10% of the number of Units offered under the Offering. The Corporate Finance Fee Shares represent 50% of the Corporate Finance Fee, or \$75,000, and are payable in the form of Common Shares at a deemed price of \$0.40 per Common Share.

For the purposes of the Offering, the Broker Warrant Shares are qualified for distribution by this Prospectus, including those issuable in connection with the exercise of the Over-Allotment Option.

In connection with the execution and delivery of the Agency Agreement, each of the Company's senior officers and directors agreed to a voluntary lock-up whereby each such officer and director will not, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of 180 days after the Closing Date, without the prior written consent of the lead agent, such consent not to be unreasonably withheld, except in conjunction with: (i) the grant of stock options and other similar issuances pursuant to the stock option plan of the Company and other share compensation arrangements; (ii) the exercise of any stock options or warrants outstanding as of the Closing Date; (iii) obligations of the Company in respect of any agreements existing and in effect as of the Closing Date; (iv) the issuance of securities by the Company in connection with non-material acquisitions in the normal course of business; or (vi) in order to accept a bona fide take-over bid made to all securityholders of the Company or a similar business combination transaction.

Pursuant to securities legislation, unless an amendment to this Prospectus has been filed and the regulator has issued a receipt for the amendment, the distribution period for the Offering must cease within 90 days after the date of the receipt for this Prospectus, provided that the total distribution period for the Offering must cease on or before the date that is 180 days from the date a receipt is issued for this Prospectus. During the 90 day period or 180 day period, as applicable, all subscription funds received by the Agents will be held by the Agents pursuant to the provisions of the Agency Agreement. If the

minimum amount of funds is not raised within 90 days after the date of the receipt for this Prospectus, the Agents will return the subscription funds to the subscribers without any deductions.

As at the date of this Prospectus, we do not have any of our securities listed or quoted, have not applied to list or quote any of our securities, and do not intend to apply to list or quote any of our securities, on the Toronto Stock Exchange, a US marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

RISK FACTORS

An investment in our Common Shares should be considered highly speculative due to the nature of our business and the present stage of development. An investment in our Common Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in us. In evaluating us and our business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in us or in connection with our operations.

Risks Related to the Offering

Speculative Nature of Investment Risk

An investment in our Common Shares carries a high degree of risk and should be considered as a speculative investment by purchasers. We have limited history of earnings, limited cash reserves, a limited operating history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. We are in the development and planning phases of our business and have not started commercialization of all of our planned products and services. Operations are not yet sufficiently established such that we can mitigate the risks associated with planned activities.

Liquidity and Future Financing Risk

We are in the development stage and have not generated a significant amount of revenue. We will likely operate at a loss until business becomes established and we may require additional financing in order to fund future operations and expansion plans, including developing new products, enhancing existing products, enhancing our operating infrastructure and acquiring complementary businesses and technologies. Our ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions, as well as business success. There can be no assurance that we will be successful in our efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuing Common Shares in authorized capital, control may change and shareholders may suffer additional dilution.

Market Risk for Securities

Volatility in the price of our Common Shares could cause investors to lose all or part of their investment because they may not be able to sell their Common Shares at or above the price they paid. Factors that could cause fluctuations in the market price of our Common Shares include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of nutraceutical stocks;
- changes in operating performance and stock market valuations of other nutraceutical companies generally or those in our industry in particular;
- sales of Common Shares by our shareholders;
- any changes in the financial projections that we may provide to the public, or our failure to meet

those projections;

- announcements by us or our competitors of new products or services;
- the public's reaction to our press releases, other public announcements and filings with the securities commissions;
- rumours and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intangible properties or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

Increased Costs of Being a Publicly Traded Company

If we successfully list on the Exchange, we will incur significant additional legal, accounting and filing fees that at present, are not being incurred. Securities legislation and the rules and policies of the Exchange require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information all of which will significantly increase legal and financial compliance costs.

No Prospect of Dividends

We do not currently anticipate that any dividends will be paid on the Common Shares for the foreseeable future. As such, investors may not realize a return on their investment. See "*Dividends or Distributions*".

Significant Shareholding of Officers and Directors

Our officers and directors, as a group own approximately 39% of the issued and outstanding Common Shares as of the date of this Prospectus. As such, as shareholders, the officers and directors will be able to exert significant influence on matters requiring approval by the shareholders, including election of directors and the approval of any significant corporate transactions. The concentration of ownership may have the effect of delaying, determining or preventing a change in control and may make some transactions more difficult or impossible to complete without the support of these shareholders.

Risks Relating to the Company's Business and Operations

History of Operating Losses

We have a history of operating losses and may not achieve or sustain profitability. We cannot guarantee investors that we will become profitable, and even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability and our failure to do so could adversely affect our business, including our ability to raise additional funds.

Going-Concern Risk

Our financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Our future operations are dependent upon the identification and successful completion of equity or debt

financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that we will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

Competition

We face competition in the markets in which we operate and intend to operate in the near future. Some of our competitors may be better positioned to develop superior product features and technological innovations, and able to better adapt to changing market conditions than us. Our ability to compete depends on, among other things, consistent high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition in the markets in which we operate may force us to reduce our product prices or may result in increased costs, and may have a material adverse effect on our business and operating results. Any decrease in the quality of our products or level of service to customers, or any forced decrease in product pricing may adversely affect our business and operating results.

Limited Operating History and No Established Financing Sources

Although we believe our management team has extensive knowledge of the hemp oil industry and closely monitors changes in legislation, we operate in an evolving industry that may not develop as expected. Furthermore, we were incorporated in 2015 and have a limited operating history and established financing sources. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objectives as described in this Prospectus. Our financial condition and results of operations will depend on many factors, including our ability to bring our products to commercial production, marketing success and continued legality of our products.

Agricultural Operations Risk

Our business is dependent on the growth and production of industrial hemp, an agricultural product. As such, the risks inherent in engaging in agricultural businesses apply to us. Potential risks include the risk that crops may become diseased or victim to insects or other pests and contamination, or subject to extreme weather conditions such as excess rainfall, freezing temperature, or drought, all of which could result in low crop yields, decreased availability of industrial hemp, and higher acquisition prices. Although we source our CBD-hemp oil from hemp grown in permitted environments, there can be no guarantee that an agricultural event will not adversely affect our business and operating results.

Success of Quality Control Systems

The quality and safety of our products are critical to the success of our business and operations. As such, it is imperative that our and our service providers' quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although we strive to ensure that all of our service providers have implemented and adhere to high-caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on our business and operating results.

Domestic Supply Risk

We use only hemp oil extract with full compliance under FDA and DEA regulations to be sold across the US. We may license our brand to state-licensed companies who may source cannabinoids directly from marijuana in legalized states; however, these sources are limited to the sale of products within such state, are subject to intensive regulations and an excise sales tax. The regulation of third party suppliers may

have a significant impact upon our business. Any enforcement activity or any additional uncertainties which may arise in the future, could cause substantial interruption or cessation of our business, including adverse impacts to our supply chain and distribution channels, and other civil and/or criminal penalties at the federal level.

Reliance on Third-Party Suppliers and Manufacturers

We intend to maintain a full supply chain for the production of wholesale bulk CBD-hemp oil, extracts, oils and isolates; and hemp oil extract-infused consumer and clinical products. Despite maintaining full federal compliance and legality, our co-packers and ingredient and packaging suppliers may elect, at any time, to cease to engage in production agreements for products containing hemp oil extracts. Sourcing cGMP and organic and kosher contract manufacturers willing to produce hemp oil extracts has provided challenges to management to date, and although we have identified and contacted alternatives for contract manufacturers and ingredient suppliers, there is a risk of losing our current manufacturers and our alternative manufacturers. Loss of our manufacturers and suppliers would have a material adverse effect on our business and operational results.

Product Recalls

Product manufacturers and distributors are sometimes required to recall or initiate returns of their products for various reasons, including product defects such as contaminations, unintended harmful side effects or interactions with other products, packaging safety and inadequate or inaccurate labeling disclosure. If any of our products are recalled, we could incur unexpected expense relating to the recall and any legal proceedings that might arise in connection with the recall. We may lose significant revenue due to loss of sales and may not be able to compensate for or replace that revenue. Although we strive to contract cGMP-certified manufacturers for the production of raw products for wholesale and finished goods, there can be no assurance that any qualify, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory actions or lawsuits. A recall of our products could lead to adverse publicity of us, decreased demand for our products and could have a material adverse effect on our results of operations and financial condition.

Product Liability

Our food products will be produced for sale both directly and indirectly to end consumers, and therefore we face an inherent risk of exposure to product liability claims, regulatory action and litigation of our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of hemp oil infused products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of our products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that our products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, could adversely affect our reputation, and could have a material adverse effect on our business and operational results.

Effectiveness and Efficiency of Advertising and Promotional Expenditures

Our future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including our ability to (i) create greater awareness of our products; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of our technologies or services. In addition, no assurance can be given that we will be able to manage our advertising and promotional expenditures on a cost-effective basis.

Maintaining and Promoting Our Brand

We believe that maintaining and promoting our brand is critical to expanding our customer base. Maintaining and promoting our brand will depend largely on our ability to continue to provide quality, reliable and innovative products, which we may not do successfully. We may introduce new products or services that our customers do not like, which may negatively affect our brand and reputation. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not achieve the desired goals. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and financial results from operations could be materially adversely affected.

Changing Consumer Preferences

As a result of changing consumer preferences, many nutraceutical and other innovative products attain financial success for a limited period of time. Even if our products find retail success, there can be no assurance that any of our products will continue to see extended financial success. Our success will be dependent upon our ability to develop new and improved product lines. Even if we are successful in introducing new products or developing our current products, a failure to continue to update them with compelling content could cause a decline in our products' popularity that could reduce our revenues and harm our business, operating results and financial condition. Our failure to introduce new features and product lines and to achieve and sustain market acceptance could result in us being unable to meet consumer preferences and generate revenue which would have a material adverse effect on our profitability and financial results from operations.

Key Personnel Risk

Our success and future growth will depend, to a significant degree, on the continued efforts of our directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future. Our inability to retain and attract the necessary personnel could materially adversely affect our business and financial results from operations.

Sole Customer Dependency Risk

During the year ended September 30, 2016, 90% of our total revenues came from sales to one customer. If we lose our main customer, there is no guarantee that we will be able to replace the lost revenue by engaging new customers and we could lose approximately 90% of our revenue. Our operating results would be significantly impacted by the loss of 90% of our revenue, and we would become nearly fully dependent on new financing to continue operations.

Fluctuations in Foreign Currency Exchange Rates

We are subject to foreign currency risk. The strengthening or weakening of the Canadian or US dollar versus other currencies will impact the translation of our net revenues generated in these foreign currencies into Canadian and US dollars. We import certain ingredients in our products from foreign countries, and so may become forced to pay higher rates for our ingredients as a result of the weakening of the Canadian or US dollar.

Risks Related to our Prices

As the market for our products matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our

agreements with existing customers or attract new customers at prices that are consistent with our pricing model and operating budget. If this were to occur, it is possible that we would have to change our pricing model or reduce our prices, which could harm our revenue, gross margin, and operating results.

Requirement to Generate Cash Flow for Financial Obligations

We currently have negative operating cash flows. Our ability to generate sufficient cash flow from operations to make scheduled payments to our contractors, service providers and merchants will depend on future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative, and business factors, many of which are outside of our control. If we do not generate sufficient cash flow from operations to satisfy our contractual obligations, we may have to undertake alternative financing plans. Our inability to generate sufficient cash flow from operations or undertake alternative financing plans would have an adverse effect on our business, financial condition and results or operations, as well as our ability to satisfy our contractual obligations. Any failure to meet our financial obligations could result in termination of key contracts, which could harm our ability to provide our products.

Uninsured or Uninsurable Risk

We may become subject to liability for risks which are uninsurable or against which we may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Certain of our directors and officers are, and may continue to be, involved in other business ventures in the hemp products and nutraceutical industry through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors to us. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

Regulatory Risks

Changes to State Laws Pertaining to Industrial Hemp

The US federal Controlled Substances Act, (“CSA”) classifies “marihuana” as a Schedule I controlled substance and makes “marihuana” use and possession illegal on a national level. The United States Supreme Court has ruled that it is the federal government that has the right to regulate and criminalize “marihuana,” even for medical purposes, and thus federal law criminalizing the use of “marihuana” preempts state laws that legalize its use. As of the date of this Prospectus, approximately thirty states authorized industrial hemp programs pursuant to the Agricultural Act of 2014 (the “Farm Bill”). Continued development of the industrial hemp industry will be dependent upon new legislative authorization of industrial hemp at the state level, and further amendment or supplementation of legislation at the federal level. Any number of events or occurrences could slow or halt progress all together in this space. While progress within the industrial hemp industry is currently encouraging, growth is not assured. While there appears to be ample public support for favorable legislative action, numerous factors may impact or negatively affect the legislative process(es) within the various states we have business interests in. Any

one of these factors could slow or halt use of industrial hemp, which would negatively impact our business up to possibly causing us to discontinue operations as a whole.

Uncertainty Caused by Potential Changes to Legal Regulations

There is substantial uncertainty and different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses as to the importation of derivatives from exempted portions of the *Cannabis* plant and the scope of operation of Farm Bill-compliant hemp programs relative to the CSA, the Farm Bill and the emerging regulation of cannabinoids. These different opinions include but are not limited to the regulation of cannabinoids by the US Drug Enforcement Administration and or the Food and Drug Administration and the extent to which manufacturers of products containing imported raw materials and/or Farm Bill-compliant cultivators and processors may engage in interstate commerce. The uncertainties cannot be resolved without further federal, and perhaps even state-level, legislation, regulation or a definitive judicial interpretation of existing legislation and rules. If these uncertainties continues, such may have an adverse effect upon the introduction of our products in different markets.

Potential Changes in Federal and State Laws and Regulations

If state and/or federal legislation changes or regulatory agencies amend their practices or interpretive policies, or expended its resources enforcing existing state and/or federal laws, such action(s) could have a materially adverse effect on; (a) our ability to obtain lawfully sourced raw materials; and, (b) the manufacturing, marketing, distribution and sale of our products in one or multiple jurisdictions, up to and including a complete interruption of our business. Further, additional government disruption in the industrial hemp industry could cause potential customers and users to be reluctant to purchase our products, which would be detrimental to us. We cannot predict the nature of any future federal, state and/or laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Regulatory Approval and Permits

We may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where our products are licensed, although we do not currently anticipate that such approvals will be necessary. There can be no assurance that we will be able to obtain or maintain any necessary licenses, permits or approvals, and in particular, should the DEA succeed in the pending litigation on the Final Rule, suppliers of CBD hemp oil products could be required to obtain a CSA permit, which would likely not be a feasible option for retail products. Any material delay or inability to receive these items is likely to delay and/or inhibit our ability to conduct our business, and would have an adverse effect on our business, financial condition and results of operations.

Intellectual Property Risks

Risks Related to Potential Inability to Protect Intellectual Property

Our success is heavily dependent upon our intangible property and technology. We license certain of our technology from third parties and there can be no assurance that we will be able to continue licensing these rights on a continuous basis. We rely upon copyrights, trade secrets, unpatented proprietary know-how and continuing technology innovation to protect the technology that we consider important to the development of our business. We rely on various methods to protect our proprietary rights, including confidentiality agreements with our consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of our confidential information. However, despite our efforts to protect our intangible property rights, unauthorized parties may attempt to copy or replicate our technology. There can be no assurances that the steps taken by us to protect our technology will be adequate to prevent misappropriation or independent third-party development of our technology. It is likely that other companies can duplicate a production process similar to ours. To the

extent that any of the above could occur, our revenue could be negatively affected, and in the future, we may have to litigate to enforce our intangible property rights, which could result in substantial costs and divert our management's attention and our resources.

Risks Related to Potential Intellectual Property Claims

Companies in the retail and wholesale consumer product industries frequently own trademarks and trade secrets and often enter into litigation based on allegations of infringement or other violations of intangible property rights. We may be subject to intangible property rights claims in the future and our products may not be able to withstand any third-party claims or rights against their use. Any intangible property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent us from offering our products and services to others and may require that we procure substitute products or services for these members.

With respect to any intangible property rights claim, we may have to pay damages or stop using intangible property found to be in violation of a third party's rights. We may have to seek a license for the intangible property, which may not be available on reasonable terms and may significantly increase our operating expenses. The technology also may not be available for license to us at all. As a result, we may also be required to pursue alternative options, which could require significant effort and expense. If we cannot license or obtain an alternative for the infringing aspects of our business, we may be forced to limit our product and service offerings and may be unable to compete effectively. Any of these results could harm our brand and prevent us from generating sufficient revenue or achieving profitability.

Economic Risks

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future while establishing a user base. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, the ability to raise capital could be jeopardized and thus have an adverse impact on operations and on the trading price of our Common Shares on the Exchange.

Trends, Risks and Uncertainties

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our Common Shares.

PROMOTERS

John-David Belfontaine and Kyle Johnston are considered to be our "promoters", as that term is defined in the *Securities Act* (British Columbia), having taken initiative in forming our organization. Each of Mr. Belfontaine and Mr. Johnston received compensation from us, as described below. Neither of the promoters has received anything of value from us except as set forth below and elsewhere in this Prospectus.

John-David Belfontaine owns, directly and indirectly, 7,530,000 Common Shares which represents 28% of our issued and outstanding Common Shares at the date of this Prospectus. Mr. Belfontaine holds 2,215,000 Common Shares directly, and 5,315,000 Common Shares through a company that he controls.

Kyle Johnston owns, directly and indirectly, 2,450,000 Common Shares which represents 9% of our issued and outstanding Common Shares at the date of this Prospectus. Mr. Johnston holds 450,000 Common Shares directly, and 2,000,000 Common Shares through a company that he controls.

See “*Executive Compensation*”, “*Principal Shareholders*”, “*Directors and Executive Officers*”, “*Interests of Management and Others in Material Transactions*” and “*Material Contracts*” for additional disclosure concerning our promoters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings outstanding, threatened or pending as of the date of this Prospectus by or against us or to which we are or were a party or our business or any of our assets is the subject of, nor to the knowledge of our directors and officers are any such legal proceedings contemplated which could become material to a purchaser of our securities.

There have not been any penalties or sanctions imposed against us by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against us, and we have not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below or elsewhere in this Prospectus, none of our directors, executive officers or principal shareholders, or associates or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect us.

On January 4, 2016, we entered into and closed a share exchange agreement with Phivida Nutrition, a company of which John-David Belfontaine was a director, officer and shareholder, whereby 100% of the issued and outstanding common shares of Phivida Nutrition were exchanged by the holders thereof for 2,000,000 Common Shares, such that Phivida Nutrition became our wholly-owned subsidiary.

On January 8, 2016, we entered into and closed a share exchange agreement with Phivida Enhanced, a company of which John-David Belfontaine was a shareholder, whereby 100% of the issued and outstanding common shares of Phivida Enhanced were exchanged by the holders thereof for 2,000,000 Common Shares such that Phivida Enhanced became our wholly-owned subsidiary.

See “*Description of the Business*”, “*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*”, “*Directors and Executive Officers*” and “*Material Contracts*”.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Our auditor is Wolrige Mahon LLP Chartered Professional Accountants of 900 – 400 Burrard Street, Vancouver, BC V6C 3B7. Such auditor is independent in accordance with the auditor’s code of professional conduct of the Chartered Professional Accountants of British Columbia.

Our transfer agent is Computershare Investor Services Inc., of 510 Burrard Street, 2nd Floor, Vancouver, BC V6C 3B9.

MATERIAL CONTRACTS

Our material contracts, excluding those made in the ordinary course of our business, are as follows:

Name of Contract	Parties	Date	Nature of Contract and Consideration
Share Exchange Agreement	Phytofarms Holdings Inc. (now Phivida Holdings Inc.), Phytofoods Distribution Incorporated (now Phivida Nutrition Inc.) and the shareholders of Phytofoods Distribution Incorporated	January 4, 2016	Agreement pursuant to which the shareholders of Phytofoods Distribution Incorporated agreed to transfer all of their shares of Phytofoods Distribution Incorporated to Phytofarms Holdings Inc. in exchange for an aggregate of 2,000,000 Common Shares at a deemed price of \$0.02 per Share, such that Phytofoods Distribution Incorporated became a wholly-owned subsidiary of Phytofarms Holdings Inc.
Share Exchange Agreement	Phytofarms Holdings Inc. (now Phivida Holdings Inc.), Phytohealth Distribution Inc. (now Phivida Enhanced Distribution Inc.) and the shareholders of Phytohealth Distribution Inc.	January 8, 2016	Agreement pursuant to which the shareholders of Phytohealth Distribution Inc. agreed to transfer all of their shares of Phytohealth Distribution Inc. to Phytofarms Holdings Inc. in exchange for an aggregate of 2,000,000 Common Shares at a deemed price of \$0.02 per Common Share, such that Phytohealth Distribution Inc. became a wholly-owned subsidiary of Phytofarms Holdings Inc.
Licence Agreement	Phivida Holdings Inc. and Ambary Gardens, LLC	July 30, 2016	Agreement pursuant to which Ambary Gardens, LLC grants a worldwide license to Phivida Holdings Inc. to use certain nanoencapsulation and micronization technology for consideration of a running royalty of 3.5% of the gross profit received by Phivida Holdings Inc. from products that utilize the licensed rights until the termination of the licence agreement.
Principals Escrow Agreement	Phivida Holdings Inc. and shareholders of Phivida Holdings Inc. (see " <i>Escrowed Securities and Securities Subject to Contractual Restriction on Transfer</i> ")	May 16, 2017 and June 21, 2017	Sets out the terms pursuant to which Common Shares held by certain of our shareholders are held in escrow.
Non-Principals Escrow Agreement	Phivida Holdings Inc. and shareholders of Phivida Holdings Inc. (see " <i>Escrowed Securities and Securities Subject to Contractual Restriction on Transfer</i> ")	June 8, 2017	Sets out the terms pursuant to which Common Shares held by one of our shareholders are held in escrow.
Agency Agreement	Phivida Holdings Inc. and the Agents	November 21, 2017	Sets out the terms pursuant to which the Agents agree to act as our Agents on a best efforts basis in connection with the Offering.

Copies of all material contracts may be inspected at our registered and records office at Suite 200, 1238 Homer Street, Vancouver, BC V6B 2Y5, during normal business hours while distribution of the securities offered hereunder is in progress, and for a period of 30 days thereafter. The material contracts will also

be available on the SEDAR website (www.sedar.com) upon the issuance of the final receipt for this Prospectus.

EXPERTS

Our auditor is Wolrige Mahon LLP Chartered Professional Accountants. Such auditor is independent in accordance with the auditor's code of professional conduct of the Chartered Professional Accountants of British Columbia.

Certain legal matters relating to the Offering will be passed upon by Bacchus Law Corporation, on the Company's behalf; and by Gowling WLG (Canada) LLP, on behalf of the Agents. As at the date of this prospectus, Penny Green, a principal of Bacchus Law Corporation, holds 500,000 Common Shares, and Peter Simeon, a partner of Gowling WLG (Canada) LLP holds 125,000 Common Shares, 200,000 incentive stock options to purchase Common Shares at a price of \$0.20 per Common Share, and is a director of the Company.

Employees of Canaccord Genuity Corp. own an aggregate of 825,000 Common Shares, representing 3% of our issued and outstanding Common Shares.

No person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in our property or any of our associates or affiliates. As at the date hereof, other than as disclosed above, none of the aforementioned persons beneficially owns, directly or indirectly, securities of ours or our associates and affiliates. In addition, other than as disclosed above, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of us or of any of our associates or affiliates, or as a promoter of ours or an associate or affiliate of ours.

OTHER MATERIAL FACTS

There are no further facts or particulars in respect of the securities being distributed pursuant to this Prospectus that are not already disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Selling Provinces provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In these provinces, the securities legislation further provides a purchaser with remedies for rescission or damages if this Prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. **The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.**

FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS

The following Financial Statements are included herein:

- **Schedule "B"** – our unaudited condensed interim consolidated financial statements for the three and nine months ended June 30, 2017;
- **Schedule "C"** – our audited consolidated financial statements for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 30, 2015;

- **Schedule “D”** – our MD&A for the three and nine months ended June 30, 2017; and
- **Schedule “E”** – our MD&A for the year ended September 30, 2015 and the period from incorporation on April 24, 2015 to September 30, 2016.

SCHEDULE “A”

Audit Committee Charter

[Inserted as the following pages]

PHIVIDA HOLDINGS INC.

AUDIT COMMITTEE CHARTER

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company's audit committee, or its Board of Directors in lieu thereof (the "**Audit Committee**"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

1. Composition

- (a) *Number of Members.* The Audit Committee must be comprised of a minimum of three directors of the Company.
- (b) *Chair.* If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the "**Chair**") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (c) *Financial Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.
- (d) *Independence.* At least a majority of the members of the Audit Committee must be independent within the meaning of Section 1.4 of National Instrument 52-110.

2. Meetings

- (a) *Quorum.* The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (b) *Agenda.* The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.
- (c) *Notice to Auditors.* The Company's auditors (the "Auditors") will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.
- (d) *Minutes.* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

3. Roles and Responsibilities

The roles and responsibilities of the Audit Committee include the following:

External Auditor

The Audit Committee will:

- (a) *Selection of the external auditor.* Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company's accounts, controls and financial statements.

- (b) *Scope of Work.* Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.
- (c) *Compensation.* Recommend to the Board the compensation to be paid to the external auditors.
- (d) *Replacement of Auditor.* If necessary, recommend the replacement of the Auditor to the Board of Directors.
- (e) *Approve Non-Audit Related Services.* Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.
- (f) *Responsibility for Oversight.* Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.
- (g) *Resolution of Disputes.* Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

Consolidated Financial Statements and Financial Information

The Audit Committee will:

- (a) *Review Audited Financial Statements.* Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.
- (b) *Review of Interim Financial Statements.* Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.
- (c) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.
- (d) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (a) *Internal Control.* Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (b) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.
- (c) *Accounting Policies and Practices.* Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.
- (d) *Litigation.* Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the

Company and the manner in which these matters are being disclosed in the consolidated financial statements.

- (e) *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

Complaints

- (a) *Accounting, Auditing and Internal Control Complaints.* The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- (b) *Employee Complaints.* The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

4. Authority

- (a) *Auditor.* The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.
- (b) *Independent Advisors.* The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.
- (c) *Communication.* The Audit Committee may communicate directly with management and any internal auditor, and with the Auditor directly without the presence or involvement of management.
- (d) *Expenses.* The Audit Committee may incur such ordinary administrative expenses that it deems necessary and appropriate to carry out its duties, which expenses the Company will pay or reimburse upon receiving an invoice or receipt, as applicable.

5. Reporting

The Audit Committee will report to the Board on:

- (a) the Auditor's independence;
- (b) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (c) the reappointment and termination of the Auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim consolidated financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and

- (h) all other material matters dealt with by the Audit Committee.

SCHEDULE “B”

Interim Financial Statements

[Inserted as the following pages]

PHIVIDA HOLDINGS INC.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
JUNE 30, 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Phivida Holdings Inc.**Condensed Interim Consolidated Statements of Financial Position**
(Expressed in Canadian Dollars)

	June 30, 2017 (Unaudited)	September 30, 2016
ASSETS		
Current assets		
Cash	\$ 980,420	\$ 56,737
Receivables (note 4)	20,504	124,047
Inventory (note 5)	66,662	41,791
Prepaid expenses and other assets (notes 6 and 12)	49,741	58,304
Promissory note (note 7)	9,733	-
Total assets	\$ 1,127,060	\$ 280,879
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other liabilities (notes 8 and 12)	\$ 52,207	\$ 158,554
Total liabilities	52,207	158,554
Shareholders' equity		
Share capital (note 9)	3,555,688	1,256,650
Reserve (note 10)	507,016	7,800
Accumulated other comprehensive (loss) income	(13,923)	27,654
Deficit	(2,973,928)	(1,169,779)
Total shareholders' equity	1,074,853	122,325
Total liabilities and shareholders' equity	\$ 1,127,060	\$ 280,879

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

Description of business (note 1)

Going concern (note 2)

Approved on behalf of the Board:

(Signed) "George Kovalyov" _____, Director

(Signed) "John-David A. Belfontaine" _____, Director

Phivida Holdings Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ -	\$ 157,196	\$ -	\$ 294,887
Cost of goods sold	-	86,513	-	136,626
	-	70,683	-	158,261
Expenses				
Advertising	53,046	156	93,844	20,076
Consulting fees (note 12)	71,453	77,850	220,934	244,375
Corporate development	-	7,048	-	10,841
Dues and memberships	2,784	700	6,760	3,153
Finance fee (note 9(c) ⁽⁴⁾)	-	-	1,266,325	-
Finders' fee (note 9(b) ⁽⁴⁾)	-	-	-	625,000
Interest and bank fees	466	1,153	3,454	2,946
Insurance	10,948	368	12,923	1,557
Office expenses	1,795	1,180	22,109	14,988
Professional fees (note 12)	51,087	15,883	78,908	56,766
Stock based compensation (note 11)	95,391	-	95,391	-
Travel	8,850	(26)	35,746	5,713
	295,820	104,312	1,836,394	985,415
Loss from operations	(295,820)	(33,629)	(1,836,394)	(827,154)
Foreign exchange gain (loss)	6,893	(1,383)	32,245	(3,644)
Net loss for the period	(288,927)	(35,012)	(1,804,149)	(830,798)
Other comprehensive income (loss)				
Foreign currency translation of foreign operations	(16,548)	(8,927)	(41,577)	24,645
Comprehensive loss for the period	\$ (305,475)	\$ (41,939)	\$ (1,845,726)	\$ (806,153)
Basic and diluted net loss per common share	\$ (0.011)	\$ (0.002)	\$ (0.079)	\$ (0.059)
Weighted average number of common shares outstanding - basic and diluted	27,073,951	16,304,000	22,712,659	14,182,526

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

Phivida Holdings Inc.**Condensed Interim Consolidated Statements of Cash Flows**
(Expressed in Canadian Dollars)
(Unaudited)

Nine Months Ended June 30,	2017	2016
Operating activities		
Net loss for the period	\$ (1,804,149)	\$ (830,798)
Items not affecting cash:		
Finance fee (note 9(c) ⁽²⁾)	1,266,325	-
Finders' fee (note 9(b) ⁽⁴⁾)	-	625,000
Stock based compensation (note 11)	95,391	-
Shares issued pursuant to services (note 9(c) ⁽¹⁾⁽²⁾⁽³⁾)	39,738	-
	(402,695)	(205,798)
Changes in non-cash working capital items:		
Receivables	103,543	(99,189)
Inventory	(24,871)	(57,928)
Prepaid expenses and other assets	8,563	(102,128)
Accounts payable and other liabilities	21,453	321,543
Net cash used in operating activities	(294,007)	(143,500)
Financing activities		
Shares issued for cash (note 9(c) ⁽²⁾⁽⁵⁾)	1,305,000	-
Share issue costs - cash (note 9(c) ⁽⁶⁾)	(36,000)	(17,675)
Net cash provided by financing activities	1,269,000	(17,675)
Investing activities		
Promissory note advanced	(10,008)	-
Net cash used in investing activities	(10,008)	-
Effect of foreign exchange on cash	(41,302)	24,645
Increase in cash	923,683	(136,530)
Cash, beginning of period	56,737	238,182
Cash, end of period	\$ 980,420	\$ 101,652

Supplemental cash flow information (note 13)

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

Phivida Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital	Reserve	Subscriptions received in advance	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, September 30, 2015	\$ 63,125	\$ -	\$ 253,500	\$ -	\$ (155,423)	\$ 161,202
Shares issued for cash (note 9(b) ⁽³⁾)	253,500	-	(253,500)	-	-	-
Shares issued for debt (note 9(b) ⁽⁵⁾)	322,500	-	-	-	-	322,500
Shares issued as finders' fee (note 9(b) ⁽⁴⁾)	625,000	-	-	-	-	625,000
Warrants issued as finders' fees (notes 9(b) ⁽³⁾ and 10)	(7,800)	7,800	-	-	-	-
Share issue costs - cash (note 9(b) ⁽³⁾)	(17,675)	-	-	-	-	(17,675)
Other comprehensive income	-	-	-	24,645	-	24,645
Net loss for the period	-	-	-	-	(830,798)	(830,798)
Balance, June 30, 2016	\$ 1,238,650	\$ 7,800	\$ -	\$ 24,645	\$ (986,221)	\$ 284,874
Balance, September 30, 2016	\$ 1,256,650	\$ 7,800	\$ -	\$ 27,654	\$ (1,169,779)	\$ 122,325
Shares issued pursuant to services (note 9(c) ⁽¹⁾⁽²⁾⁽³⁾)	39,738	-	-	-	-	39,738
Shares issued to settle debt (note 9(c) ⁽⁵⁾⁽⁷⁾)	127,800	-	-	-	-	127,800
Shares issued for cash (note 9(c) ⁽⁵⁾⁽⁶⁾)	1,305,000	-	-	-	-	1,305,000
Finance fee (note 9(c) ⁽⁴⁾)	862,500	403,825	-	-	-	1,266,325
Share issue costs - cash (note 9(c) ⁽⁶⁾)	(36,000)	-	-	-	-	(36,000)
Stock based compensation (note 11)	-	95,391	-	-	-	95,391
Other comprehensive loss	-	-	-	(41,577)	-	(41,577)
Net loss for the period	-	-	-	-	(1,804,149)	(1,804,149)
Balance, June 30, 2017	\$ 3,555,688	\$ 507,016	\$ -	\$ (13,923)	\$ (2,973,928)	\$ 1,074,853

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

Phivida Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Months Ended June 30, 2017

(Expressed in Canadian Dollars)

(Unaudited)

1. Description of business

Phivida Holdings Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 24, 2015 under the name Icarus Capital Corp. On November 18, 2015, the Company changed its name from Icarus Capital Corp. to Phytofarm Holdings Inc. and on January 16, 2017, it changed its name to Phivida Holdings Inc. The Company is in the business of purchasing, packaging and selling holistic hemp infused remedies. The Company's registered office is 200-1238 Homer Street and head office is 1070-1200 West 73rd Ave.

2. Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At June 30, 2017, the Company had a working capital balance of \$1,074,853 (September 30, 2016 - working capital balance of \$122,325), had not yet achieved profitable operations and had an accumulated deficit of \$2,973,928 (September 30, 2016 - accumulated deficit of \$1,169,779). These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to continue operations and discharge its liabilities as they come due. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. These unaudited condensed interim consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material to these unaudited condensed interim consolidated financial statements.

3. Basis of preparation

(a) Statement of compliance

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IASB. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements. The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of June 30, 2017. The Board of Directors approved the statements on **XX XX, 2017**. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2016.

New standards not yet adopted and interpretations issued but not yet effective

IFRS 9 Financial Instruments: IFRS 9 replaces IAS 39 and 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 the entity's business model and the contractual cash flow characteristics of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue recognition: The IASB issued IFRS 15, Revenue from Contracts with Customers in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

Phivida Holdings Inc.**Notes to Condensed Interim Consolidated Financial Statements****Nine Months Ended June 30, 2017****(Expressed in Canadian Dollars)****(Unaudited)**

3. Basis of preparation (continued)*New standards not yet adopted and interpretations issued but not yet effective (continued)*

IFRS 16 Leases: IFRS 16 replaces IAS 17 and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

The Company has not yet finalized its review of the potential impact on the consolidated financial statements of adopting these new standards.

4. Receivables

	June 30, 2017	September 30, 2016
Trade receivables	\$ 20,504	\$ 124,047

5. Inventory

The carrying cost of the inventory as of June 30, 2017, is \$66,662 (September 30, 2016 - \$41,791). The inventory is purchased in a large quantity, it is then separated into smaller containers to be sold, because of this the Company does not maintain separate work in progress. Included in the carrying amount of inventory was pre-printed labels, purchased bottles and caps, and finished bottles.

6. Prepaid expenses and other assets

	June 30, 2017	September 30, 2016
Consulting services	\$ -	\$ 39,375
Prepaid deposit	2,889	6,559
Insurance	28,125	-
Supplier credit	18,727	12,370
	\$ 49,741	\$ 58,304

7. Promissory note

On December 21, 2016, the Company loaned US\$7,500 (\$9,733) to CoachellaGro Corp., a company where John-David A Belfontaine, the Chief Executive Officer of the Company, was the former president. The loan was due January 20, 2017. Late repayment is subject to interest on the unpaid balance at the rate of 25% per annum. As of the date of approval of these financial statements, the loan is outstanding.

8. Amounts payable and other liabilities

	June 30, 2017	September 30, 2016
Trade accounts payable	\$ 41,167	\$ 121,014
Accrued liability	3,500	30,000
Subscription payable	7,540	7,540
	\$ 52,207	\$ 158,554

Phivida Holdings Inc.**Notes to Condensed Interim Consolidated Financial Statements****Nine Months Ended June 30, 2017****(Expressed in Canadian Dollars)****(Unaudited)**

9. Share capital**a) Authorized share capital**

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Common shares issued during the period ended June 30, 2016

	Number of common shares	Amount
Balance, September 30, 2015	11,500,000	\$ 63,125
Shares issued for cash ⁽³⁾	1,014,000	253,500
Warrants issued as finders' fees ⁽³⁾	-	(7,800)
Share issuance costs - cash ⁽³⁾	-	(17,675)
Shares issued as finders' fee ⁽⁴⁾	2,500,000	625,000
Shares issued to settle debt ⁽⁵⁾	1,290,000	322,500
Balance, June 30, 2016	16,304,000	\$ 1,238,650

⁽¹⁾ On January 4, 2016, the Company issued 2,000,000 common shares valued at \$0.005 per common share for the acquisition of Phivida Nutrition, an entity under common control (note 14).

⁽²⁾ On January 8, 2016, the Company issued 2,000,000 common shares valued at \$0.005 per common share for the acquisition of Phivida Enhanced, an entity under common control (note 14).

⁽³⁾ On January 29, 2016, the Company completed a private placement and issued 1,014,000 units at \$0.25 per unit for gross proceeds of \$253,500 of which \$253,500 was received during the period ended September 30, 2015. Each unit consists of one common share and one half purchase warrant. Each full warrant is exercisable at \$0.35 for a period of 2 years from the date of issuance. The warrants attached to the units were valued at \$nil. In connection with the private placement the Company paid/issued the following finders' fees:

- Issued 70,700 warrants exercisable at \$0.35 per warrant for a period of 2 years from the date of issuance. The fair value of these warrants was \$7,800; and
- Paid \$17,675 cash.

⁽⁴⁾ On January 29, 2016, the Company issued 2,500,000 shares valued at \$0.25 as finders' fees. Finders' fees were expensed during the period as the services related to the introduction of potential customers by the Finders to the Company.

⁽⁵⁾ On January 29, 2016, the Company issued 1,290,000 common shares to settle debt in the amount of \$322,500. Each common share had a fair value of \$0.25.

Phivida Holdings Inc.**Notes to Condensed Interim Consolidated Financial Statements****Nine Months Ended June 30, 2017****(Expressed in Canadian Dollars)****(Unaudited)**

9. Share capital (continued)

c) Common shares issued during the period ended June 30, 2017

	Number of common shares	Amount
Balance, September 30, 2016	16,376,000	\$ 1,256,650
Shares issued pursuant to services ⁽¹⁾⁽²⁾⁽³⁾	158,951	39,738
Shares issued pursuant to debt settlement ⁽⁵⁾⁽⁷⁾	639,000	127,800
Shares issued for cash ⁽⁴⁾⁽⁶⁾	9,900,000	1,305,000
Finance fee ⁽⁴⁾	-	862,500
Cost of issue ⁽⁵⁾	-	(36,000)
Balance, June 30, 2017	27,073,951	\$ 3,555,688

⁽¹⁾ On October 26, 2016, 14,951 common shares were issued to a former director of the Company for consulting services, at a fair value of \$0.25 per common share.

⁽²⁾ On October 26, 2016, 72,000 common shares were issued to a director and the VP-Finance of the Company for consulting services, at a fair value of \$0.25 per common share.

⁽³⁾ On November 1, 2016, 72,000 common shares were issued to a director of the Company for consulting services, at a fair value of \$0.25 per common share.

⁽⁴⁾ The Company encountered a cash flow shortfall due to: (i) investing in its brand; and (ii) late collections from its receivables. As a result, the Company required funds to continue operations and pursuant to a subscription agreement dated December 9, 2016, the Company issued 3,750,000 units of the Company at \$0.02 per unit. Each unit consists of one common share and ½ share purchase warrant. Each whole warrant is exercisable at \$0.05 per common share for a period of 36 months from the date of issuance of the units. The fair value of the warrants was determined to be \$403,825 calculated using the Black-Scholes Option Pricing Model and was expensed in profit or loss as finance fee (note 10). The fair market value of the common shares was determined to be \$0.25. The difference between the proceeds received of \$75,000 and the fair value of the shares issued of \$937,500, being \$862,500, was expensed in profit or loss as finance fee. In connection with the unit offering, each shareholder entered into a call option agreement with the Company whereby the Company had the option to purchase all of the units from the shareholders in the event that none of the set milestone events were reached by December 9, 2017 (milestones were set out within the call option agreements). The call option agreements were terminated as a milestone event was reached prior to the December 9, 2017 deadline.

⁽⁵⁾ On December 30, 2016, the Company entered into a debt conversion agreement with a director of the Company. On January 6, 2017, the Company issued 450,000 common shares at a price of \$0.20 per common share to settle a debt of \$90,000.

⁽⁶⁾ On February 14, 2017, the Company closed a private placement of 6,150,000 shares issued at \$0.20 per share for gross proceeds of \$1,230,000. Cash finders' fees of \$36,000 were incurred in connection with the private placement.

⁽⁷⁾ On April 30, 2017, the Company entered into a debt conversion agreement with a director and the VP Finance of the Company. The Company issued 189,000 common shares at a price of \$0.20 per common share to settle debt of \$37,800.

Phivida Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Months Ended June 30, 2017

(Expressed in Canadian Dollars)

(Unaudited)

10. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price (\$)
Balance, September 30, 2015	-	-
Issued (note 9(b) ⁽³⁾)	577,700	0.35
Balance, June 30, 2016	577,700	0.35

	Number of warrants	Weighted average exercise price (\$)
Balance, September 30, 2016	577,700	0.35
Issued pursuant to subscription agreement (note 9(c) ⁽⁴⁾)	1,875,000	0.05
Balance, June 30, 2017	2,452,700	0.12

The following table reflects the warrants issued and outstanding as of June 30, 2017:

Number of warrants outstanding	Value at grant date (\$)	Exercise price (\$)	Expiry date
507,000	-	0.35	January 29, 2018
70,700	7,800	0.35	January 29, 2018
1,875,000	403,825	0.05	December 15, 2019
2,452,700	411,625		

There were no finders' warrants granted during the period ended June 30, 2017. During the period ended June 30, 2017, the Company issued units at \$0.02 to secure emergency financing. Each unit consisted of ½ share purchase warrant with each whole warrant exercisable at \$0.05 for a common share. The fair value of these warrants was valued using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 2017
Market price	\$0.25
Exercise price	\$0.05
Expected life	3.0 Years
Estimated volatility	100%
Dividend rate	0%
Risk free rate	0.91%
Fair value	\$0.22

The Company issued 507,000 warrants as a part of the Unit offering on January 29, 2016. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.35 per common share for a period of 2 years.

Phivida Holdings Inc.

Notes to Condensed Interim Consolidated Financial Statements

Nine Months Ended June 30, 2017

(Expressed in Canadian Dollars)

(Unaudited)

10. Warrants (continued)

The Company granted 70,700 warrants to directors and officers as finders' fees. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.35 per common share for a period of 2 years. The fair value of the 70,700 finder's fee warrants issued January 29, 2016 to directors and officers was \$7,800 determined using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 2016
Market price	\$0.25
Exercise price	\$0.35
Expected life	2.0 Years
Estimated volatility	100%
Dividend rate	0%
Risk free rate	0.42%
Fair value	\$0.11

11. Stock options

The Company has established a stock option plan under which it can grant to its directors, officers and employees options for the purchase of common shares. The maximum number of common shares available for issuance under these options is limited to 15% of the number of common shares outstanding at the time of the grant.

The following table reflects the continuity of options for the periods presented:

	Number of options	Weighted average exercise price (\$)
Balance, September 30, 2015, June 30, 2016 and September 30, 2016	-	-
Granted	3,700,000	0.20
Balance, June 30, 2017	3,700,000	0.20

Details of the stock options outstanding as of June 30, 2017 are as follows:

Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
4.85	-	3,700,000	0.20	May 5, 2022

In the current period, the Company issued 3,700,000 common share stock options to its advisors, consultants, officers and directors. The options are subject to a vesting schedule whereby 25% of the options vest 3 months after the date of grant, 25% vest 6 months after the date of grant, 25% vest 9 months after the date of grant and 25% vest 12 months after the date of grant. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option pricing model. The Black-Scholes model requires four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Volatility is calculated based on the changes in historical stock prices over the expected life of the options of similar type companies.

Phivida Holdings Inc.**Notes to Condensed Interim Consolidated Financial Statements****Nine Months Ended June 30, 2017****(Expressed in Canadian Dollars)****(Unaudited)**

11. Stock options (continued)

For the period ended June 30, 2017, the following weighted average assumptions were used:

	June 30, 2017
Market price	\$0.20
Exercise price	\$0.20
Expected and option life	5.0 Years
Estimated volatility	100%
Expected dividend yield	nil
Risk free rate	0.89%

The total compensation expense associated with these grants for the nine months ended June 30, 2017 was \$95,391 (2016 - \$nil) which is included in stock based compensation expense, with a corresponding charge to reserve.

12. Related party transactions**(a) Key Management Personnel**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, excluding the Chief Financial Officer, the details of which are disclosed in notes 12(b)(c).

The remuneration of directors and other members of key management personnel were as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Consulting fees	\$ 58,032	\$ 71,225	\$ 175,456	\$ 178,438
Professional fees	5,040	-	9,049	20,151
Finders' fees and share issue costs	-	-	-	21,944
Stock-based compensation	58,008	-	58,008	-
	\$ 121,080	\$ 71,225	\$ 242,513	\$ 220,533

As at June 30, 2017, \$25,577 (September 30, 2016 - \$100,772) was payable to various directors of the Company. The amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

As at June 30, 2017, \$nil (September 30, 2016 - \$19,688) was included in prepaid expenses for consulting fees which were paid in advance for which services had yet to be rendered.

(b) During the three and nine months ended June 30, 2017, the Company paid professional fees of \$5,752 (three and nine months ended June 30, 2016 - \$nil) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is President. Mr. Marrelli is the Chief Financial Officer ("CFO") of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at June 30, 2017, Marrelli Support is owed \$nil (September 30, 2016 - \$nil).

Phivida Holdings Inc.**Notes to Condensed Interim Consolidated Financial Statements****Nine Months Ended June 30, 2017****(Expressed in Canadian Dollars)****(Unaudited)**

12. Related party transactions (continued)

(c) During the three and nine months ended June 30, 2017, the Company paid professional fees of \$3,745 (three and nine months ended June 30, 2016 - \$nil) to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2017, DSA is owed \$3,931 (September 30, 2016 - \$nil). This amount was included in accounts payable and other liabilities and was unsecured, non-interest bearing and due within 30 days.

13. Supplemental cash flow information

There was no cash paid for interest or income taxes for the nine months ended June 30, 2017 or for the nine months ended June 30, 2016.

The significant non-cash transactions for the nine months ended June 30, 2017 consisted of the following:

- Shares issued to settle debt in the amount of \$90,000; and
- Shares issued to settle debt in the amount of \$37,800.

The significant non-cash transactions for the nine months ended June 30, 2016 consisted of the following:

- Shares totalling \$253,500 were issued during the year for which subscriptions were received in the prior year;
- Warrants granted as finders' fees with a fair value of \$7,800;
- Shares issued to acquire entities under common control with a fair value of \$20,000 (notes 9(b)⁽¹⁾⁽²⁾ and 14); and
- Shares issued to settle debt in the amount of \$322,500.

14. Common control transactions

During the period ended June 30, 2016, the Company completed the acquisition of Phivida Enhanced and Phivida Nutrition by issuing 2,000,000 common shares per acquisition, valued at \$0.005 per common share to related parties. There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. IAS 8 – Accounting policies, changes in accounting estimates and errors requires management, if there is no specifically applicable standard of interpretation, to develop a reliable policy that is relevant to the decision making needs of users. The Company has determined to apply the concept of continuity of interest basis of accounting for transactions under common control as detailed under United States generally accepted accounting principles ("US GAAP"). US GAAP requires an acquirer in a combination between entities or business under common control to recognize the assets acquired and liabilities assumed in the transaction at their carrying amounts in the accounts of the transferring entities at the date of transfer.

At the date of transfer Phivida Enhanced and Phivida Nutrition had no recognized assets or liabilities, accordingly the cost of acquisition, being \$10,000 each, has been recorded to deficit.

SCHEDULE “C”

Audited Financial Statements

[Inserted as the following pages]

Consolidated Financial Statements of
PHIVIDA HOLDINGS INC.
YEAR ENDED SEPTEMBER 30, 2016 AND THE PERIOD FROM INCORPORATION ON APRIL
24, 2015 TO SEPTEMBER 30, 2015
(Expressed in Canadian Dollars)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Phivida Holdings Inc.

We have audited the accompanying consolidated financial statements of Phivida Holdings Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2016 and 2015, and the consolidated statements of comprehensive loss, statements of changes in equity and statements of cash flows for the year ended September 30, 2016 and for the period from incorporation on April 24, 2015 to September 30, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Phivida Holdings Inc. and its subsidiaries as at September 30, 2016 and 2015, and their financial performance and cash flows for the year ended September 30, 2016 and for the period from incorporation on April 24, 2015 to September 30, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 1 in the consolidated financial statements which describes the material uncertainties that may cast significant doubt about Phivida Holdings Inc.'s and its subsidiaries ability to continue as a going concern. Our opinion is not qualified with respect to this matter.

WOLRIGE MAHON LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

November 21, 2017
Vancouver, B.C.

Wolrige Mahon LLP Ninth Floor 400 Burrard Street Vancouver British Columbia V6C 3B7
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PHIVIDA HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	September 30, 2016	September 30, 2015
ASSETS		
Current		
Cash	\$ 56,737	\$ 238,182
Accounts receivable (note 6)	124,047	-
Inventory (note 7)	41,791	-
Prepaid expenses (notes 8 and 12)	58,304	-
TOTAL ASSETS	\$ 280,879	\$ 238,182
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 10 and 12)	\$ 158,554	\$ 76,980
SHAREHOLDERS' EQUITY		
Share capital (note 11)	1,256,650	63,125
Reserve (note 11)	7,800	-
Subscriptions received in advance (note 11)	-	253,500
Accumulated other comprehensive income	27,654	-
Deficit	(1,169,779)	(155,423)
TOTAL EQUITY	122,325	161,202
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 280,879	\$ 238,182

Nature of operations and going concern (note 1)

Subsequent events (note 17)

Approved and authorized on behalf of the Board of Directors on November 21, 2017:

"John-David Belfontaine"

Director

"George Kovalyov"

Director

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

PHIVIDA HOLDINGS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the year ended September 30, 2016	For the period from incorporation on April 24, 2015 to September 30, 2015
REVENUE (note 16)	\$ 335,269	\$ -
Cost of goods sold (notes 7 and 12)	141,733	-
Gross profit	193,536	-
EXPENSES		
Advertising	33,108	10,625
Consulting fees (notes 11(b) and 12)	412,075	60,375
Corporate development	12,060	14,519
Dues and memberships	3,242	512
Finders' fees (note 11(b))	625,000	-
Interest & bank fees	4,175	373
Insurance	2,380	-
Office expenses	21,290	3,876
Professional fees	52,609	41,295
Travel expenses	8,046	4,554
	1,173,985	136,129
Net loss before other item	980,449	136,129
Other item		
Foreign exchange loss (gain)	33,907	(706)
Net loss	1,014,356	135,423
Other comprehensive loss (income)		
Foreign currency translation differences for foreign operations	(27,654)	-
COMPREHENSIVE LOSS	\$ 986,702	\$ 135,423
Loss per common share – basic and diluted	\$ 0.069	\$ 0.015
Weighted average common shares outstanding – basic and diluted	14,728,186	8,922,173

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

PHIVIDA HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserve	Subscriptions received in advance	Accumulated other comprehensive income	Deficit	Total
Balance at April 24, 2015	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued, acquisition of entities under common control (note 9)	4,000,000	20,000	-	-	-	(20,000)	-
Shares issued for cash - \$0.005 (note 11(b))	2,500,000	12,500	-	-	-	-	12,500
Shares issued for cash - \$0.02	375,000	7,500	-	-	-	-	7,500
Shares issued to settle debt	1,625,000	8,125	-	-	-	-	8,125
Shares issued as finder's fee	3,000,000	15,000	-	-	-	-	15,000
Share subscription received in advance	-	-	-	253,500	-	-	253,500
Net loss for the period	-	-	-	-	-	(135,423)	(135,423)
Balance at September 30, 2015	11,500,000	63,125	-	253,500	-	(155,423)	161,202
Shares issued for cash (note 11(b))	1,014,000	253,500	-	(253,500)	-	-	-
Shares issued to settle debt	1,290,000	322,500	-	-	-	-	322,500
Shares issued as finders' fee	2,500,000	625,000	-	-	-	-	625,000
Shares issued for services	72,000	18,000	-	-	-	-	18,000
Warrants issued as finders' fees	-	(7,800)	7,800	-	-	-	-
Share issuance costs – cash	-	(17,675)	-	-	-	-	(17,675)
Other comprehensive income	-	-	-	-	27,654	-	27,654
Net loss for the year	-	-	-	-	-	(1,014,356)	(1,014,356)
Balance at September 30, 2016	16,376,000	\$1,256,650	\$ 7,800	\$ -	\$ 27,654	\$ (1,169,779)	\$ 122,325

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

PHIVIDA HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended September 30, 2016	For the period from incorporation on April 24, 2015 to September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,014,356)	\$ (135,423)
Items not affecting cash:		
Shares issued as finders' fees	625,000	15,000
Shares issued for services	18,000	-
Changes in non-cash working capital items:		
Increase in accounts receivable	(125,287)	-
Increase in prepaid expenses	(58,493)	-
Increase in inventory	(42,208)	-
Increase in accounts payable and accrued liabilities	404,329	85,105
Net cash used in operating activities	(193,015)	(35,318)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash	-	20,000
Share subscriptions received	-	253,500
Share issuance costs	(17,675)	-
Net cash provided by (used in) financing activities	(17,675)	273,500
Effect of foreign exchange on cash	29,245	-
CHANGE IN CASH	(181,445)	238,182
CASH, BEGINNING	238,182	-
CASH, ENDING	\$ 56,737	\$ 238,182

Supplemental cash flow information (note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Phivida Holdings Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 24, 2015 under the name Icarus Capital Corp. On November 18, 2015, the Company changed its name from Icarus Capital Corp. to Phytofarm Holdings Inc. and subsequent to the year ended September 30, 2016, it changed its name to Phivida Holdings Inc. The Company is in the business of purchasing, packaging and selling holistic hemp infused remedies.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At September 30, 2016, the Company had a working capital of \$122,325, had not yet achieved profitable operations and had an accumulated deficit of \$1,169,779 since its inception. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to continue operations and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material to these consolidated financial statements.

The Company's registered office is 200-1238 Homer Street and head office is suite 1070-1200 West 73rd Avenue.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These consolidated financial statements include the assets and operations of Phivida Holdings Inc. and its wholly owned subsidiaries Phivida Organics Inc. ("Phivida Organics"), Phivida Enhanced Distribution Inc. ("Phivida Enhanced"), and Phivida Nutrition Inc. ("Phivida Nutrition"). Phivida Enhanced and Phivida Nutrition are inactive subsidiaries. All inter-company balances and transactions have been eliminated on consolidation.

Subsidiaries are investees where the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

2. BASIS OF PRESENTATION (cont'd)

The consolidated financial statements have been prepared on a continuity-of-interests basis, on the basis of the transfer of an existing entity to an entity under common control, whereby the predecessor entity's historical accounting basis for the assets acquired and liabilities assumed continues to be used as the accounting basis in the successor's financial statements. The acquisitions of Phivida Enhanced and Phivida Nutrition are considered to be common control transactions (note 9). Consequently, the issuance of common shares to acquire Phivida Enhanced and Phivida Nutrition are treated as if they had occurred on April 24, 2015. Phivida Organics was incorporated on June 19, 2015.

Critical estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ significantly from these estimates.

Critical judgements

The preparation of these consolidated financial statements requires management to make judgements regarding the ability of the Company to continue as a going concern as previously discussed in Note 1.

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. See note 3 for determination.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected (see note 15 for determination).

Key sources of estimation uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates made by management affecting the consolidated financial statements include:

2. BASIS OF PRESENTATION (cont'd)

Share-based payments and non-monetary share transactions

Estimating fair value for share based payments and granted stock options and warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. These estimates also require determining the most appropriate inputs to the valuation model, including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

3. SIGNIFICANT ACCOUNTING POLICIES

Functional and Reporting Currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company, Phivida Enhanced and Phivida Nutrition is the Canadian dollar and the functional currency of Phivida Organics is the US dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are re-measured at the rate of exchange at each financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

On translation of the financial statements of the entities whose functional currency is other than the Canadian dollar, revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Assets and liabilities are translated at the rate of exchange at the reporting date. Exchange gains and losses, including results of re-translation, are recorded in other comprehensive income.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

The Company's revenue is comprised of sales of its product line which consists of hemp oil. The Company recognizes revenues on product sales at the time the product is delivered. At the time of delivery, the following criteria for revenue recognition exist: title has transferred to the customer according to the shipping terms, the Company no longer retains managerial involvement with the product associated with ownership, the amount of revenue and costs incurred with respect to the underlying transaction are measured reliably, and collection of the related receivable is probable. Anticipated product returns are provided for at the time of sale.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there are any indications of impairment. Assets that have an indefinite useful life are tested annually for impairment. If any such indication exists, the asset's recoverable amount is estimated. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or fair value through profit or loss ("FVTPL").

Held-to-maturity financial assets

Held-to-maturity financial assets are non non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale.

Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables (ii) held-to-maturity investments or (iii) financial assets at FVTPL.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets at FVTPL

A financial asset is classified as held for trading or is designated as FVTPL upon initial recognition. Financial assets are designated as FVTPL if: (i) it eliminates an accounting mismatch or (ii) the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities at FVTPL

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL.

Financial assets held-to-maturity, loans and receivables and financial liabilities other than those recorded at fair value through profit and loss, are measured at fair value upon initial recognition, as adjusted for transaction costs directly attributable to the acquisition or issue of the financial instrument, and are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instrument, or, where appropriate, a shorter period. Available-for-sale instruments are measured at fair value, as adjusted for transaction costs directly attributable to the acquisition of the financial asset, with the unrealized gains and losses recognized in other comprehensive income ("OCI"), except for impairment losses and foreign exchange gains and losses on monetary available-for-sale instruments, which are recognized in profit or loss. When available-for-sale instruments are no longer recognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment. Instruments classified as fair value through profit and loss are measured at fair value, with the unrealized gains and losses recognized in profit or loss.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets at fair value through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of all financial instruments, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the standard cost method, which is updated regularly to reflect current conditions and approximate cost based on the weighted average formula. Cost of inventory includes cost of purchase (purchase price, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provisions for obsolete, slow moving or defective inventories are recognized in profit or loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory.

Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities not acquired or assumed in a business combination that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date and which are expected to be applicable in the period(s) in which realization or settlement of the carrying amount of assets and liabilities is expected to occur.

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

Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Warrant & share-based compensation

The Company grants warrants to buy common shares of the Company to directors and officers. The Company may also issue stock warrants to agents as finders' fees. The Company recognizes warrant compensation expense based on the estimated fair value of the warrants. A fair value measurement is made for each vesting instalment within each warrant grant and is determined using the Black-Scholes option-pricing model. The fair value of the warrants is recognized over the vesting period of the warrant granted as either share-based compensation expense, or as share issuance costs when awarded to agents as finders' fees, with a corresponding amount recognized for each of share-based compensation and share issuance costs, in reserve. This measurement includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The equity reserve account is subsequently reduced if the warrants are exercised and the amount initially recorded is then credited to share capital.

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

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares and share warrants are recognized as a deduction from equity, net of any tax effects.

The residual value method is used to calculate the fair value of the warrant component of units issued, whereby the residual value resulting from the private placement proceeds less the fair value of the share component is assigned as the fair value of the warrants.

Loss per share

The Company applies the "Treasury Stock Method" to calculate loss per common share. Under this method, the basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. The diluted loss per share calculation assumes that the outstanding stock options and share purchase warrants had been exercised at the beginning of the period, or at the date of issuance if issued during the period, and proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for the Company's annual periods beginning on or after October 1, 2018 or later periods. The following are new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements:

IFRS 9 Financial Instruments: IFRS 9 replaces IAS 39 and 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 the entity's business model and the contractual cash flow characteristics of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

4. RECENT ACCOUNTING PRONOUNCEMENTS (cont'd)

IFRS 15 Revenue recognition: The IASB issued IFRS 15, Revenue from Contracts with Customers in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

IFRS 16 Leases: IFRS 16 replaces IAS 17 and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

The Company has not yet finalized its review of the potential impact on the consolidated financial statements of adopting these new standards.

5. FINANCIAL INSTRUMENTS AND RISKS

Classification of financial instruments

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The Company designated its cash and accounts receivable as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities as at September 30, 2016 approximate their fair value due to their short term nature.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying value of its financial instruments shown on the consolidated statement of financial position and arises from the Company's cash, which is held with high credit quality financial institutions, and accounts receivable, which are due from customers. As at September 30, 2016, \$124,047 of accounts receivable is considered past due but not impaired and is due from a single customer.

Market risk:

Market risk consists of currency risk, interest rate risk and other price risk.

Interest rate risk:

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds cash with banks in regular business accounts that do not bear interest at significant rates that would expose the Company to any significant risk. The Company does not have any interest-bearing debt.

5. FINANCIAL INSTRUMENTS AND RISKS (cont'd)

Risk management (cont'd)

Currency risk:

Currency risk is the risk that exposes the Company to financial risk related to the fluctuation in exchange rates. The Company has financial risk arising from fluctuations in foreign exchange rates as the Company does hold foreign currency denominated financial assets and liabilities. In the year ending September 30, 2016 the Company has a high number of transactions in USD this creates a significant risk from fluctuations in the exchange rate.

The following is a sensitivity analysis of the USD activity in the years ending September 30, 2016 and 2015 in Canadian dollars:

September 30, 2016					
Account	Carrying Value		+10 base points		-10 base points
Assets:					
Cash	\$	41,242	\$	4,124	\$ (4,124)
Accounts receivable		124,047		12,405	(12,405)
Liabilities:					
Accounts payable and accrued liabilities		(4,487)		(449)	449
TOTAL	\$	160,802	\$	16,080	\$ (16,080)
September 30, 2015					
Account	Carrying Value		+10 base points		-10 base points
Assets:					
Cash	\$	12,178	\$	1,218	\$ (1,218)
Liabilities:					
Accounts payable and accrued liabilities		(88)		(9)	9
TOTAL	\$	12,090	\$	1,209	\$ (1,209)

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do at excessive cost. As at September 30, 2016, the Company has cash of \$56,737 (2015 - \$238,182) to settle liabilities of \$158,554 (2015 - \$76,980) which have contractual maturities of less than 90 days and are subject to normal trade terms. The Company will correct its financial position by completing a financing (note 17(g)).

6. ACCOUNTS RECEIVABLE

As at September 30,	2016	2015
Trade receivables	\$ 124,047	\$ -

7. INVENTORY

The carrying cost of the inventory as of September 30, 2016, is \$41,791 (2015 - \$nil). The inventory is purchased in large quantities and is then separated into smaller containers to be sold, because of this the Company does not maintain a separate work in progress tracking and instead considers all inventory to be a finished product.

Inventories expensed in cost of sales for the year ended September 30, 2016 amounted to \$87,203 (2015 - \$nil)

8. PREPAIDS

As at September 30,	2016	2015
Consulting services (note 12)	\$ 39,375	\$ -
Prepaid deposit	6,559	-
Supplier credit	12,370	-
Total	\$ 58,304	\$ -

9. COMMON CONTROL TRANSACTIONS

During the year ended September 30, 2016, the Company completed the acquisition of Phivida Enhanced and Phivida Nutrition by issuing 2,000,000 common shares per acquisition, valued at \$0.005 per common share to related parties.

There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. IAS 8 – Accounting policies, changes in accounting estimates and errors requires management, if there is no specifically applicable standard of interpretation, to develop a reliable policy that is relevant to the decision making needs of users. The Company has determined to apply the concept of continuity of interest basis of accounting for transactions under common control as detailed under United States generally accepted accounting principles ("US GAAP"). US GAAP requires an acquirer in a combination between entities or business under common control to recognize the assets acquired and liabilities assumed in the transaction at their carrying amounts in the accounts of the transferring entities at the date of transfer.

At the date of transfer Phivida Enhanced and Phivida Nutrition had no recognized assets or liabilities, accordingly the cost of acquisition, being \$10,000 each, has been recorded to deficit.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at September 30,	2016	2015
Trade accounts payable (note 12)	\$ 121,014	\$ 23,940
Accrued liabilities	30,000	8,000
Subscriptions payable	7,540	45,040
Total	\$ 158,554	\$ 76,980

11. SHARE CAPITAL

- (a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.

- (b) Issued and Outstanding

The following share capital transactions took place during the period ended September 30, 2015:

i) On June 17, 2015, the Company issued 2,500,000 common shares at \$0.005 per common share for gross proceeds of \$12,500.

ii) On June 17, 2015, the Company issued 1,625,000 common shares to settle debt in the amount of \$8,125. Each common share had a fair value of \$0.005.

iii) On June 17, 2015, the Company issued 3,000,000 common shares to a company controlled by a Director of the Company as a finder's fee. The common shares had a fair value of \$15,000. The transaction was not completed and the finder's fee was recorded in profit or loss during the period ended September 30, 2015 and classified as a consulting fee.

iv) On June 30, 2015, the Company issued 375,000 common shares at \$0.02 per common share for gross proceeds of \$7,500.

The following share capital transactions took place during the year ended September 30, 2016:

i) On January 4, 2016, the Company issued 2,000,000 common shares valued at \$0.005 per common share for the acquisition of Phivida Nutrition, an entity under common control (note 9).

ii) On January 8, 2016, the Company issued 2,000,000 common shares valued at \$0.005 per common share for the acquisition of Phivida Enhanced, an entity under common control (note 9).

iii) On January 29, 2016, the Company completed a private placement and issued 1,014,000 units at \$0.25 per unit for gross proceeds of \$253,500 of which \$253,500 was received during the period ended September 30, 2015. Each unit consists of one common share and one half purchase warrant. Each full warrant is exercisable at \$0.35 for a period of 2 years from the date of issuance. The warrants attached to the units were valued at \$Nil. In connection with the private placement the Company paid/issued the following finders' fees:

- Issued 70,700 warrants exercisable at \$0.35 per warrant for a period of 2 years from the date of issuance. The fair value of these warrants was \$7,800; and
- Paid \$17,675 cash.

11. SHARE CAPITAL (cont'd)

(b) Issued and Outstanding (cont'd)

iv) On January 29, 2016, The Company issued 2,500,000 shares valued at \$0.25 as finders' fees. Finders' fees were expensed during the year as the services related to the introduction of potential customers by the Finders to the Company.

v) On January 29, 2016, the Company issued 1,290,000 common shares to settle debt in the amount of \$322,500. Each common share had a fair value of \$0.25.

vi) On July 29, 2016, the Company issued 72,000 common shares at \$0.25 per common share for consulting services rendered during the year in the amount of \$18,000.

(c) Share warrants

The Company issued 507,000 warrants as a part of the Unit offering on January 29, 2016. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.35 per common share for a period of 2 years.

The Company granted 70,700 warrants to directors and officers as finders' fees. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.35 per common share for a period of 2 years.

	Number of warrants	Weighted average exercise price	Remaining contractual life (years)
Outstanding, April 24, 2015	-	\$ -	-
Granted	-	-	-
Outstanding and exercisable, September 30, 2015	-	-	-
Granted	577,700	0.35	-
Outstanding and exercisable, September 30, 2016	577,700	\$ 0.35	1.33

(d) Fair Market value of Finder Fee Warrants

The fair value of the 70,700 finder's fee warrants issued January 29, 2016 to directors and officers was \$7,800 (2015 – \$nil) determined using the Black-Scholes Option Pricing Model with the following assumptions:

	2016	2015
Market price	\$0.25	-
Exercise price	\$0.35	-
Expected life	2 years	-
Annualized volatility*	100%	-
Dividend rate	0%	-
Risk-free rate	0.42%	-
Fair value	\$0.11	-

* The Company has estimated volatility by using the historical volatility of public companies that the Company considers comparable to its business activities.

12. RELATED PARTY TRANSACTIONS

Key Management Personnel

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

The remuneration of directors and other members of key management personnel were as follows:

	2016	2015
Professional fees	\$ 21,411	\$ -
Consulting fees	297,761	10,625
Finders' fees – cash	15,225	-
Finders' fees – warrants	6,719	-
Finder's fees – shares	-	15,000
Commissions (included in cost of goods sold)	4,154	-
Total	\$ 345,270	\$ 25,625

As at September 30, 2016, \$100,772 (2015 - \$5,190) was payable to various directors of the Company. The amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

As at September 30, 2016, \$19,688 (2015 - \$Nil) was included in prepaid expenses for consulting fees which were paid in advance for which services have yet to be rendered.

Other related party transactions are disclosed in notes 9 and 11.

13. SUPPLEMENTAL CASH FLOW INFORMATION

There was no cash paid for interest or income taxes for the period ended September 30, 2015 or for the year ended September 30, 2016.

The significant non-cash transaction for the period ended September 30, 2015 consisted of the following:

- Shares issued to settle debt in the amount of \$8,125.

The significant non-cash transactions for the year ended September 30, 2016 consisted of the following:

- Shares totalling \$253,500 were issued during the year for which subscriptions were received in the prior year;
- Warrants granted as finders' fees with a fair value of \$7,800;
- Shares issued to acquire entities under common control with a fair value of \$20,000 (notes 9 and 11);
- Shares issued to settle debt in the amount of \$322,500.

14. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is not subject to any externally-imposed capital requirements. There was no change to the Company's approach to capital management during the year ended September 30, 2016.

15. INCOME TAXES

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

September 30,	2016	2015
Net loss	\$ 1,014,356	\$ 135,423
Statutory tax rate	26%	26%
Expected income tax recovery	264,000	35,000
Impact of foreign tax rates and other	5,000	-
Share issue costs	6,000	-
Change in unrecognized deductible temporary differences	(275,000)	(35,000)
Total income tax expense	\$ -	\$ -

The significant components of the Company's unrecognized deferred tax assets are as follows:

September 30,	2016	2015
Deferred Tax Assets (liabilities)		
Share issue costs	\$ 5,000	\$ -
Non-capital losses available for future period	305,000	35,000
	310,000	35,000
Unrecognized deferred tax assets	(310,000)	(35,000)
Net deferred tax assets	\$ -	\$ -

The Company has available for deduction against future taxable income share issue costs of approximately \$20,000 which will expire by 2020 and non-capital losses of approximately \$1,153,000 which will expire between 2035 and 2036. Non capital losses expire as follows:

Fiscal Year of Expiry	Country	Amount
2035	Canada	\$ 135,000
2036	Canada	984,000
2036	United States	34,000
		\$ 1,153,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the purchase and distribution of hemp oil products in North America.

Information by geographical segment is as follows:

	2016	2015
Revenues		
United States	\$ 335,269	\$ -
Canada	-	-
Total revenues	\$ 335,269	\$ -

During the year ended September 30, 2016, the Company had one customer whose total sales were in excess of 10% of total revenues (2015 – none). Total sales to this customer for the year ended September 30, 2016 were \$302,149 (2015 - \$Nil).

17. SUBSEQUENT EVENTS

- On October 26, 2016, 14,951 common shares were issued to a former director of the Company for consulting services, at a fair value of \$0.25 per common share.
- On October 26, 2016, 72,000 common shares were issued to a director and the VP – Finance of the Company for consulting services, at a fair value of \$0.25 per common share.
- On November 1, 2016, 72,000 common shares were issued to a director of the Company for consulting services, at a fair value of \$0.25 per common share.
- On December 15, 2016, the Company issued 3,750,000 units of the Company at \$0.02 per unit. Each unit consists of one common share and ½ share purchase warrant. Each whole warrant is exercisable at \$0.05 per common share for a period of 36 months from the date of issuance of the units. In connection with the unit offering, each shareholder entered into a call option agreement with the Company whereby the Company had the option to purchase all of the units from the shareholders in the event that none of the set milestone events (as set out within the call option agreements) were reached by December 9, 2017. The call option agreements were terminated as a milestone event was reached prior to the December 9, 2017 deadline.
- On December 30, 2016, the Company entered into a debt conversion agreement with a director of the Company. The Company issued 450,000 common shares at a price of \$0.20 per common share to settle a debt of \$90,000.
- January 1, 2017, the Company signed a consulting agreement with a director of the Company for executive consulting services. Monthly compensation was set at \$10,000 and was subsequently amended to USD\$10,000 effective April 1, 2017. Upon approval of the Company's stock option plan the Company will grant 200,000 stock options exercisable at \$0.20 per share for a period of 5 years from the date of grant, these options are included in the May 5, 2017 stock option issuance noted below. Options will vest 25% every 3 months after the grant date.
- On February 14, 2017, the Company closed a private placement of 6,150,000 shares issued at \$0.20 per share for gross proceeds of \$1,230,000. Cash finders' fees of \$34,250 were incurred in connection with the private placement.

17. SUBSEQUENT EVENTS (cont'd)

- h) On April 30, 2017, the Company entered into a debt conversion agreement with a director and the VP Finance of the Company. The Company issued 189,000 common shares at a price of \$0.20 per common share to settle debt of \$37,800.
- i) On May 5, 2017, the Company granted an aggregate of 3,700,000 incentive stock options to various officers, directors and consultants. Each stock option is exercisable by the holder thereof to purchase one common share at a price of \$0.20 per share until May 5, 2022, subject to earlier termination in accordance with the terms of the Company's stock option plan. The options are subject to a vesting schedule whereby 25% of the options vest 3 months after the date of grant, 25% vest 6 months after the date of grant, 25% vest 9 months after the date of grant and 25% vest 12 months after the date of grant.

SCHEDULE “D”

Management’s Discussion and Analysis for the Three and Nine Months Ended June 30, 2017

[Inserted as the following pages]

Phivida Holdings Inc.

Interim Management's Discussion & Analysis – Quarterly Highlights

For the three and nine months ended June 30, 2017

Discussion dated: August 31, 2017

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Phivida Holdings Inc. ("Phivida" or the "Company") for the three and nine months ended June 30, 2017 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended September 30, 2016. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the year ended September 30, 2016, and the period from incorporation on April 24, 2015 to September 30, 2015, together with the notes thereto, and unaudited condensed consolidated interim financial statements for the three and nine months ended June 30, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 31, 2017, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from <http://phivida.com>.

Caution Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim

Phivida Holdings Inc.**Interim Management's Discussion & Analysis – Quarterly Highlights****For the three and nine months ended June 30, 2017****Discussion dated: August 31, 2017**

MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to have positive revenue and profit margins.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans.	The operating activities of the Company for the twelve months ending June 30, 2018 will be consistent with the Company's current expectations.	The Company's inability to make the technological development of its product lines and improve monetization; sufficient funds not being available; increases in costs; the growth of the market for hemp and cannabinoid products is not as expected; the Company may be unable to retain key personnel; the Company's inability to launch its products in an efficient manner; competition; legal requirements and limitations and the possibility that the law relating to the Company's business could change in a manner that materially adversely affects the Company's business; the Company's inability to enter into advantageous agreements and business relationships; the Company's inability to attract customers for its products; general economic conditions and those economic conditions specific to the hemp and cannabinoid industry are negative.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different

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from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Phivida was incorporated under the Business Corporations Act (British Columbia) on April 24, 2015 under incorporation number BC1034621 as "Icarus Capital Corp.", and subsequently changed its name to "Phytofarms Holdings Inc." on November 18, 2015 and to Phivida Holdings Inc. (the "Company" or "Phivida") on January 16, 2017. The Company's registered and records office is located at 200-1238 Homer Street and head office is 1070-1200 West 73rd Ave. The Company has three wholly-owned subsidiaries: Phivida Organics Inc. ("Phivida Organics"), Phivida Nutrition Inc.TM ("Phivida Nutrition") and Phivida Enhanced Distribution Inc. ("Phivida Enhanced").

The Company is in the business of purchasing, packaging and selling holistic hemp infused remedies. Structured as a group of companies, Phivida provides corporate services to each of its subsidiaries as well as management of supply chain and distribution partnerships. Under Phivida, each subsidiary within the group of companies is responsible for the development and operation of three core business lines:

1. Phivida Organics provides wholesale hemp oil extract to product manufacturers.
2. Phivida Nutrition provides product development and brand management of an innovative mix of hemp oil infused Functional Foods and Beverage products. These consumer packaged goods have been developed by Phivida Nutrition and are licensed to Phivida for sale online and through retail channels across the USA. These products will be sold under the brand name "PhividaTM" and include Hemp oil infused; (a) Vitamin Juice, (b) Iced Tea, and (c) Nutritional Shakes, and other function food and beverage formulations.
3. Phivida Enhanced provides product development and brand management of an innovative mix of enhanced foods/supplement products. These consumer packaged goods have been developed by Phivida Enhanced and are licensed to Phivida for sale online and through retail channels across the USA. These products will be sold under the brand name "PhividaTM" and "Vida+" and include; (a) Tinctures, (b) Vitamin Shots and (c) Salves.

These subsidiaries are responsible for product strategy, design, development, contract manufacturing and marketing/distribution. All products maintain high-quality and functional standards and strive to achieve 100% Non-GMO, gluten-free, vegan, low-sugar products and are enhanced with targeted blends of organic plant derived vitamins, minerals and antioxidants.

Phivida products are aimed at the mass consumer preventative health and wellness and professional alternative health care markets. All product ingredients will support food quality certifications, to be included on packaging and brand messaging; (a) Non-GMO, (b) 100% Organic, (c) Vegan, (d) Kosher, (e) Sugar Free, (f) Soy Free, (g) Tree Nut Free. All products are manufactured at cGMP certified facilities, third party laboratory tested for a) potency, b) terpenes, c) microbiological (bacteria), d) residual solvents and e) pesticides.

Corporate Highlights

- On October 26, 2016, 14,951 common shares were issued to a former director of the Company for consulting services, at a fair value of \$0.25 per common share.
- On October 26, 2016, 72,000 common shares were issued to a director and the VP Finance of the Company for consulting services, at a fair value of \$0.25 per common share.
- On November 1, 2016, 72,000 common shares were issued to a director of the Company for consulting services, at a fair value of \$0.25 per common share.
- The Company encountered a cash flow shortfall due to: (i) investing in its brand; and (ii) late collections from its receivables. As a result, the Company required funds to continue operations and pursuant to a subscription agreement dated December 9, 2016, the Company issued 3,750,000 units of the Company at \$0.02 per unit. Each unit consists of one common share and ½ share purchase warrant. Each whole warrant is exercisable at \$0.05 per common share for a period of 36 months from the date of issuance of the units. The fair value of the warrants was determined to be \$403,825 calculated using the Black-Scholes Option Pricing Model and was expensed in profit or loss as financing expense. The fair market value of the common shares was determined to be \$0.25. The difference between the proceeds received of \$75,000 and the fair value of the shares issued of \$937,500, being \$862,500, was expensed in profit or loss as financing expense. In connection with the unit offering, each shareholder entered into a call option agreement with the Company whereby the Company had the option to purchase all of the units from the shareholders in the event that none of the set milestone events were reached by December 9, 2017 (milestones were set out within the call option agreements). The call option agreements were terminated as a milestone event was reached prior to the December 9, 2017 deadline.
- On December 30, 2016, the Company entered into a debt conversion agreement with a director of the Company. On January 6, 2017, the Company issued 450,000 common shares at a price of \$0.20 per common share to settle a debt of \$90,000.
- On February 14, 2017, the Company closed a private placement of 6,150,000 shares issued at \$0.20 per share for gross proceeds of \$1,230,000. Cash finders' fees of \$34,250 were incurred in connection with the private placement.
- On April 30, 2017, the Company entered into a debt conversion agreement with a director and the VP Finance of the Company. The Company issued 189,000 common shares at a price of \$0.20 per common share to settle debt of \$37,800.
- On May 5, 2017, the Company granted an aggregate of 3,700,000 incentive stock options to various officers, directors and consultants. Each stock option is exercisable by the holder thereof to purchase one common share at a price of \$0.20 per share until May 5, 2022, subject to earlier termination in accordance with the terms of the Company's stock option plan, as approved by the Board (the "Stock Option Plan"). The options are subject to a vesting schedule whereby 25% of the options vest 3 months after the date of grant, 25%

Phivida Holdings Inc.

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vest 6 months after the date of grant, 25% vest 9 months after the date of grant and 25% vest 12 months after the date of grant.

The Stock Option Plan is designed for selected employees, officers, directors, consultants and contractors, of the Company to incentivize such individuals to contribute toward the Company's long term goals, and to encourage such individuals to acquire common shares as long-term investments. The Stock Option Plan is administered by the Board and authorizes the issuance of stock options not to exceed a total of 15% of the number of common shares issued and outstanding from time to time.

The Company intends to fund its ongoing working capital activities from equity financing, if available, and product sales.

Financial Highlights

Financial Performance

Three months ended June 30, 2017, compared with three months ended June 30, 2016

Phivida's net loss totaled \$288,927 for the three months ended June 30, 2017, with basic and diluted loss per share of \$0.011. This compares with a net loss of \$35,012 with basic and diluted loss per share of \$0.002 for the three months ended June 30, 2016. The increase in net loss of \$253,915 was principally because:

- Expenses increased to \$295,820 for the three months ended June 30, 2017 (three months ended June 30, 2016 - \$104,312). The increase was primarily due to stock based compensation and professional fees. Stock based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock based compensation expense increased by \$95,391 due to 3,700,000 options granted during the three months ended June 30, 2017 as compared to nil in the comparative period. In addition, professional fees increased by \$35,204 due to higher support costs for Phivida's business.

As at June 30, 2017, the Company had assets of \$1,127,060 and a net equity position of \$1,074,853. This compares with assets of \$280,879 and a net equity position of \$122,325 at September 30, 2016. The Company had \$52,207 of liabilities and no long term debt (September 30, 2016 – \$158,554 of liabilities and no long term debt).

Phivida is at an early stage of purchasing, packaging and selling holistic hemp infused remedies and as is common with many start-up companies, it raises financing for its initial sales activities. At June 30, 2017, the Company had working capital of \$1,074,853, compared to \$122,325 at September 30, 2016, an increase of \$952,528. The Company had cash of \$980,420 at June 30, 2017, compared to \$56,737 at September 30, 2016, an increase of \$923,683. The increase in working capital and cash can be attributed to shares issued for cash in the amount of \$1,305,000 on a gross basis and the collection of select receivables. Management is actively pursuing funding options, such as a going public transaction, required to meet the Company's requirements on an ongoing basis and support to increase sales.

Phivida Holdings Inc.

Interim Management's Discussion & Analysis – Quarterly Highlights

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Cash flow

At June 30, 2017, the Company had cash of \$980,420, compared to \$56,737 at September 30, 2016. The increase in cash of \$923,683 from the September 30, 2016 cash balance of \$56,737 was as a result of cash outflows in operating activities of \$294,007, cash outflows in investing activities of \$10,008 offset by cash provided by financing activities of \$1,269,000. Operating activities were affected by adjustments of shares issued pursuant to services of \$39,738, a non-cash financing fee of \$1,266,325, stock based compensation of \$95,391 and net change in non-cash working capital balances of \$108,688 because of a decrease in receivables of \$103,543, an increase in inventory of \$24,871, a decrease in prepaid expenses of \$8,563 and an increase in accounts payable and other liabilities of \$21,453. Financing activities increased by \$1,269,000 through the issue of shares for cash in the amount of \$1,305,000 offset by share issue costs of \$36,000. Investing activities included the issue of a promissory note in the amount of USD\$7,500 (\$10,008 using the average exchange rate for the period).

Liquidity and Capital Resources

The activities of the Company are financed through the completion of equity transactions such as equity offerings to support its initial sales activities. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

The Company has minimal recurring operating revenues and therefore must utilize its current cash reserves, funds obtained from the issuance of share capital and other financing transactions to maintain its capacity to meet ongoing operating activities. As of June 30, 2017, the Company had 27,073,951 common shares issued and outstanding, 2,452,700 warrants outstanding that would raise \$295,945 and 3,700,000 stock options outstanding that would raise \$740,000, if exercised in full. This is not anticipated in the immediate future.

Accounts payable and accrued liabilities decreased to \$52,207 at June 30, 2017, compared to \$158,554 at September 30, 2016, and consist of amounts that are to be extinguished in due course. The Company has sufficient cash to pay these liabilities as at June 30, 2017.

The Company's liquidity risk from financial instruments is minimal as excess cash is held in current bank accounts.

For the Company's anticipated going public transaction, the Company anticipates receiving a minimum of \$365,000 and a maximum of \$4,550,000, after deducting all estimated costs and excluding the Company's working capital. Details on the minimum and maximum are set out below:

Expense	Minimum Amount (\$)	Maximum Amount (\$)
Gross Proceeds of Offering	500,000	5,000,000
Less: Agent's Commission	(35,000)	(350,000)
Transaction Costs	(100,000)	(100,000)
Net Proceeds of Offering	365,000	4,550,000

Phivida Holdings Inc.

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Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Caution Regarding Forward-Looking Statements" above.

Transactions with Related Parties

(a) Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, excluding the CFO, for details of which are disclosed below. The remuneration of directors and other members of key management personnel were as follows:

	Nine Months Ended June 30, 2017 (\$)	Nine Months Ended June 30, 2016 (\$)
Salaries		
Consulting fees ⁽¹⁾	175,456	178,438
Professional fees ⁽²⁾	9,049	20,151
Finders' fees ⁽³⁾	nil	21,944
Stock-based compensation ⁽⁴⁾	58,008	nil
	242,513	220,533

⁽¹⁾ Nine months ended June 30, 2017 - John David Belfontaine, CEO - \$92,956, Kyle Johnston, Director - \$22,500, George Kovalyov, VP of Finance - \$54,000, and Joost Luecker, Director - \$6,000.

Nine months ended June 30, 2016 - John David Belfontaine, CEO - \$59,063, Kyle Johnston, Director - \$45,000, Ruth Shamaï, Former Director - \$35,000, and Sarah Holvik, Former Director - \$39,375.

⁽²⁾ Nine months ended June 30, 2017 - George Kovalyov, VP of Finance - \$9,049.

Nine months ended June 30, 2016 - George Kovalyov, VP of Finance - \$20,151.

⁽³⁾ Nine months ended June 30, 2016 - John David Belfontaine, CEO - \$16,899, Kyle Johnston, Director - \$1,009, and George Kovalyov, VP of Finance - \$4,036.

⁽⁴⁾ Nine months ended June 30, 2017 - John David Belfontaine, CEO - \$15,469, Kyle Johnston, Director - \$5,156, George Kovalyov, VP of Finance - \$5,156, Carmelo Marrelli, Chief Financial Officer ("CFO") - \$5,156, Joost Luecker, Director - \$6,445, William Ciprick, Director - \$5,156, James Bailey, Director - \$5,157, Peter Simeon, Director - \$5,157, and Brian Martin, Director - \$5,156.

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For the three and nine months ended June 30, 2017

Discussion dated: August 31, 2017

	Three Months Ended June 30, 2017 (\$)	Three Months Ended June 30, 2016 (\$)
Salaries		
Consulting fees ⁽¹⁾	58,032	71,225
Professional fees ⁽²⁾	5,040	nil
Stock-based compensation ⁽³⁾	58,008	nil
	121,080	71,225

⁽¹⁾ Three months ended June 30, 2017 - John David Belfontaine, CEO - \$40,032, and George Kovalyov, VP of Finance - \$18,000.

Three months ended June 30, 2016 - John David Belfontaine, CEO - \$39,375, Kyle Johnston, Director - \$22,500, and Ruth Shamaï, Former Director - \$9,350.

⁽²⁾ Three months ended June 30, 2017 - George Kovalyov, VP of Finance - \$5,040.

⁽³⁾ Three months ended June 30, 2017 - John David Belfontaine, CEO - \$15,469, Kyle Johnston, Director - \$5,156, George Kovalyov, VP of Finance - \$5,156, Carmelo Marrelli, Chief Financial Officer ("CFO") - \$5,156, Joost Luecker, Director - \$6,445, William Ciprick, Director - \$5,156, James Bailey, Director - \$5,157, Peter Simeon, Director - \$5,157, and Brian Martin, Director - \$5,156.

As at June 30, 2017, \$25,577 (September 30, 2016 - \$100,772) was payable to various directors of the Company. The amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

- The \$25,577 includes: John David Belfontaine, CEO - \$12,977, and George Kovalyov, VP of Finance - \$12,600.
- The \$100,772 includes: John David Belfontaine, CEO - \$2,384, Kyle Johnston, Director - \$67,500, George Kovalyov, VP of Finance - \$12,000, Joost Luecker, Director - \$15,150, and Ruth Shamaï, Former Director - \$3,738.

As at June 30, 2017, \$nil (September 30, 2016 - \$19,688) was included in prepaid expenses for consulting fees provided by John David Belfontaine, CEO, which were paid in advance for which services had yet to be rendered.

(b) During the three and nine months ended June 30, 2017, the Company paid professional fees of \$5,752 (three and nine months ended June 30, 2016 - \$nil) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is President. Mr. Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at June 30, 2017, Marrelli Support is owed \$nil (September 30, 2016 - \$nil).

(c) During the three and nine months ended June 30, 2017, the Company paid professional fees of \$3,745 (three and nine months ended June 30, 2016 - \$nil) to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole

Phivida Holdings Inc.

Interim Management's Discussion & Analysis – Quarterly Highlights

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director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2017, DSA is owed \$3,931 (September 30, 2016 - \$nil). This amount was included in accounts payable and other liabilities and was unsecured, non-interest bearing and due within 30 days.

Outlook

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the hemp industry will be favourable, and hence it may be possible to obtain additional funding.

Notwithstanding, the Company is mindful that the hemp industry could change with little or no warning. Accordingly, its plans for the near term are to proceed with the Company's business plan, including a going public transaction, to monitor market fundamentals, and to ensure that the Company is well positioned to weather any possible resurgence of a market downturn. See "Risk Factors".

Risk Factors

There are risks, uncertainties and assumptions in relation to the Company's business and operations. Actual results, performance and achievements may not confirm to the Company's expectations and predictions, and are subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including, among others, risks related to:

- speculative nature of investment risk;
- liquidity and future financing risk;
- market risk for securities;
- increased costs of being a publicly traded company;
- no prospect of dividends;
- significant shareholding of officers and directors;
- history of operating losses;
- going-concern risk;
- competition;
- limited operating history and no established financing sources;
- agricultural operations risk;
- success of quality control systems;

Phivida Holdings Inc.

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- domestic supply risk;
 - reliance on third-party suppliers and manufacturers;
 - product recalls;
 - product liability;
 - effectiveness and efficiency of advertising and promotional expenditures;
 - maintaining and promoting our brand;
 - changing consumer preferences;
 - key personnel risk;
 - fluctuations in foreign currency exchange rates;
 - risks related to our prices;
 - requirement to generate cash flow for financial obligations;
 - uninsured or uninsurable risk;
 - conflicts of interest risk;
 - changes to state laws pertaining to industrial hemp;
 - uncertainty caused by potential changes to legal regulations;
 - potential changes in federal and state laws and regulations;
 - regulatory approval and permits;
 - risks related to potential inability to protect intellectual property;
 - risks related to potential intellectual property claims;
 - global economy risk; and
 - trends, risks and uncertainties.
-

SCHEDULE “E”

**Management’s Discussion and Analysis for the Year Ended September 30, 2016 and the Period
From Incorporation on April 24, 2015 to September 30, 2015**

[Inserted as the following pages]

Introduction

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Phivida Holdings Inc. (the "Company" or "Phivida") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 30, 2015. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 30, 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of May 26, 2017, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Phivida common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from <http://phivida.com>.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Phivida Holdings Inc.
Management's Discussion & Analysis
For the year ended September 30, 2016
Discussion dated: May 26, 2017

Forward-looking statements	Assumptions	Risk factors
The Company may be able to have positive revenue and profit margins.	The Company has anticipated all material costs and the operating activities of the Company, and such costs and activities may be consistent with the Company's current expectations; the Company may be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company may be able to carry out anticipated business plans.	The operating activities of the Company for the twelve months ending September 30, 2017 may be consistent with the Company's current expectations.	The Company's inability to make the technological development of its product lines and improve monetization; sufficient funds not being available; increases in costs; the growth of the market for hemp and cannabinoid products is not as expected; the Company may be unable to retain key personnel; the Company's inability to launch its products in an efficient manner; competition; legal requirements and limitations and the possibility that the law relating to the Company's business could change in a manner that materially adversely affects the Company's business; the Company's inability to enter into advantageous agreements and business relationships; the Company's inability to attract customers for its products; general economic conditions and those economic conditions specific to the hemp and cannabinoid industry are negative.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no

inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Phivida was incorporated under the Business Corporations Act (British Columbia) on April 24, 2015 under incorporation number BC1034621 as "Icarus Capital Corp.", and subsequently changed its name to "Phytofarms Holdings Inc." on November 18, 2015 and to Phivida Holdings Inc. (the "Company" or "Phivida") on January 16, 2017. The Company's registered and records office is located at 1820 - 925 West Georgia Street, Vancouver, BC V6C 3L2. The Company has three wholly-owned subsidiaries: Phivida Organics Inc. ("Phivida Organics"), Phivida Nutrition Inc. ("Phivida Nutrition") and Phivida Enhanced Distribution Inc. ("Phivida Enhanced").

The Company is in the business of purchasing, packaging and selling holistic hemp infused remedies. Structured as a group of companies, Phivida provides corporate services to each of its subsidiaries as well as management of supply chain and distribution partnerships. Under Phivida, each subsidiary within the group of companies is responsible for the development and operation of three core business lines:

1. Phivida Organics provides wholesale hemp oil extract to product manufacturers.
2. Phivida Nutrition provides product development and brand management of an innovative mix of hemp oil infused functional foods and beverage products. These consumer packaged goods have been developed by Phivida Nutrition and are licensed to Phivida for sale online and through retail channels across the USA. These products will be sold under the brand name "Phivida" and include Hemp oil infused: (a) Vitamin Juice, (b) Iced Tea, and (c) Nutritional Shakes, and other function food and beverage formulations.
3. Phivida Enhanced provides product development and brand management of an innovative mix of enhanced foods/supplement products. These consumer packaged goods have been developed by Phivida Enhanced and are licensed to Phivida for sale online and through retail channels across the USA. These products will be sold under the brand name "Phivida" and "Vida" and include: (a) Tinctures, (b) Vitamin Shots and (c) Salves.

These subsidiaries are responsible for product strategy, design, development, contract manufacturing and marketing/distribution. All products maintain high-quality and functional standards and strive to achieve 100% Non-GMO, gluten-free, vegan, low-sugar products and are enhanced with targeted blends of organic plant derived vitamins, minerals and antioxidants.

Phivida products are aimed at the mass consumer preventative health and wellness and professional alternative health care markets. All product ingredients will support food quality certifications, to be included on packaging and brand messaging; (a) Non-GMO, (b) 100% Organic, (c) Vegan, (d) Kosher, (e) Sugar Free, (f) Soy Free, (g) Tree Nut Free. All products are manufactured at cGMP certified facilities, third party laboratory tested for (a) potency, (b) terpenes, (c) microbiological (bacteria), (d) residual solvents and (e) pesticides.

Highlights

- On January 4, 2016, the Company issued 2,000,000 common shares valued at \$0.005 per common share for the acquisition of Phivida Nutrition, an entity under common control.

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- On January 8, 2016, the Company issued 2,000,000 common shares valued at \$0.005 per common share for the acquisition of Phivida Enhanced, an entity under common control.
- On January 29, 2016, the Company completed a private placement and issued 1,014,000 units at \$0.25 per unit for gross proceeds of \$253,500 of which \$253,500 was received in advance during the period ended September 30, 2015. Each unit consists of one common share and one half purchase warrant. Each full warrant is exercisable at \$0.35 for a period of 2 years from the date of issuance. The warrants attached to the units were valued at \$nil. In connection with the private placement, the Company paid/issued the following finders' fees:
 - Issued 70,700 warrants exercisable at \$0.35 per warrant for a period of 2 years from the date of issuance. The fair value of these warrants was \$7,800; and
 - Paid \$17,675 cash.
- On January 29, 2016, the Company issued 2,500,000 shares valued at \$0.25 as finders' fees. Finders' fees were expensed during the year as the services related to the introduction of potential customers by the Finders to the Company.
- On January 29, 2016, the Company issued 1,290,000 common shares to settle debt in the amount of \$322,500. Each common share had a fair value of \$0.25.
- On July 29, 2016, the Company issued 72,000 common shares at \$0.25 per common share for consulting services rendered during the year in the amount of \$18,000.
- Revenue of \$335,269; a 100% increase over fiscal 2015. Of this amount, \$335,269 was to two customers;
- During the year, cost of goods sold of \$141,733 included hemp oil which is purchased in bulk, repackaged and sold.

The Company intends to fund its ongoing working capital activities from equity financing, if available, and product sales.

As at September 30, 2016, the Company had assets of \$280,879 and a net equity position of \$122,325. This compares with assets of \$238,182 and a net equity position of \$161,202 at September 30, 2015. The Company had \$158,554 of liabilities and no long term debt (September 30, 2015 – \$76,980 of liabilities and no long term debt). The Company had a positive gross margin of \$193,536 and operating expenses of \$1,173,985 during the year ended September 30, 2016 (year ended September 30, 2015 – gross margin of \$nil and operating expenses of \$136,129).

Phivida is at an early stage of purchasing, packaging and selling holistic hemp infused remedies and, as is common with many start-up companies, it raises financing for its initial sales activities. At September 30, 2016, the Company had working capital of \$122,325, compared to \$161,202 at September 30, 2015, a decrease of \$38,877, or approximately 24.1%. The Company had cash of \$56,737 at September 30, 2016, compared to \$238,182 at September 30, 2015, a decrease of \$181,445, or approximately 76.2%. The decrease in working capital and cash was attributable to the Company's operating costs which support operations. Management is actively pursuing funding

options, such as a going public transaction, to meet the Company's cash flow requirements on an ongoing basis and support increased sales.

Trends

Wholesale Market

Phivida Organics products offer hemp oil extract for wholesale to manufacturers of consumer packaged goods. The burgeoning US legal hemp oil extract market is a comparable market to the medical cannabis market, where cannabinoids from the highly state-regulated cannabis sector experienced extract sales in North America totaling \$6.9 billion USD in 2016 – a 30% increase from 2015 – and are projected to increase to \$21.6 billion USD by the year 2021, representing a 26% compound annual growth rate ("CAGR"). Hemp Business Journal estimates the total retail value of hemp products sold in the US in 2016 to be at least \$688 million USD, driven in part by the emergence of hemp CBD—a category growing at 53% annual growth rate.

Patient Conversion: Medicinal Cannabis to Hemp Oil

Phivida products provide state registered medicinal cannabis patients with an alternative source to non-psychoactive phytocannabinoids through the licensing of its clinical and consumer product brands. The US medical cannabis market is a rapidly growing market, with estimated retail cannabis sales rising from an estimated \$2.2-\$2.6 billion USD in 2014 to \$7.4-8.2 billion USD in 2018. A 2016 Bloomberg report predicted the US cannabis market to reach \$50 billion USD by 2026.

As a wholesale commodity, management believes there may be a potential for cannabinoid-rich hemp oil to reach bulk market sales such as the beer, wine and spirits sector, pet and equine supplements, and cosmetics / personal care.

Natural Products Market

Phivida Enhanced products will offer a unique mix of clinical-grade botanical-enhanced nutraceutical products, and target the natural health product market. The global nutrition market is estimated to reach \$204.8 billion USD in 2017, with 93% of the market split between sales in the US, Europe and Japan.

The autoimmune and inflammatory diseases treatment market was valued at \$40.944 billion USD in 2015 and is expected to reach \$52.456 billion USD by 2022, expanding at a CAGR of 3.53%.

Phivida Enhanced nutraceutical products, once in commercial productions, will be targeted in part towards the integrated health care practitioner market. A 2012 Nutrition Business Journal report estimated that 50,000 integrated healthcare professionals ("IHPs") dispense nutritional supplements from their offices, which represents 81% of all licensed and practicing IHPs in the US. Although the retail market for nutritional supplements is mature, the IHP market is not. In 2013, the IHP channel supplement sales totaled \$2.9 billion USD. This market continues to grow at an estimated 10%-15% per year.

Organic Functional Foods

Phivida Nutrition products, being hemp oil infused functional and organic edibles, will fall into the organic functional food market. In the US, the organic food market has grown from \$10 billion USD to more than \$26 billion USD from 2004 to 2014. Within the organic foods category, beverages have grown 225% from a \$4 billion USD market to a \$14 billion USD market since 2004.

Key growth factors in this market include an increase in consumer awareness, increased organic farming, new government regulations, an aging population, increased health disorders, an increase in inflammatory and sedentary lifestyles, and an increase in mass organic food retail with new private labels and larger stocking retailers. The US represents the largest organic food consumer market at \$27 billion USD annual sales.

Further, the global natural health and wellness market has grown by over 66% in the past decade, and is expected to scale from a \$675 billion USD market in 2008 to over \$1 trillion USD by the end of 2017.

Overall Objectives

The Company has identified the following objectives as key to implementing its business plan, and consistent with the corporate development plan:

Capitalization:

Phase 1 & Phase 2 Financings

In accordance with the Company's Strategic Business Plan, the Company is seeking to complete a Phase 1 Financing, to capitalize up to \$5,000,000 CAD by way of initial public offering for the purposes of manufacturing and pilot marketing its hemp oil infused products and developing new intellectual property and operational infrastructure.

To facilitate growth and expansion, the Company will then seek to complete a Phase 2 Financing up to \$7,500,000 CAD, to provide the Company with funding for a national product manufacturing and marketing roll out and expansion markets, development of new product lines, and efficiencies in operational infrastructure. Capitalization will provide the catalyst for Phivida to scale and the impetus to enter a rapid growth phase of its corporate development.

Retail Product Portfolio

Upon completion of Phase 1 and 2 Financings, the Company plans to focus on the manufacturing, marketing and sale of retail consumer products via its two subsidiaries; Phivida Nutrition and Phivida Enhanced. These two key retail business lines have developed proprietary formulations for oil derived functional foods/beverages and natural health products/supplements. Phivida Enhanced plans to offer a portfolio of retail product SKUs, under the brand name "Vida+". All product lines offer various; sizes, flavors, dosages, and proprietary blends based on a variety of hemp oil extract and a significantly high level of naturally occurring phytocannabinoids and terpenes as well as a custom blend of plant based vitamins, minerals, antioxidants, etc. The Company's products are positioned to be competitive in the USA natural health products marketplace, with a focus on pacific states (California, Oregon and Washington). The first year of operations will focus on digital marketing and public relations, in our four key channels to develop brand awareness and market share.

Sales Team and Distributors:

Secure, Train and Motivate

The Company will seek to recruit and train independent sales contractors to build retail distribution and execute sales merchandising and promotions. The Company also seeks to develop local and regional distributors to expand distribution across its target markets. Funding is required to build operational infrastructure and product inventory as well as extensive brand marketing to generate consumer awareness. Identifying strategic partnerships with distributors, agents and affiliates may be a constant focus for the Company as Phivida Holdings establishes its distribution network in the medium and long-term.

Brand Marketing, Public Relations and Promotions

To maximize shareholder value, the Company seeks to fund a regional public relations, marketing and business development program to generate awareness of the Phivida brand, with an initial focus on Washington, Oregon, California and Colorado. These initiatives will target key consumer retail markets as well as integrated health care practitioners to grow brand recognition and loyalty. These programs include sponsorship of tradeshow and events, multimedia marketing strategies and tactics and retail sales merchandising and promotions for sell-through support to participating distributors and retailers. Post capitalization the company plans to focus on online sales, via the corporate webstore, and participating web sales affiliates, supported through digital marketing and social media. Brand exposure may be further developed through viral networking from contract brand ambassadors and social influencers. In conjunction with the digital strategies, traditional forms of brand marketing and promotions may be employed, such as trade shows, conferences, events/ seminars, and two separate large scale event marketing and sampling programs.

Growth in Revenues and Operating Income

Post capitalization (i.e. Phase 1 and 2 Financings), the Company projects revenues up to \$6 million USD in Y1 with less than 5% market share in target pacific states. Marketing will seek to achieve double digit compound annual growth and grow projected sales revenue to \$30 million USD by the end of Y3. Targeted levels of cash flow must be achieved to create consistency in operations. Earning increases will come through increasing brand awareness, higher market penetration, geographic expansion and a broader product and service offering, and may exceed projected financial levels as the cost of goods sold is reduced with scale.

Enhance Management Team for Long-Term Growth

The Phivida senior executive and board of directors, and advisory board have been added, and trained. Currently, executives are contracted on a consulting basis for management of projects and programs, as required to support growth. Management may review and evaluating the potential for additional leadership roles to join the executive to optimize the efficiencies of, operations, administration, marketing and sales as well as supply chain, production and distribution networks.

Continued Research and Development Efforts

A long-term commitment to R&D is critical to ensuring long-term sustainability and profitability of the Company. Management includes cannabinoid scientists with Ph.D.'s with extensive knowledge in applied cannabinoid and botany. The team has to date completed agreements with several top university research centers in Canada, USA and Europe to complete a strategic mix of R&D projects, including pharmacokinetic studies to test enhanced bioavailability of nano encapsulated hemp oil extracts, and a plant science genetics program to research cross and breeding for the development of new hemp genetics.

See "Risk Factors" below.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company as at September 30, 2016 and 2015 and for the year ended September 30, 2016 and the period from incorporation on April 24, 2015 to September 30, 2015.

Description	Year Ended September 30, 2016 \$	Period Ended September 30, 2015 \$
Total revenues	335,269	nil
Total loss	(1,014,356)	(135,423)
Net loss per common share – basic and diluted	(0.069)	(0.015)

Description	As at September 30, 2016 \$	As at September 30, 2015 \$
Total assets	280,879	238,182
Total non-current financial liabilities	nil	nil
Distribution or cash dividends	nil	nil

For the year ended September 30, 2016, Phivida Organics recorded total gross sales revenue of \$335,269. 100% of these sales are attributed to wholesale brokerage of custom blended hemp oil extracts sold in bulk quantities. Each of these bulk orders were custom formulated on behalf of customers for unique blends tailored to the needs of their product specifications. The growth of revenue was primarily driven by the fact that sales activity commenced during the quarter ended March 31, 2016. No sales activity occurred during the period ended September 30, 2015.

Operating expenses included in profit and loss include advertising, consulting fees, corporate development, dues and memberships, finders' fees, interest and bank fees, insurance, office expenses, professional fees and travel expenses. The increase in operating expenses was primarily driven by (i) higher support costs for the Company's operations and (ii) sales activity commenced during the quarter ended March 31, 2016. The Company expects to incur net losses until sales increase.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company other than completing a going public transaction.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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Summary of Quarterly Information

Three Months Ended	Total Revenue \$	Profit or Loss	
		Total \$	Basic and Diluted Loss Per Share \$ ^{(2)(g)}
September 30, 2016	41,657 ⁽¹⁾	(179,996) ^{(2)(a)}	(0.01)
June 30, 2016	155,921 ⁽¹⁾	(34,102) ^{(2)(b)}	(0.00)
March 31, 2016	137,691 ⁽¹⁾	(766,319) ^{(2)(c)}	(0.04)
December 31, 2015	nil	(33,939) ^{(2)(d)}	(0.00)
September 30, 2015	nil	(97,605) ^{(2)(e)}	(0.00)
April 24, 2015 (date of incorporation) to June 30, 2015	nil	(37,818) ^{(2)(f)}	(0.00)

Notes:

- (1) For the three months ended September 30, 2016, June 30, 2016 and March 31, 2016, Phivida Organics recorded total gross sales revenue of \$41,657, \$155,921 and \$137,691. 100% of these sales are attributed to wholesale brokerage of custom blended hemp oil extracts sold in bulk quantities. Each of these bulk orders were custom formulated on behalf of customers for unique blends tailored to the needs of their product specifications. The growth of revenue fluctuated based on the orders received. Orders commenced during the quarter ended March 31, 2016.
- (2) Operating expenses included in profit and loss include advertising, consulting fees, corporate development, dues and memberships, finders' fees, interest and bank fees, insurance, office expenses, professional fees and travel expenses. The fluctuations in operating expenses was primarily driven by (i) higher support costs for the Company's operations and (ii) sales activity commenced during the quarter ended March 31, 2016. The Company expects to incur net losses until sales increase. As a result of its activities, the Company continues to incur net losses as outlined below.
- (a) Net loss of \$179,996 includes consulting fees of \$146,872, cost of sales of \$5,826 and office expenses of \$6,279;
- (b) Net loss of \$34,102 includes cost of sales of \$85,080, consulting fees of \$92,804 and corporate development of \$6,923;
- (c) Net loss of \$766,319 includes finders' fees of \$625,000, consulting fees of \$169,399, cost of sales \$50,113 and professional fees of \$22,151;
- (d) Net loss of \$33,939 includes professional fees of \$11,992 and office expenses of \$6,624;
- (e) Net loss of \$97,605 includes consulting fees of \$36,250, corporate development of \$14,519, advertising of \$10,625 and professional fees of \$29,245;

- (f) Net loss of \$37,818 includes consulting fees of \$24,125 and professional fees of \$12,050; and
- (g) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Discussion of Operations

Year ended September 30, 2016, compared with period ended September 30, 2015

Phivida's net loss totaled \$1,014,356 for the year ended September 30, 2016, with basic and diluted loss per share of \$0.069. This compares with a net loss of \$135,423 with basic and diluted loss per share of \$0.015 for the period ended September 30, 2015. The increase in net loss of \$878,933 was principally because:

- Revenue of \$335,269; a 100% increase over fiscal 2015. Of this amount, \$335,269 was to 2 customers;
- During the year, cost of goods sold of \$141,733 included purchase of hemp oil of various potency.
- Expenses increased to \$1,173,985 for the year ended September 30, 2016 (period ended September 30, 2015 - \$136,129). The increase was primarily due to higher support costs for the Company's operations.

Three months ended September 30, 2016, compared with three months ended September 30, 2015

Phivida's net loss totaled \$179,996 for the three months ended September 30, 2016, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$97,605 with basic and diluted loss per share of \$0.00 for the three months ended September 30, 2015. The increase in net loss of \$82,391 was principally because:

- Revenue of \$41,657; a 100% increase over fiscal 2015. Of this amount, \$41,657 was to one customer;
- During the three months ended September 30, 2016, cost of goods sold of \$5,826 included purchase of bulk hemp oil.
- Expenses increased to \$188,160 for the three months ended September 30, 2016 (three months ended September 30, 2015 - \$99,953). The increase was primarily due to an increase in consulting fees.

As at September 30, 2016, the Company had assets of \$280,879 and a net equity position of \$122,325. This compares with assets of \$238,182 and a net equity position of \$161,202 at September 30, 2015. The Company has \$158,554 of liabilities and no long term debt (September 30, 2015 – \$76,980 of liabilities and no long term debt).

Liquidity and Capital Resources

The activities of the Company, principally in the business of purchasing, packaging and selling holistic hemp infused remedies, are financed through the completion of equity transactions such as equity offerings to support its initial sales activities. There is no assurance that future equity capital may be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

The Company has minimal recurring operating revenues and therefore must utilize its current cash reserves, funds obtained from the issuance of share capital and other financing transactions to maintain its capacity to meet ongoing operating activities. As of September 30, 2016, the Company had 16,376,000 common shares issued and outstanding and 577,700 warrants outstanding that would raise \$202,195 if exercised in full. This is not anticipated in the immediate future. See "Trends" above.

Accounts payable and accrued liabilities increased to \$158,554 at September 30, 2016, compared to \$76,980 at September 30, 2015, and consist of amounts that are to be extinguished in due course. Once the receivables of \$124,047 as of September 30, 2016 are collected, the Company may have sufficient cash to pay these liabilities.

Cash used in operating activities was \$193,015 for the year ended September 30, 2016. Operating activities were affected by non-cash transactions including shares issued as finders' fees in the amount of \$625,000 and shares issued for consulting services of \$18,000. In addition, cash was also affected by a net change in non-cash working capital balances of \$178,341 because of an increase in accounts receivable of \$125,287, an increase in accounts payable and accrued liabilities of \$404,329, an increase in prepaid of \$58,493 and an increase of inventory of \$42,208.

The Company did not incur any cash flow expenditures relating to investing activities during the year ended September 30, 2016.

Cash used in financing activities was \$17,675 during the year ended September 30, 2016, as a result of cash share issue costs of \$17,675.

For the Company's anticipated going public transaction, the Company anticipates receiving a minimum of \$365,000 and a maximum of \$4,550,000, after deducting all estimated costs and excluding the Company's working capital. Details on the minimum and maximum amounts are set out below:

Expense	Minimum Amount (\$)	Maximum Amount (\$)
Gross Proceeds of Offering	500,000	5,000,000
Less: Agent's Commission	(35,000)	(350,000)
Less: Estimated Transaction Costs	(100,000)	(100,000)
Net Proceeds of Offering	365,000	4,550,000

Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding may be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Caution Regarding Forward-Looking Statements" above.

Liquidity and Capital Resources

The activities of the Company, principally in the business of purchasing, packaging and selling holistic hemp infused remedies, are financed through the completion of equity transactions such as equity offerings to support its initial sales activities. There is no assurance that future equity capital may be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Risk Factors" below.

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Expense	Minimum Amount (\$)	Maximum Amount (\$)
Gross Proceeds of Offering	500,000	5,000,000
Less: Agent's Commission	(35,000)	(350,000)
Less: Estimated Transaction Costs	(100,000)	(100,000)
Net Proceeds of Offering	365,000	4,550,000

Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding may be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Caution Regarding Forward-Looking Statements" above.

Management of Capital

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is not subject to any externally-imposed capital requirements. There was no change to the Company's approach to capital management during the year ended September 30, 2016.

Transactions with Related Parties

Key management personnel

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

The remuneration of directors and other members of key management personnel were as follows:

	Year Ended September 30, 2016 (\$)	Year Ended September 30, 2015 (\$)
Salaries		
Professional fees – George Kovalyov, VP of Finance	21,411	nil
Consulting fees ⁽¹⁾	297,761	10,625
Finders' fees – cash ⁽²⁾	15,225	nil
Finders' fees – warrants ⁽³⁾	6,719	nil
Finders' fees – shares - John David Belfontaine, CEO	nil	15,000
Commissions (included in cost of goods sold) - John David Belfontaine, CEO	4,154	nil
	345,270	25,625

⁽¹⁾ Year Ended September 30, 2016 - John David Belfontaine, CEO - \$59,063, Kyle Johnston, Director - \$67,500, George Kovalyov, VP of Finance - \$12,000, Joost Luecker, Director - \$15,150, Ruth Shamai, Former Director - \$65,298, and Sarah Holvik, Former Director - \$78,750.

Year Ended September 30, 2015 - Kyle Johnston, Director - \$5,625, and Andrew Munaweera, Former Director - \$5,000.

⁽²⁾ Year Ended September 30, 2016 - John David Belfontaine, CEO - \$11,725, Kyle Johnston, Director - \$700, and George Kovalyov, VP of Finance - \$2,800.

- (3) Year Ended September 30, 2016 - John David Belfontaine, CEO - \$5,174, Kyle Johnston, Director - \$309, and George Kovalyov, VP of Finance - \$1,236.

As at September 30, 2016, \$100,772 (2015 - \$5,190) was payable to various directors of the Company. The amount is included in accounts payable and accrued liabilities and is non-interest bearing, unsecured and due on demand.

- The \$100,772 includes: John David Belfontaine, CEO - \$2,384, Kyle Johnston, Director - \$67,500, George Kovalyov, VP of Finance - \$12,000, Joost Luecker, Director - \$15,150, and Ruth Shamaï, Former Director - \$3,738.
- The \$5,190 includes: John David Belfontaine, CEO - \$5,118, and Ruth Shamaï, Former Director - \$72.

As at September 30, 2016, \$19,688 (2015 - \$Nil) was included in prepaid expenses for consulting fees provided by John David Belfontaine, CEO, which were paid in advance for which services have yet to be rendered.

See "Common Control Transactions" below

Common Control Transactions

During the year ended September 30, 2016, the Company completed the acquisition of Phivida Enhanced and Phivida Nutrition by issuing 2,000,000 common shares per acquisition, valued at \$0.005 per common share to related parties.

There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. IAS 8 – Accounting policies, changes in accounting estimates and errors requires management, if there is no specifically applicable standard of interpretation, to develop a reliable policy that is relevant to the decision making needs of users. The Company has determined to apply the concept of continuity of interest basis of accounting for transactions under common control as detailed under United States generally accepted accounting principles (US GAAP). US GAAP requires an acquirer in a combination between entities or business under common control to recognize the assets acquired and liabilities assumed in the transaction at their carrying amounts in the accounts of the transferring entities at the date of transfer.

At the date of transfer Phivida Enhanced Inc. and Phivida Nutrition Inc. had no assets or liabilities, accordingly the cost of acquisition, being \$10,000 each, has been recorded to deficit.

Recent Accounting Pronouncements

IFRS 9 Financial Instruments: IFRS 9 replaces IAS 39 and 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 the entity's business model and the contractual cash flow characteristics of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue recognition: The IASB issued IFRS 15, Revenue from Contracts with Customers in May 2014. The new standard provides a comprehensive five-step revenue recognition model for

all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

IFRS 16 Leases: IFRS 16 replaces IAS 17 and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

The Company has not yet finalized its review of the potential impact on the consolidated financial statements of adopting these new standards.

Financial Instruments

Classification of financial instruments

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The Company designated its cash and accounts receivables as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities as at September 30, 2016 approximate their fair value due to their short term nature.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying value of its financial instruments shown on the consolidated statement of financial position and arises from the Company's cash, which is held with high credit quality financial institutions, and accounts receivable, which are due from customers. As at September 30, 2016, \$124,047 of accounts receivable is considered past due but not impaired and is due from a single customer.

Market risk:

Market risk consists of currency risk, interest rate risk and other price risk.

Phivida Holdings Inc.
Management's Discussion & Analysis
For the year ended September 30, 2016
Discussion dated: May 26, 2017

Interest rate risk:

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument with fluctuate because of changes in market interest rates. The Company holds cash with banks in regular business accounts that do not bear interest at significant rates that would expose the Company to any significant risk. The Company does not have any interest-bearing debt.

Currency risk:

Currency risk is the risk that exposes the Company to financial risk related to the fluctuation in exchange rates. The Company has financial risk arising from fluctuations in foreign exchange rates as the Company does hold foreign currency denominated financial assets and liabilities. In the year ending September 30, 2016 the Company has a high number of transactions in USD this creates a significant risk from fluctuations in the exchange rate.

The following is a sensitivity analysis of the USD activity in the years ending September 30, 2016 and 2015 in Canadian dollars:

September 30, 2016					
Account	Carrying Value		+10 base points	-10 base points	
Assets:					
Cash	\$	41,242	\$	4,124	\$ (4,124)
Accounts Receivable		124,047		12,405	(12,405)
Liabilities:					
Accounts payable and accrued liabilities		(4,487)		(449)	449
TOTAL	\$	160,802	\$	16,080	\$ (16,080)
September 30, 2015					
Account	Carrying Value		+10 base points	-10 base points	
Assets:					
Cash	\$	12,178	\$	1,218	\$ (1,218)
Liabilities:					
Accounts payable and accrued liabilities		(88)		(9)	9
TOTAL	\$	12,090	\$	1,209	\$ (1,209)

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do at excessive cost. As at September 30, 2016, the Company has cash of \$56,737 (2015 \$238,182) to settle liabilities of \$158,554 (2015 \$76,980) which have contractual maturities of less than 90 days and are subject to normal trade terms. On February 14, 2017, the Company closed a private placement of 6,150,000 shares issued at \$0.20 per share for gross proceeds of \$1,230,000. Cash finders' fees of \$34,250 were incurred in connection with the private placement.

Outlook

Although there can be no assurance that additional funding may be available to the Company, management is of the opinion that the hemp industry may be favorable, and hence it may be possible to obtain additional funding.

Notwithstanding, the Company is mindful that the hemp industry could change with little or no warning. Accordingly, its plans for the near term are to proceed with the Company's business plan, to monitor market fundamentals, and to ensure that the Company is well positioned to weather any possible resurgence of a market downturn. See "Risk Factors".

Share Capital

As at the date of this MD&A, the Company had 26,884,951 issued and outstanding common shares.

Warrants outstanding for the Company as at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
577,700	January 28, 2018	\$0.35
1,875,000	December 15, 2019	\$0.05
2,452,700		

Stock options outstanding for the Company as at the date of this MD&A were as follows:

Stock Options	Expiry Date	Exercise Price
3,700,000	May 5, 2022	\$0.20
3,700,000		

Risk Factors

There are risks, uncertainties and assumptions in relation to the Company's business and operations. Actual results, performance and achievements may not confirm to the Company's expectations and predictions, and are subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including, among others, risks related to:

- agricultural risks;
- changes in laws and regulations related to the Company's business;
- reliance on third party suppliers;
- domestic supply risk;
- effectiveness of advertising and promotional expenditures;

- competitive and pricing risk;
- key personnel risk;
- management of growth;
- continuing to license rights upon which the Company depends;
- inability to protect the Company's intellectual property;
- potential intellectual property claims;
- changing consumer preferences;
- inability to adapt or expand existing technologies;
- development and maintenance of supply chain infrastructure; and
- laws and regulations relating to the Company's business.

Additional Disclosure for Venture Issuers Without Significant Revenue

Office expenses

Detail	Year Ended September 30, 2016 (\$)	Year Ended September 30, 2015 (\$)
Administration and general	7,802	3,876
Rent	3,738	nil
Marketing	9,750	nil
Total	21,290	3,876

Subsequent Events

- On October 26, 2016, 14,951 common shares were issued to a former director of the Company for consulting services, at a fair value of \$0.25 per common share.
- On October 26, 2016, 72,000 common shares were issued to a director and the VP – Finance of the Company for consulting services, at a fair value of \$0.25 per common share.
- On November 1, 2016, 72,000 common shares were issued to a director of the Company for consulting services, at a fair value of \$0.25 per common share.
- On December 15, 2016, the Company issued 3,750,000 units of the Company at \$0.02 per unit. Each unit consists of one common share and ½ share purchase warrant. Each whole warrant is exercisable at \$0.05 per common share for period of 36 months. In connection

with the unit offering, each shareholder entered into a call option agreement with the Company whereby the Company had the option to purchase all of the units from the shareholders in the event that none of the set milestone events (as set out within the call option agreements) were reached by December 15, 2017. The call option agreements were terminated as a milestone event was reached prior to the December 9, 2017 deadline.

- e) On December 30, 2016, the Company entered into a debt conversion agreement with a director of the Company. The Company issued 450,000 common shares at a price of \$0.20 per common share to settle a debt of \$90,000.
- f) January 1, 2017, the Company signed a consulting agreement with a director of the Company for executive consulting services. Monthly compensation was set at \$10,000 and was subsequently amended to USD\$10,000 effective April 1, 2017. Upon approval of the Company's stock option plan the Company has granted 200,000 stock options exercisable at \$0.20 per share for a period of 5 years from the date of grant, these options are included in the May 5, 2017 stock option issuance noted below. Options will vest 25% every 3 months after the grant date.
- g) On February 14, 2017, the Company closed a private placement of 6,150,000 shares issued at \$0.20 per share for gross proceeds of \$1,230,000. Cash finders' fees of \$34,250 were incurred in connection with the private placement.
- h) On April 30, 2017, the Company entered into a debt conversion agreement with a director and the VP Finance of the Company. The Company issued 189,000 common shares at a price of \$0.20 per common share to settle debt of \$37,800.
- i) On May 5, 2017, the Company granted an aggregate of 3,700,000 incentive stock options to various officers, directors and consultants. Each stock option is exercisable by the holder thereof to purchase one common share at a price of \$0.20 per share until May 5, 2022, subject to earlier termination in accordance with the terms of the Company's stock option plan. The options are subject to a vesting schedule whereby 25% of the options vest 3 months after the date of grant, 25% vest 6 months after the date of grant, 25% vest 9 months after the date of grant and 25% vest 12 months after the date of grant.

CERTIFICATE OF THE COMPANY

Dated: November 21, 2017

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia and Ontario.

"John-David Belfontaine"

JOHN-DAVID BELFONTAINE
Chief Executive Officer

"Carmelo Marrelli"

CARMELO MARRELLI
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"George Kovalyov"

GEORGE KOVALYOV
Director

"William Ciprick"

WILLIAM CIPRICK
Director

CERTIFICATE OF THE PROMOTERS

Dated: November 21, 2017

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia and Ontario.

"John-David Belfontaine"

JOHN-DAVID BELFONTAINE

"Kyle Johnston"

KYLE JOHNSTON

CERTIFICATE OF THE AGENTS

Dated: November 21, 2017

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia and Ontario.

CANACCORD GENUITY CORP.

"Jamie Brown"

Name: Jamie Brown
Title: Vice Chairman, Managing
Director, Investment Banking

MACKIE RESEARCH CAPITAL CORP.

"Jeff Reymmer"

Name: Jeff Reymmer
Title: Managing Director, Investment
Banking

HAYWOOD SECURITIES INC.

"Campbell Becher"

Name: Campbell Becher
Title: Managing Director, Investment
Banking

SCHEDULE B

[Inserted as the following pages]



SCHEDULE B

14. CAPITALIZATION TABLES

14.1 The following chart sets out for the Issuer's Common Shares to be listed on the Exchange:

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% (non-diluted)	% (fully diluted)
<u>Public Float</u>				
Total Outstanding (A)	41,636,451	55,809,214	100%	100%
Held by Related Persons or employees of the Issuer or Related Persons of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)				
	10,441,000	12,301,900	25%	22%
Total Public Float (A-B)	31,195,451	43,507,314	75%	78%
<u>Freely Tradable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	11,893,000	13,743,000	29%	25%
Total Tradable Float (A-C)	29,743,451	42,066,214	71%	75%

Public Securityholders (Beneficial)

Class of Security

<u>Size of Holdings</u>	<u>Number of Holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	7	18,387,500
Total	7	-

Public Securityholders (Registered)

Class of Security

<u>Size of Holdings</u>	<u>Number of Holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	1	4,000
5,000 or more securities	39	12,803,951
Total	40	12,807,951

Non-Public Securityholders (Registered)

Class of Security

<u>Size of Holdings</u>	<u>Number of Holders</u>	<u>Total number of securities</u>
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	6	10,441,000
Total	6	10,441,000

14.2 The following chart sets out details of securities of the Issuer convertible or exchangeable into any class of listed securities:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Common Share Purchase Warrants	10,472,763 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	10,472,763
Options to purchase Common Shares	3,700,000 ⁽⁵⁾	3,700,000

- (1) 1,875,000 common share purchase warrants entitle the holders to purchase one common share of the Issuer at an exercise price of \$0.05 for a period of three years from the date of issuance.
- (2) 557,700 common share purchase warrants entitle the holders to purchase one common share of the Issuer at an exercise price of \$0.35 for a period of two years from the date of issuance.
- (3) 7,187,500 common share purchase warrants entitle the holders to purchase one common share of the Issuer at an exercise price of \$0.75 for a period of two years from the date of issuance.
- (4) 832,563 common share purchase warrants entitle the holders to purchase one common share of the Issuer at an exercise price of \$0.40 for a period of two years from the date of issuance.
- (5) Each option entitles the holder to purchase one common share of the Issuer at an exercise price of \$0.20 for a period of five years from the date of issuance.

14.3 The following are details of listed securities reserved for issuance that are not included in section 14.2:

Designation of security	Outstanding at the Date of this Listing Statement
Common Shares	41,636,451
Common Shares reserved for issuance upon exercise of Warrants	10,472,763
Common Shares reserved for issuance upon exercise of outstanding incentive stock options	3,700,000
Total Capitalization	55,809,214