

**DOJA Cannabis Company Limited
(Formerly SG Spirit Gold Inc.)**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**Three and six months ended September 30, 2017
(In Canadian Dollars)**

Notice for National Instrument 51-102

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

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

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

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Statements of Financial Position

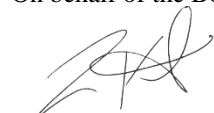
(Expressed in Canadian Dollars)

	September 30, 2017 (Unaudited)	March 31, 2017 (Audited)
Assets		
Current assets		
Cash	\$ 4,034,437	\$ 1,896,364
Short-term investment	1,300	1,300
Accounts receivable	32,434	3,749
Subscriptions receivable	5,000	347,500
Other receivables	111,875	85,723
Deposits (note 12)	207,250	-
Inventory (note 6)	18,329	-
	4,410,625	2,334,636
Biological assets (note 6)	172,190	-
Property and equipment (note 5)	2,541,615	2,448,212
	\$ 7,124,430	\$ 4,782,848
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 348,410	\$ 203,962
Current portion of mortgage payable (note 7)	13,840	13,387
	362,250	217,349
Mortgage payable (note 7)	575,080	582,114
	937,330	799,463
Shareholders' equity		
Share capital (note 8)	10,359,496	4,451,420
Contributed surplus (note 8)	1,210,317	645,228
Warrant reserve (note 8)	1,354,826	115,151
Deficit	(6,737,538)	(1,228,414)
	6,187,101	3,983,385
	\$ 7,124,430	\$ 4,782,848

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

Nature of operations (note 1)

On behalf of the Board



“William Kitsch”
Director



“Jeffrey Barber”
Director

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Three months ended Sept 30,		Six months ended Sept 30,	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Revenue:				
Sales	\$ -	\$ -	\$ -	\$ -
Production cost of sales	(104,102)	-	(255,210)	-
Production salaries and wages	(93,189)	-	(113,799)	-
Production amortization and depreciation (note 5)	(10,463)	-	(10,463)	-
Other cost of sales	(3,257)	-	(3,257)	-
Gain on transformation of biological assets (note 6)	148,190	-	148,190	-
Other income	267	3,293	267	13,765
Gross profit	(62,554)	3,293	(234,272)	13,765
Expenses:				
General and administrative	207,800	53,464	439,591	61,040
Sales and marketing	124,718	-	178,656	-
Loss on change in fair value of derivative liability	-	24,240	-	24,240
Stock-based compensation (note 5 and 6)	211,991	-	565,089	-
Amortization and depreciation (note 5)	32,430	-	32,430	-
Listing costs (note 4)	4,061,428	-	4,061,428	-
Interest expense, net	326	2,038	(2,342)	14,144
	4,638,693	79,742	5,274,852	99,424
Net loss and comprehensive loss	\$ (4,701,247)	\$ (76,449)	\$ (5,509,124)	\$ (85,659)
Net loss per share				
Basic and diluted	\$ (0.09)	\$ (0.01)	\$ (0.11)	\$ (0.01)
Weighted average shares outstanding	49,850,537	9,945,356	49,850,537	9,945,356

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

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars) (unaudited)

	Share Capital	Contributed Surplus	Warrant Reserve	Deficit	Total Equity
Balance, March 31, 2017	\$ 4,451,420	\$ 645,228	\$ 115,151	\$ (1,228,414)	\$ 3,983,385
Shares issued for cash, net of issuance costs	2,980,102				2,980,102
Shares issued for services	20,000				20,000
Stock based compensation		565,089			565,089
Shares retained by SG Spirit Gold shareholders	2,535,243				2,535,243
Warrants retained by SG Spirit Gold shareholders			1,307,796		1,307,796
Exercise of Warrants	372,732		(68,121)		304,611
Net loss for the period				(5,509,124)	(5,509,124)
Balance, September 30, 2017	10,359,496	1,210,317	1,354,826	\$ (6,737,538)	6,187,101
Balance, March 31, 2016	\$ 12	\$ -	\$ -	\$ (261,042)	\$ (261,030)
Cancellation of shares	(12)				(12)
Shares issued for cash, net of issuance costs	348,893				348,893
Net loss for the period				(85,659)	(85,659)
Balance, September 30, 2016	\$ 348,893	\$ -	\$ -	\$ (346,701)	\$ 2,192

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

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Six months ended September 30, 2017 (Unaudited)	Six months ended September 30, 2016 (Unaudited)
Cash flow from operating activities		
Net loss	\$ (5,509,124)	\$ (85,659)
Add (deduct) items not involving cash		
Accretion and accrued interest	-	6,723
Loss on change in fair value of derivative liability	-	24,240
Stock-based compensation	565,089	-
Shares issued for services	20,000	-
Amortization and depreciation	42,893	-
Gain on biological transformation (note 6)	(148,190)	-
Non-cash listing costs	3,843,039	-
Change in non-cash working capital		
Accounts receivable	(28,685)	13,356
Other receivables	(26,152)	(13,885)
Prepaid expenses	(7,250)	(20,295)
Inventory	(18,329)	-
Accounts payable and accrued liabilities	144,448	239,751
	(1,122,261)	164,231
Cash flow from financing activities		
Private placement of shares, net of issuance costs (note 8)	2,980,102	315,728
Receipt of subscriptions receivable	342,500	21,396
Exercise of Warrants (note 8)	304,611	-
	3,627,213	337,124
Cash flow from investing activities		
Investment in property and equipment (note 5)	(136,296)	(217,446)
Repayment of mortgage payable (note 7)	(6,581)	-
Deposits (note 12)	(200,000)	-
Purchase of biological assets (note 6)	(24,000)	-
	(366,877)	(217,446)
Increase in cash	2,138,073	283,909
Cash, beginning of period	1,896,364	28,228
Cash, end of period	\$ 4,034,437	\$ 312,137

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

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

1. Nature of operations

DOJA Cannabis Company Limited (“DOJA” or the “Company”) (Formerly SG Spirit Gold Inc. (“SG”)) was incorporated under the BC Business Corporations Act. The Company’s principal business activity is the cultivation and sale of medical cannabis under the license issued by Health Canada to the Company’s wholly owned subsidiary DOJA Cannabis Ltd (“DOJA Cannabis”). The Company is in the development stage and has not yet earned any revenues from sales of cannabis.

On August 3, 2017 SG completed a reverse takeover transaction, pursuant to which, DOJA Cannabis amalgamated with a wholly owned subsidiary of the company (note 4). The company’s common shares resumed trading on the Canadian Securities Exchange (the “CSE”) under the symbol “DOJA” on August 4, 2017.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Company’s Board of Directors (the “Board”) on November 29, 2017.

2. Basis of presentation

(a) Statement of compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”. These financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended March 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”).

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as detailed in the Company’s accounting policies.

(c) Functional and presentation currency

The Company and its subsidiaries’ functional currency, as determined by management, is the Canadian dollar. These financial statements are presented in Canadian dollars.

(d) Change in year end

Pursuant to the amalgamation (note 4) the Company was deemed to have changed its year end from December 31 to March 31, being the fiscal year end of the wholly owned subsidiary DOJA Cannabis. The directors of the Company have determined that it is in the best interests of the Company to revert to a December 31st year end. The Company’s transition year will consist of a 9-month period ended December 31, 2017.

(e) Use of estimates and judgments

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

Management has applied significant estimates and assumptions related to the following:

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

Derivative liability

Promissory notes are convertible on terms that include a preferential participation right that may result in a variable number of shares being issued and are considered a derivative liability measured at fair value.

The Company estimates the fair value at each reporting date using key assumptions including the probability of completing an equity raise by the Company and the expected quantum of participation rights exercised.

Biological Assets

Management is required to make a number of estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions such as estimating the stage of completion, harvesting costs, sales prices and expected yields.

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis of the cost of finished goods inventories subsequent to harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

Fair Value of Stock Options and Performance Warrants

Determining the fair value of stock options on the grant date, including performance based warrants, requires judgement related to the choice of a pricing model, the estimation of stock price volatility and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's reported operating results, liabilities or components' equity. The key estimates used by management are the stock price volatility, expected life of the options, share price, and expected timing of performance criteria.

3. Significant accounting policies

These condensed interim condensed financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended March 31, 2017.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been released and have not been applied in preparing these financial statements, as set out below:

- IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.
- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

- In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

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

4. Reverse Acquisition

On August 3 2017, the Company completed a three-cornered amalgamation among the Company, DOJA Cannabis and a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the amalgamation, resulting in DOJA Cannabis becoming a direct, wholly-owned subsidiary of the Company. The amalgamation constituted a reverse acquisition of the Company by DOJA Cannabis, with the Company (being the legal parent) as the accounting acquiree and DOJA Cannabis (being the legal subsidiary) as the accounting acquirer. In connection with the closing of the reverse acquisition, the Company changed its name to "DOJA Cannabis Company Ltd.".

In connection with the completion of the reverse acquisition, the Company completed a consolidation of the outstanding common shares of the company on a 1-for-3 basis, as consideration for completion of the Transaction, the holders of the DOJA Cannabis' Class A common shares were issued 1.8 post-consolidated common shares of the Company, in exchange for every share of the Company they held. Existing dilutive securities of both the Company and DOJA Cannabis were also exchanged for dilutive securities on substantially the same terms, and applying the same exchange ratio.

This transaction has been accounted for as a reverse acquisition that does not constitute a business combination. The purchase price allocation for the assets acquired and liabilities assumed was determined as follows:

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

Consideration Transferred:	
5,070,486 shares (post-consolidation) at a price \$0.50 per share	\$ 2,535,243
3,400,000 warrants (post consolidation) at a value of \$0.38 per warrant	1,307,796
	\$ 3,843,039
Net Assets Acquired:	
Cash and Cash Equivalents	\$ 58,442
Accounts Payable	(28,750)
Net assets acquired	29,692
Excess attributed to cost of listing:	3,813,347
	\$ 3,843,039
Listing Cost:	
Excess attributed to cost of listing	\$ 3,813,347
Legal	194,112
Consulting Fees	53,969
	\$ 4,061,268

For accounting purposes, these financial statements reflect a continuation of the financial position, operating results and cash flows of the company's legal subsidiary, DOJA Cannabis.

5. Property and equipment

	Furniture & equipment	Building and improvements	Production equipment	Land	Total
Cost					
At March 31, 2016	-	-	-	-	-
Additions	46,385	2,401,827	-	-	2,448,212
At March 31, 2017	\$ 46,385	\$ 2,401,827	\$ -	\$ -	\$ 2,448,212
Additions	23,542	112,754	-	-	136,296
Reclassification	4,098	(940,913)	568,815	368,000	-
At Sept 30, 2017	\$ 74,025	\$ 1,573,668	\$ 568,815	\$ 368,000	\$ 2,584,508
Accumulated Depreciation					
At March 31, 2016	-	-	-	-	-
Expense for the period	-	-	-	-	-
At March 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Expense for the period	3,671	28,758	10,463	-	42,893
At Sept 30, 2017	\$ 3,671	\$ 28,758	\$ 10,463	\$ -	\$ 42,893
Net book Value					
At March 31, 2016	\$ -	\$ -	\$ -	\$ -	\$ -
At March 31, 2017	\$ 46,385	\$ 2,401,827	\$ -	\$ -	\$ 2,448,212
At Sept 30, 2017	\$ 70,353	\$ 1,544,910	\$ 558,352	\$ 368,000	\$ 2,541,615

Included in Building and improvements as at September 30, 2017 are \$22,743 (2017 - \$nil) of capitalized interest.

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

6. Biological Assets and Inventories

The Company's biological assets consist of medicinal cannabis plants. The continuity of biological assets is as follows:

	Mother Plants/Seeds	Harvest in Process	Total
Carrying amount, March 31, 2016	\$ -	-	-
Additions	-	-	-
Carrying amount, March 31, 2017	\$ -	-	-
Acquired biological assets	-	24,000	24,000
Changes in FV less costs to sell due to biological transformation	35,940	112,250	148,190
Transferred to inventory upon harvest	-	-	-
Carrying amount Sept 30, 2017	\$ 35,940	\$ 136,250	\$ 172,190

All biological assets are current. The significant assumptions used in determining the fair value of the medicinal plants are as follows:

- i. Stage of completion;
- ii. Yield by strain;
- iii. Wastage of plants based on various stages of growth;

The Company's estimates are, by nature subject to change. Changes in the underlying assumptions will be reflected in future changes in the gain/loss of biological assets. As at September 30, 2016 it is expected the Company's biological assets are 82% complete (2016 – nil) and are expected to yield 39,750 grams of medicinal cannabis.

As at September 30, 2016, included in the carrying amount of inventory is \$12,700 in dry cannabis (2016 – nil) awaiting release for sale. Inventory was comprised of the following items:

	September 30, 2017	March 31, 2017
Harvested Cannabis	12,700	-
Supplies and Consumables	5,609	-
Carrying amount Sept 30, 2017	\$ 18,309	\$ -

7. Mortgage payable

The mortgage bears interest at 4.5% per annum, is payable in monthly instalments of \$3,338, and is due November 1, 2020. The mortgage payable is secured by a first charge over certain specified properties. Interest expense on the mortgage payable was \$7,148 and \$13,890 for the three and six months ended September 30, 2017 respectively (2016 - \$nil).

8. Shareholders' equity

Authorized share capital

The corporation has an unlimited number of Common Shares authorized for issuance. The Common Shares entitle the holder to one vote for every share held. There are no fixed dividends payable on the Common Shares.

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

Outstanding share capital

	Number of Shares	Amount
Balance, March 31, 2016	216	\$ 12
Cancellation of Shares	(216)	(12)
Class A common shares issued for Cash, net of issuance costs	50,265,617	3,943,916
Redemption and cancellation of Class A common shares	(5,279,999)	(293)
Class A common shares issued for services	356,783	62,797
Subscriptions receivable	1,390,001	347,500
Conversion of promissory notes	835,715	97,500
Balance, March 31, 2017	47,568,118	4,451,420
Issued for cash, net of issuance costs	6,092,137	2,980,102
Shares issued for services	22,222	20,000
Shares issued pursuant to the acquisition	5,070,486	2,535,243
Exercise of warrants	1,118,442	372,732
Balance, Sept 30, 2017	59,871,405	\$ 10,359,496

Six months ended Sept 30, 2017

During the six month period ended September 30, 2017 the Company issued 6,092,137 Class A common shares at \$0.5 per share for gross proceeds of \$2,980,102 net of issuance costs.

In August 2017, in conjunction with the reverse acquisition, 5,070,486 Class A common shares were retained by SG Spirit Gold shareholders. These shares were valued at \$0.50 per share for total consideration of \$2,535,243.

Year ended March 31, 2017

During the year ended March 31, 2017, the Company issued 23,279,999 Class A common shares at \$0.0001 per share, for gross proceeds of \$1,293. In conjunction with the share issuance, the original 120 Class A common shares outstanding were returned to treasury and subsequently cancelled. Of these Class A common shares issued, 5,279,999 were redeemed and cancelled at a price of \$0.0001 per share in October 2016.

In November 2016, the Company issued 11,910,025 Class A common shares for gross proceeds of \$1,701,504. As part of the issuance, \$97,500 of the convertible promissory notes payable elected to be converted into shares and \$186,000 was transferred to share capital as the fair value of the derivative liability, less \$17,000 of share issuance costs.

In February 2017, the Company issued 10,697,589 units at \$0.10 per unit, each consisting of one Class A common share and one warrant exercisable at \$0.25 per share for gross proceeds of \$1,069,759. The warrants expire 24 months from the date of issuance and had a fair value of \$115,151.

In March 2017, the Company received gross proceeds \$1,303,429 in cash and \$347,500 in subscriptions receivable from the issuance of 6,603,719 Class A common shares.

During the year ended March 31, 2017, the Company issued 356,783 Class A common shares to settle debts arising from services rendered that were valued at \$62,797, of which \$22,797 were from a related party.

Warrants

Each warrant entitles the holder to purchase a Class A common share at a set price and is exercisable at the option of the holder for a set period of time.

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

The warrant details of the Company are as follows:

	Number of Warrants	Weighted Average exercise price
Outstanding, March 31, 2016	-	\$ -
Outstanding, March 31, 2017	-	-
Issued during private placement	10,697,587	0.25
Issued pursuant to reverse acquisition	3,400,000	0.30
Exercise of warrants	(1,118,442)	0.27
Oustanding, Sept 30, 2017	12,979,145	\$ 0.26

During the period, the Company issued 5,943,105 warrants as part of a private placement offering which were converted at a 1:1.8 conversion ratio in conjunction with the reverse acquisition. The warrants are exercisable at \$0.25 for Class A common shares post acquisition, with an expiry of 2 years from the date of issuance. The fair value of these warrants was \$115,151. As at September 30, 2017, these warrants had a remaining life of 1.84 years.

In conjunction with the closing of the reverse acquisition (note 4), the Company issued 3,400,000, 10,200,000 warrants pre 3:1 share consolidation resulting in warrants for gross proceeds consideration transferred to warrant holders of the company.

The fair value of the warrants on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	2017	2016
Volatility	70% - 80%	n/a
Risk -free interest rate	0.73% - 0.97%	n/a
Expected life (years)	2.0 - 3.84	n/a
Dividend yield	n/a	n/a
Forfeiture rate	0%	n/a
Share price	\$0.18	n/a

Performance Warrants

The Company has stock based compensation arrangements to encourage ownership of the Company's common shares by its officers, directors, employees and certain non-employees. The maximum number of stock options and performance warrants granted, vesting period and contractual life of the options under these arrangements shall be determined from time to time by the Board. The exercise price on each option shall be determined by the Board based on the fair market value of the shares on the date of grant as estimated in accordance with a valuation model approved by the Board.

During the year ended March 31, 2016 and additionally in the six months ended September 30, 2017, the Company issued performance warrants to management and certain employees. These performance warrants are exercisable at prices ranging from \$0.0001 to \$0.30 for Class A common shares, with an expiry of three to five years from the date of issuance. Vesting conditions are based on the Company achieving certain milestones, such as obtaining certain licenses from Health Canada and cumulative sales volume.

During the six months ended September 30, 2017 the company issued 366,667 stock options, exercisable for common shares at a weighted average price of \$0.42 per share fully vested upon the grant. The options expire 5 years from the date of the grant.

The Company recognized \$211,911 and \$565,089 for the three and six months ended September 30, 2017 (2016 - \$nil) in stock-based compensation with respect to performance warrants during 2017.

DOJA Cannabis Company Limited (Formerly SG Spirit Gold Inc.)

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

The Following table summarizes the stock option and performance warrant activity:

	Number of Performance Warrants and Options	Weighted Average exercise price
Outstanding, March 31, 2016	-	\$ -
Granted	7,616,399	0.03
Outstanding, March 31, 2017	7,616,399	0.03
Granted pursuant to reverse acquisition	186,667	0.42
Granted	666,000	0.39
Cancelled	(450,000)	0.18
Oustanding, Sept 30, 2017	8,019,066	\$ 0.16

The fair value of each group of performance warrants and stock options on the date granted was estimated using the Black-Scholes valuation model. The following assumptions were used:

	2017	2016
Volatility	80%	70%
Risk -free interest rate	0.73%	0.56 - 0.76%
Expected life (years)	5.0	3.0
Dividend yield	Nil	n/a
Forfeiture rate	0%	0%
Share price	\$0.50	\$0.30

The following table presents information related to performance warrants and stock options as at September 30, 2017:

Weighted Average Exercise Price	Options and Performance Warrants Outstanding	Weighted average remaining life (years)	Vested
0.0001	5,366,399	2.00	2,639,997
0.10	1,800,000	2.25	900,000
0.25	243,000	4.59	81,000
0.42	366,667	4.59	366,667
0.50	243,000	4.67	81,000
Balance at Sept 30, 2017	8,019,066	2.34	4,068,664

9. Related Parties

The company was indebted to an officer of The Company in the amount of \$202,587 as at September 30, 2016 (2016 - \$nil) and is included in accounts payable and accrued liabilities.

Key management includes directors and officers of The Company. Total compensation paid to key management personnel for the three and six months ended September 30, 2017 was \$224,574 and \$577,736 respectively (2016 - nil). Included in the total compensation for the three and six months ended September 30, 2017 was \$134,574 and 382,736 (2016 - nil) related to stock-based compensation.

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

10. Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued share capital and accumulated deficit, as well as mortgages payable and due to related parties.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through issuance of shares, convertible promissory notes payable and loans.

There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal year. The Company is not subject to externally imposed capital requirements.

11. Financial instruments and risk management

The Company has classified its cash and derivative liability as fair value through profit and loss ("FVTPL"), accounts receivable and other receivables as loans and receivables, and accounts payable and accrued liabilities, due to related parties, convertible promissory notes payable and mortgage payable as other financial liabilities.

The carrying values of cash, accounts receivable, other receivables, due to related parties, accounts payable and accrued liabilities and convertible promissory notes payable approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
- Level 3 – inputs for assets and liabilities not based upon observable market data

Financial risk factors

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

(a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company's cash is held at a major Canadian bank. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations (see note 1). All of the Company's financial liabilities are due within one year except for the mortgage payable.

Notes to the Financial Statements

For the three and six months ended September 30, 2017 and 2016

(c) Interest rate risk

The Company is subject to interest rate risk from its convertible promissory notes payable and mortgage payable, which are all currently fixed rate instruments.

12. Subsequent event

Recognized Subsequent Events

On October 27, 2017 the Company completed the acquisition of a second 22,580 square foot facility (“Future Lab”) in Kelowna, British Columbia for additional production capacity of medicinal cannabis for gross consideration of \$2.5 million paid in cash. Included in the purchase price of \$2.5 million is a \$200,000 prepayment included in deposits as at September 30, 2017.

Un-recognized Subsequent Events

On Nov 28, 2017 the Company settled debts with suppliers with shares issued for services in the aggregate amount of 674,666 common shares at 0.96 per unit. No provision for the services has been recognized for the three and six months ended September 30, 2017 as services rendered and conditions for settlement arose subsequent to the period end date.