PHIVIDA HOLDINGS INC.

CONSOLIDATED

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

WOLRIGE MAHON

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, 2017 and 2016, and the consolidated statements of comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, 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, 2017 and 2016, and their financial performance and cash flows for the years then ended 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

January 22, 2018
Vancouver, B.C.

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

September 30,		2017		2016
ASSETS				
Current assets				
Cash	**$**	**749,964**	$	56,737
Receivables (note 6)		**22,019**		124,047
Inventory (note 7)		**-**		41,791
Prepaid expenses and other assets (notes 8 and 14)		**68,692**		58,304
Promissory note (note 9)		**9,360**		-
Total assets	**$**	**850,035**	$	280,879
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 and 14)	**$**	**132,868**	$	158,554
Total liabilities		**132,868**		158,554
Shareholders' equity				
Share capital (note 11)		**3,555,688**		1,256,650
Reserve (notes 12 and 13)		**747,400**		7,800
Accumulated other comprehensive (loss) income		**(21,694)**		27,654
Deficit		**(3,564,227)**		(1,169,779)
Total shareholders' equity		**717,167**		122,325
Total liabilities and shareholders' equity	**$**	**850,035**	$	280,879

The accompanying notes to the 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 on January 22, 2018:

(Signed) "George Kovalyov" , Director

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

Phivida Holdings Inc.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

Year ended September 30,		2017		2016
Revenue	**$**	**8,827**	$	335,269
Cost of goods sold (note 14)		**1,323**		141,733
		7,504		193,536
Expenses				
Advertising		**156,518**		33,108
Bad debts		**34,059**		-
Consulting fees (note 14)		**338,303**		412,075
Corporate development		**-**		12,060
Donation		**13,140**		-
Dues and memberships		**9,625**		3,242
Finance fee (note 11(c)[(4)])		**1,266,325**		-
Finders' fee (note 11(b)[(4)])		-		625,000
Interest and bank fees		**5,049**		4,175
Insurance		**21,319**		2,380
Inventory expensed		**68,476**		-
Office expenses		**20,230**		21,290
Professional fees (note 14)		**113,292**		52,609
Share-based compensation (notes 13 and 14)		**335,775**		-
Travel		**51,778**		8,046
		2,433,889		1,173,985
Loss from operations		**(2,426,385)**		(980,449)
Foreign exchange gain (loss)		**31,937**		(33,907)
Net loss for the year		**(2,394,448)**		(1,014,356)
Other comprehensive income (loss)				
Foreign currency translation of foreign operations		**(49,348)**		27,654
Comprehensive loss for the year	**$**	**(2,443,796)**	$	(986,702)
Basic and diluted net loss per common share	**$**	**(0.101)**	$	(0.069)
Weighted average number of common shares outstanding - basic and diluted		**23,811,944**		14,728,186

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

Phivida Holdings Inc.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Year ended September 30,	2017	2016
Operating activities		
Net loss for the year	**$ (2,394,448)**	$ (1,014,356)
Items not affecting cash:		
Finance fee (note 11(c)[(4)])	**1,266,325**	-
Finders' fee (note 11(b)[(4)])	-	625,000
Share-based compensation (note 13)	**335,775**	-
Shares issued pursuant to services (notes 11(c)[(1)(2)(3)] and 11(b)[(6)])	**39,738**	18,000
	(752,610)	(371,356)
Changes in non-cash working capital items:		
Receivables	**102,028**	(125,287)
Inventory	**41,791**	(42,208)
Prepaid expenses and other assets	**(10,388)**	(58,493)
Accounts payable and other liabilities	**102,114**	404,329
Net cash used in operating activities	**(517,065)**	(193,015)
Financing activities		
Shares issued for cash (note 11(c)[(4)(6)])	**1,305,000**	-
Share issue costs - cash (note 11(c)[(6)])	**(36,000)**	(17,675)
Net cash provided by financing activities	**1,269,000**	(17,675)
Investing activity		
Promissory note advanced	**(10,008)**	-
Net cash used in investing activity	**(10,008)**	-
Effect of foreign exchange on cash	**(48,700)**	29,245
Increase in cash	**693,227**	(181,445)
Cash, beginning of period	**56,737**	238,182
Cash, end of period	**$ 749,964**	$ 56,737

Supplemental cash flow information (note 15)

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

Phivida Holdings Inc.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	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 11(b)[(3)])	253,500	-	(253,500)	-	-	-
Shares issued for debt (note 11(b)[(5)])	322,500	-	-	-	-	322,500
Shares issued as finders' fee (note 11(b)[(4)])	625,000	-	-	-	-	625,000
Shares issued for services	18,000	-	-	-	-	18,000
Warrants issued as finders' fees (notes 11(b)[(3)] and 12)	(7,800)	7,800	-	-	-	-
Share issue costs - cash (note 11(b)[(3)])	(17,675)	-	-	-	-	(17,675)
Other comprehensive income	-	-	-	27,654	-	27,654
Net loss for the year	-	-	-	-	(1,014,356)	(1,014,356)
Balance, September 30, 2016	**1,256,650**	**7,800**	**-**	**27,654**	**(1,169,779)**	**122,325**
Shares issued pursuant to services (note 11(c)[(1)(2)(3)])	39,738	-	-	-	-	39,738
Shares issued to settle debt (note 11(c)[(5)(7)])	127,800	-	-	-	-	127,800
Shares issued for cash (note 11(c)[(4)(6)])	1,305,000	-	-	-	-	1,305,000
Finance fee (note 11(c)[(4)])	862,500	403,825	-	-	-	1,266,325
Share issue costs - cash (note 11(c)[(6)])	(36,000)	-	-	-	-	(36,000)
Share-based compensation (note 13)	-	335,775	-	-	-	335,775
Other comprehensive loss	-	-	-	(49,348)	-	(49,348)
Net loss for the year	-	-	-	-	(2,394,448)	(2,394,448)
Balance, September 30, 2017	**$ 3,555,688**	**$ 747,400**	**$ -**	**$ (21,694)**	**$ (3,564,227)**	**$ 717,167**

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

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 Phytofarms 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 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, 2017, the Company had a working capital balance of $717,167 (September 30, 2016 - working capital balance of $122,325), had not yet achieved profitable operations and had an accumulated deficit of $3,564,227 (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 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. Refer to note 21(b).

3. Basis of preparation

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.

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 16). 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.

3. Basis of preparation (continued)

Critical estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, 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.

<u>Critical judgments</u>

Going concern

The preparation of these consolidated financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern as previously discussed in note 2.

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. See note 4 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 18 for determination).

<u>Key sources of estimation uncertainty</u>

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:

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.

4. 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 of each entity 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 can be measured reliably, and collection of the related receivable is probable.

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.

4. Significant accounting policies (continued)

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.

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.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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.

4. Significant accounting policies (continued)

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 the 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.

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.

4. Significant accounting policies (continued)

Income taxes (continued)

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.

Warrant and share-based compensation

The Company grants stock options to buy common shares of the Company to employees, consultants, directors and officers. The Company may also issue warrants to agents as finders' fees. The Company recognizes share-based compensation expense based on the estimated fair value of the warrants and stock options. A fair value measurement is made for each vesting instalment within each warrant and stock option grant and is determined using the Black-Scholes option-pricing model. The fair value of the warrants and stock options is recognized over the vesting period of the warrant and stock option 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 and stock options are exercised and the amount initially recorded is then credited to share capital.

Charges for options or warrants that are cancelled or expire are reclassified from contributed surplus to deficit. In addition, where the terms of a stock option or warrant are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

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. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve.

(Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

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.

5. Recent accounting standards

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.

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.

6. Receivables

	September 30, 2017	September 30, 2016
Gross trade receivables	**$ 27,204**	$ 124,047
Less: allowance for doubtful accounts	**(19,719)**	-
Net trade accounts receivable	**7,485**	124,047
Goods and services tax ("GST") receivable	**14,534**	-
	$ 22,019	$ 124,047

Reconciliation of allowance for doubtful accounts is as follows:

	September 30, 2017	September 30, 2016
Balance, beginning of year	**$ -**	$ -
Provision	**19,719**	-
Write-offs	**-**	-
Recovery	**-**	-
Balance, end of year	**$ 19,719**	$ -

(Expressed in Canadian Dollars)

7. Inventory

The carrying cost of the inventory as of September 30, 2017, is $nil (September 30, 2016 - $41,791). In fiscal 2017, the Company provided its product for free through targeted channels to develop brand recognition. 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 at September 30, 2016 was pre-printed labels, purchased bottles and caps, and finished bottles.

8. Prepaid expenses and other assets

	September 30, 2017	September 30, 2016
Consulting services	**$ -**	$ 39,375
Prepaid deposit	**37,222**	6,559
Insurance	**19,700**	-
Supplier credit	**11,770**	12,370
	$ 68,692	$ 58,304

9. Promissory note

On December 21, 2016, the Company loaned US$7,500 ($9,360) 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 at September 30, 2017, the loan is outstanding and no interest has been accrued. The loan plus interest of US$1,690 was repaid subsequent to year end.

10. Accounts payable and accrued liabilities

	September 30, 2017	September 30, 2016
Trade accounts payable	**$ 105,328**	$ 121,014
Accrued liability	**20,000**	30,000
Subscription payable	**7,540**	7,540
	$ 132,868	$ 158,554

11. 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 September 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
Shares issued for services (6)	72,000	18,000
Balance, September 30, 2016	**16,376,000**	**$ 1,256,650**

(Expressed in Canadian Dollars)

11. Share capital (continued)

b) Common shares issued during the period ended September 30, 2016 (continued)

(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 16).

(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 16).

(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. 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.

(6) 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) Common shares issued during the period ended September 30, 2017

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

11. Share capital (continued)

c) Common shares issued during the period ended September 30, 2017 (continued)

(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 consisted 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 a finance fee. 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 a 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 the VP of Business Development 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.

(Expressed in Canadian Dollars)

12. 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 11(b)[(3)])	577,700	0.35
Balance, September 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 11(c)[(4)])	1,875,000	0.05
Balance, September 30, 2017	**2,452,700**	**0.12**

The following table reflects the warrants issued and outstanding as of September 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 year ended September 30, 2017. During the year ended September 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:

	September 30, 2017
Market price	$0.25
Exercise price	$0.05
Expected life	3.0 Years
Estimated annual 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. These warrants were valued at $nil using the residual value method.

(Expressed in Canadian Dollars)

12. 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:

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

13. Stock options

The Company has established a stock option plan under which it can grant to its advisors, consultants, officers and directors 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 and September 30, 2016	-	-
Granted	3,700,000	0.20
Balance, September 30, 2017	**3,700,000**	**0.20**

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

Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price ($)	Expiry date
4.60	925,000	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 comparable public companies.

(Expressed in Canadian Dollars)

13. Stock options (continued)

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

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

The total vested compensation expense associated with these grants for the year ended September 30, 2017 was $335,775 (2016 - $nil) which is included in share based compensation expense, with a corresponding charge to reserve.

14. 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 14(b)(c).

The remuneration of directors and other members of key management personnel, not disclosed elsewhere, were as follows:

Year ended September 30,	2017	2016
Consulting fees	**$ 213,176**	$ 297,761
Professional fees	**14,554**	21,411
Finders' fees and share issue costs	**-**	21,944
Commissions (included in cost of goods sold)	**-**	4,154
Share-based compensation	**167,888**	-
	$ 395,618	$ 345,270

As at September 30, 2017, $52,028 (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 September 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 year ended September 30, 2017, the Company paid consulting fees of $15,932 (year ended September 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 September 30, 2017, Marrelli Support is owed $2,876 (September 30, 2016 - $nil). In addition, share-based compensation of $18,150 (year ended September 30, 2016 - $nil) can be attributed to Mr. Marrelli during the year ended September 30, 2017.

14. Related party transactions (continued)

(c) During the year ended September 30, 2017, the Company paid professional fees of $7,568 (year ended September 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. As at September 30, 2017, DSA is owed $1,268 (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.

(d) During the year ended September 30, 2017, the Company paid consulting fees of $22,500 to the VP of Business Development. In addition, share-based compensation of $18,150 (year ended September 30, 2016 - $nil) can be attributed to the VP of Business Development for services rendered during the year ended September 30, 2017.

(e) Refer to note 11(c)(5).

15. Supplemental cash flow information

There was no cash paid for interest or income taxes for the year ended September 30, 2017 or for the year ended September 30, 2016.

The significant non-cash transactions for the year ended September 30, 2017 consisted of the following:

- Shares issued to settle debt in the amount of $127,800

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 11(b)(1)(2) and 16); and
- Shares issued to settle debt in the amount of $322,500.

16. 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.

17. Financial Instruments and risks

Classification of financial instruments

The Company's financial instruments consist of cash, trade receivables, promissory note, and accounts payable and accrued liabilities. The Company designated its cash, trade receivables, and promissory note 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, trade receivables, promissory note and accounts payable and accrued liabilities as at September 30, 2017 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 trade receivables, which are due from customers. As at September 30, 2017, $27,204 of trade receivables are considered past due, an allowance has been made against $19,719 and the remaining $7,485 was collected subsequent to year end, the amounts due from two customers.

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

<u>Interest rate risk:</u>
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. In addition, the Company had a loan 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. The loan plus interest of US$1,690 was repaid subsequent to year end. The Company does not have any interest-bearing debt.

17. Financial Instruments and risks (continued)

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, 2017 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, 2017 and 2016 in Canadian dollars:

September 30, 2017			
Details	Carrying Value	+10 base points	-10 base points
Assets:			
Cash	$ 18,903	$ 1,891	$ (1,891)
Accounts receivable	27,204	2,720	(2,720)
Promissory note	9,360	936	(936)
Liabilities:			
Accounts payable and accrued liabilities	(29,270)	(2,927)	2,927
	$ 26,197	**$ 2,620**	**$ (2,620)**

September 30, 2016			
Details	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
	$ 160,802	**$ 16,080**	**$ (16,080)**

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 so at excessive cost. As at September 30, 2017, the Company has cash of $749,964 (2016 - $56,737) to settle liabilities of $132,868 (2016 - $158,554) which have contractual maturities of less than 90 days and are subject to normal trade terms. As a result, management believes the Company does not have significant liquidity risk.

(Expressed in Canadian Dollars)

18. Income taxes

Income tax expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the consolidated financial statements:

Year ended September 30,	2017	2016
Loss before income taxes	**$ 2,394,448**	$ 1,014,356
Statutory rate	**26%**	26%
Expected income tax recovery (expense)	**623,000**	264,000
Impact of foreign tax rates and other	**53,000**	5,000
Expenses not deductible for tax purposes	**(417,000)**	-
Share issue costs	**9,000**	6,000
Change in unrecognized deductible temporary differences	**(268,000)**	(275,000)
Income tax recovery (expense)	**$ -**	$ -

Deferred income taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	September 30, 2017	September 30, 2016
Deferred tax assets (liabilities)		
Share issue costs	**$ 11,000**	$ 5,000
Non-capital loss carry forwards	**567,000**	305,000
Deferred income tax assets not recognized	**(578,000)**	(310,000)
Net deferred income tax assets	**$ -**	$ -

The Company has available for deduction against future taxable income share issue costs of approximately $44,000 which will be recognized in taxable profit or loss by 2021 and non-capital losses of approximately $1,932,000 which will expire between 2035 and 2037. 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
2037	Canada	367,000
2037	United States	412,000
		$ 1,932,000

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

(Expressed in Canadian Dollars)

19. 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, 2017.

20. Segmented 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:

September 30,		2017		2016
Revenues				
United States	$	8,827	$	335,269
Canada		-		-
	$	8,827	$	335,269

During the year ended September 30, 2017, the Company had one customer (2016 - one customer) whose total sales was in excess of 10% of total revenues. Total sales to this customer for the year ended September 30, 2017 were $8,804 (2016 - $302,149).

21. Subsequent events

(a) On December 18, 2017, the Company granted an aggregate of 1,460,000 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 $0.40 per share until December 18, 2022, subject to earlier termination in accordance with the terms of 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% 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.

21. Subsequent events (continued)

(b) On December 18, 2017, the Company completed its initial public offering (the "Offering") and its common shares commenced trading on the Canadian Securities Exchange (the "CSE") on December 19, 2017 under the ticker symbol "VIDA".

Pursuant to the Offering, Phivida issued 14,375,000 units (the "Units"), including the full over-allotment option, with each Unit comprising one common share (each, a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") at a price of $0.40 per Unit for gross proceeds of $5,750,000.

Each Warrant is exercisable at a price of $0.75 per Common Share for a period ending 24 months from the closing date of the Offering, subject to accelerated expiry by the Company upon 20 days' notice in the event the Common Shares trade at a price equal to or greater than $1.00 for a period of 20 consecutive trading days.

Pursuant to the Offering, the Agents received a cash commission of $335,025, a corporate finance fee of $75,000 and 187,500 Common Shares, and 832,563 compensation options at a price of $0.40 per share for a period of 24 months from the closing date. The Company also incurred legal and agent expenses of $145,000.

(c) Subsequent to September 30, 2017, 282,900 warrants with an exercise price of $0.35 and expiry date of January 29, 2018 were exercised for gross proceeds of $99,015. In addition, 3,278,873 warrants with an exercise price of $0.75 and expiry date of December 18, 2019 were exercised for gross proceeds of $2,459,155.

(d) Subsequent to September 30, 2017, 50,000 options with an exercise price of $0.20 and expiry date of May 5, 2022 were exercised for gross proceeds of $10,000.