

Consolidated Financial Statements  
(Expressed in Canadian Dollars)

**RISE LIFE SCIENCES CORP.**  
**(Formerly Luminor Medical Technologies Inc.)**

Years ended November 30, 2017 and 2016

## MANAGEMENT REPORT

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of RISE Life Sciences Corp. (formerly Luminor Medical Technologies Inc.) (the "Company"). Management is responsible for the information and representations contained in these consolidated financial statements.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies, which management believes are appropriate for the Company, are described in note 3 to these consolidated financial statements. The Company maintains a system of internal control and appropriate processes to provide reasonable assurance that assets are safeguarded and to ensure that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving these consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee comprised of non-management Directors is appointed by the Board. The Audit Committee reviews the consolidated financial statements, audit process and financial reporting with management and with the external auditors and reports to the Board of Directors prior to the approval of the audited consolidated financial statements for publication.

MNP LLP, the Company's external auditors, who are appointed by the shareholders, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on these consolidated financial statements; their report follows.

*"Anton Mattadeen"*

---

**Mr. Anton Mattadeen**  
President & Chief Executive Officer

*"Robert Lelovic"*

---

**Mr. Robert Lelovic**  
Chief Financial Officer

April 2, 2018

## Independent Auditors' Report

To the Shareholders of RISE Life Science Corp. (formerly Luminor Medical Technologies Inc.):

We have audited the accompanying financial statements of RISE Life Science Corp. (formerly Luminor Medical Technologies Inc.), which comprise the statements of financial position as at November 30, 2017 and 2016, and the statements of net loss and comprehensive loss, changes shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of RISE Life Science Corp. (formerly Luminor Medical Technologies Inc.) as at November 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 2(c) to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on RISE Life Science Corp.'s (formerly Luminor Medical Technologies Inc.) ability to continue as a going concern.

Mississauga, Ontario

April 2, 2018

*MNP* LLP

Chartered Professional Accountants

Licensed Public Accountants

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Consolidated Statements of Financial Position November 30, 2017 and 2016

	Note	November 30, 2017	November 30, 2016
<b>Assets</b>			
Current assets:			
Cash		\$ 1,065,974	\$ 133,134
Accounts receivable		157,931	40,435
Prepaid expenses		12,920	4,271
Total current assets		1,236,825	177,840
Non-current assets:			
Property and equipment	4	19,440	265,779
Licence	5	1,899,441	-
		1,918,881	265,779
<b>Total assets</b>		<b>\$ 3,155,706</b>	<b>\$ 443,619</b>
<b>Liabilities and Shareholders' Deficiency</b>			
Current liabilities:			
Accounts payable and accrued liabilities	12(c)	\$ 907,789	\$ 1,260,495
Convertible notes	7(b)	149,246	71,658
Accrued interest	7	19,417	2,005
Total current liabilities		1,076,452	1,334,158
Non-current liabilities			
Secured promissory notes	7(a)	1,611,334	1,611,334
Convertible notes	7(b)	-	90,160
Accrued interest	7(a)	1,165,559	886,438
Total non-current liabilities		2,776,893	2,587,932
Shareholders' deficiency:			
Share capital	8	19,033,623	15,027,395
Shares to be issued	8	-	15,000
Contributed surplus	8	5,132,042	4,578,362
Warrants	8	1,157,671	535,156
Deficit		(26,020,975)	(23,634,384)
Total deficiency		(697,639)	(3,478,471)
<b>Total liabilities and equity</b>		<b>\$ 3,155,706</b>	<b>\$ 443,619</b>
Going concern	2(c)		
Commitments and contingencies	11		
Subsequent events	15		

On behalf of the Board:

"Anton Mattadeen"  
Director

"Chris Dollard"  
Director

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

**RISE LIFE SCIENCES CORP.**  
**(Formerly Luminor Medical Technologies Inc.)**

**Consolidated Statements of Net Loss and Comprehensive Loss**  
Years ended November 30, 2017 and 2016

	Note	2017	2016
<b>Expenses</b>			
Selling, general, and administration	12	\$ 1,757,659	\$ 576,969
Finance expense	10	352,589	343,867
Foreign exchange loss, net		(10,108)	498
Contract and debt settlement, net	6	(190,955)	187,308
Stock based compensation	8	235,363	-
Impairment of equipment	4	242,043	-
<b>Total expenses</b>		<b>(2,386,591)</b>	<b>(1,108,642)</b>
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (2,386,591)</b>	<b>\$ (1,108,642)</b>
<b>Basic and diluted weighted average shares outstanding</b>	<b>8(e)</b>	<b>13,187,298</b>	<b>2,233,203</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.18)</b>	<b>\$ (0.50)</b>

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

**RISE LIFE SCIENCES CORP.**  
**(Formerly Luminor Medical Technologies Inc.)**

**Consolidated Statements of Changes in Shareholders' Deficiency**

Years ended November 30, 2017 and 2016

		<b>Number of shares</b>	<b>Share capital</b>	<b>Shares to be issued</b>	<b>Contributed surplus</b>	<b>Warrant reserve</b>	<b>Accumulated deficit</b>	<b>Total deficiency</b>
Balance, November 30, 2015		2,020,653	14,803,770	-	3,829,149	1,180,955	(22,525,742)	(2,711,868)
Loss and comprehensive loss for the year		-	-	-	-	-	(1,108,642)	(1,108,642)
Private placements	8	2,045,000	206,950	15,000	-	84,800	-	306,750
Shares issued on settlement of debt	8	57,500	16,675	-	-	-	-	16,675
Conversion feature on convertible debentures	7	-	-	-	18,614	-	-	18,614
Warrants expired	8	-	-	-	730,599	(730,599)	-	-
Balance, November 30, 2016		4,123,153	\$ 15,027,395	\$ 15,000	\$ 4,578,362	\$ 535,156	\$ (23,634,384)	\$ (3,478,471)
Loss and comprehensive loss for the year		-	-	-	-	-	(2,386,591)	(2,386,591)
Private placements	8	19,999,407	2,599,213	(15,000)	-	794,495	-	3,378,708
Share issue costs	8	-	(360,836)	-	-	155,855	-	(204,981)
Acquisition of licence	5	9,500,000	1,710,000	-	-	-	-	1,710,000
Conversion of debenture	7,8	125,000	26,038	-	(1,038)	-	-	25,000
Exercise of warrants	8	88,889	31,813	-	-	(8,480)	-	23,333
Warrants expired	8	-	-	-	319,355	(319,355)	-	-
Stock based compensation	8	-	-	-	235,363	-	-	235,363
<b>Balance, November 30, 2017</b>		<b>33,836,449</b>	<b>\$ 19,033,623</b>	<b>-</b>	<b>\$ 5,132,042</b>	<b>\$ 1,157,671</b>	<b>\$ (26,020,975)</b>	<b>\$ (697,639)</b>

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

**RISE LIFE SCIENCES CORP.**  
**(Formerly Luminor Medical Technologies Inc.)**

**Consolidated Statements of Cash Flows**  
Years ended November 30, 2017 and 2016

	Note	2017	2016
<b>Cash provided by (used in)</b>			
<b>Operating activities:</b>			
Net loss for the year		\$ (2,386,591)	\$ (1,108,642)
Items not involving operating cash flows:			
Contract and debt settlement	6 & 8	(190,955)	187,308
Amortization	4 & 5	43,022	19,935
Finance expenses		319,070	269,363
Stock based compensation		235,363	-
Impairment of equipment	4	242,043	-
Foreign exchange gain		(10,108)	-
Changes in non-operating working capital:			
Accounts receivable		(117,496)	(31,425)
Prepaid expenses		(8,649)	70,119
Accounts payable and accrued liabilities, net of debt settlement		(161,751)	242,729
Net cash used in operating activities		(2,036,052)	(350,613)
<b>Investing Activities:</b>			
Acquisition of licence	5	(213,485)	-
Purchase of equipment	4	(14,683)	-
Net cash used in investing activities		(228,168)	-
<b>Financing Activities:</b>			
Proceeds from private placements less share issue costs	8	3,173,727	306,750
Proceeds from exercise of warrants	8	23,333	-
Proceeds from debt financing	7	-	175,000
Net cash provided by financing activities		3,197,060	481,750
Increase (decrease) in cash		932,840	131,137
Cash, beginning of the year		133,134	1,997
<b>Cash, end of the year</b>		<b>\$ 1,065,974</b>	<b>\$ 133,134</b>
<b>Supplemental cash flow information:</b>			
Warrants issued on amendment of Scout DS® purchase agreement	6	\$ -	\$ 16,675
Shares issued on acquisition of Jamaica BLU Ltd.	5	\$ 1,710,000	\$ -

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

# **RISE LIFE SCIENCES CORP.**

## **(Formerly Luminor Medical Technologies Inc.)**

### **Notes to the Consolidated Financial Statements**

Years ended November 30, 2017 and 2016

---

#### **1. Reporting entity:**

RISE Life Sciences Corp. (Formerly Luminor Medical Technologies Inc.) (the "Company") is a company domiciled and incorporated in Canada. The address of the Company's registered office is 145 King Street West, Suite 210, Toronto, ON M5H 1J8. The Company's common shares are publicly traded on the Canadian Securities Exchange. The Company is developing and evolving medical cannabis-based formulations to create general use health and well-being products for the emerging consumer category made possible by the legalization of cannabis. The Company also owns its Scout DS® device that is a clinical tool to assist in the identification of both prediabetes and type 2 diabetes.

#### **2. Basis of preparation of financial statements:**

##### **(a) Statement of compliance**

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

These consolidated financial statements were authorized for issue by the Board of Directors on April 2, 2018.

##### **(b) Basis of measurement**

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

##### **(c) Going concern**

These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern as the Company has experienced operating losses and cash outflows from operations since incorporation and has accumulated a deficit of \$26,020,975 as at November 30, 2017 (2016 - \$23,634,384) and a working capital deficiency of \$160,373 (2016 - \$1,156,318).

Management has forecast that expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during the second quarter of fiscal 2018 unless further financing is obtained. Additional sources of funding will be required commencing in the second quarter of fiscal 2018 to carry on operations. The Company's future operations are dependent upon its ability to secure additional funds and generate product sales. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved or such sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding via the issuance of shares and warrants and long-term debt. If the Company cannot secure additional financing on terms that would be acceptable to it or otherwise generate product sales, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments, delays of product launch and exploring the monetization of certain intangible assets, as well as seeking to license and/or divest assets or a merger, sale or liquidation of the Company. Any divestiture of assets would be subject to the satisfaction of obligations under the security interests described in note 7.



# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 2. Basis of preparation of financial statements (continued):

#### (c) Going concern (continued)

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on many factors, including, but not limited to the successful completion of the actions taken or planned, some of which are described above, which are intended to mitigate the adverse conditions and material uncertainties that cast significant doubt about the validity of the going concern assumption used in preparing these consolidated financial statements. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs or that the above described and other strategies will be sufficient to permit the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the consolidated statements of financial position classifications used.

#### (d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

#### (e) Use of significant estimates and judgments

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

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.

Areas where management has made critical judgments in the process of applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the commencement of the period of use of acquired intellectual property.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements:

- Note 3e(ii): The measurement and period of use of acquired intellectual property
- Note 3e(iii): The measurement and period of use of patents and trademarks
- Note 3g(ii): The assumptions and valuation technique used to estimate the value of share-based payment transactions.
- Note 5: The assumptions used to amortize the license recognized on acquisition of Jamaica BLU Ltd.
- Note 7: The assumptions used to fair value the debt component of convertible debentures on initial recognition.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

#### (a) Foreign currency transactions

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### (b) Financial instruments

##### (i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: loans and receivables. The Company has not classified any assets or liabilities as held-to-maturity or available-for-sale.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost. Loans and receivables are comprised of cash and accounts receivable.

##### (ii) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities which are classified as other financial liabilities: accounts payable and accrued liabilities, secured debt and accrued interest on secured debt.

The Company had the following non-derivative financial liabilities, representing contingent consideration (note 8), which were classified as held for trading: other current obligation.

All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Costs incurred to obtain financing are deferred and amortized over the term of the associated debt using the effective interest method. The related amortization is a non-cash charge to finance expense.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 3. Significant accounting policies (continued):

#### (b) Financial instruments (continued)

##### (ii) Non-derivative financial liabilities (continued)

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

##### (iii) Share capital

Common voting shares are classified as equity. Incremental costs directly attributable to the issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

##### (iv) Warrants

Warrants are classified as equity. Incremental costs directly attributable to the exercise of warrants and related issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

#### (c) Revenue recognition

Revenue from the sale of goods is measured by reference to the fair value of consideration received or receivable for goods supplied. Revenue from product sales is recognized when all the following conditions have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measure reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company may enter into sales agreements with customers that have multiple element arrangements. When these multiple elements have stand-alone value to the customer, the components are accounted for separately, based on the relative selling prices, using the appropriate revenue recognition criteria as described above.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 3. Significant accounting policies (continued):

#### (d) Property and equipment

##### (i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day-to-day servicing of property and equipment are recognized in the statement of net loss and comprehensive loss in the period in which they are incurred.

##### (ii) Amortization

Amortization is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Computers and equipment	Straight-line	30%

Assets held for lease are recorded at cost and consist of finished Scout DS<sup>®</sup> medical devices and parts used in the manufacture of Scout DS<sup>®</sup> medical devices. These assets are classified as property and equipment as the current business model relating to Scout DS<sup>®</sup> involves leasing the devices to customers under operating leases. Amortization is provided using the straight-line method over the useful life of the devices, as the devices are leased out under operating leases, based on the estimated realizable value of the medical device at the end of the lease term. The parts used in the manufacture of Scout DS<sup>®</sup> medical devices are not being amortized until they are completed Scout DS<sup>®</sup> medical devices.

Equipment held for resale is stated at the lower of cost, net of previously recorded amortization, and fair value less costs to sell.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (e) Intangible assets

##### (i) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

##### (ii) Acquired intellectual property - PreVu<sup>®</sup> and Scout DS<sup>®</sup>

Costs incurred for acquired intellectual property - PreVu<sup>®</sup> and Scout DS<sup>®</sup> were being amortized over the estimated period that they were available for use in the manner intended by management, commencing with the commercial launch of the products associated with the acquired intellectual property. The PreVu<sup>®</sup> had an estimated period of five years.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 3. Significant accounting policies (continued):

#### (e) Intangible assets (continued)

##### (iii) Patents and trademarks

Costs incurred for patents, patents pending and trademarks are capitalized and amortized from the date of issuance on a straight-line basis over their respective legal lives or economic life, if shorter. Trademarks have an indefinite life. Costs incurred in successfully obtaining a patent or trademark are measured at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks is expensed as incurred.

##### (iv) Technology license

The Company's technology license was recorded at cost and amortized over its estimated useful life.

##### (v) Other intangible assets

The Company's other intangible assets are recorded at cost and amortized over their estimated useful life.

##### (vi) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

#### (f) Impairment

##### (i) Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss for financial assets carried at amortized cost. The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

##### (ii) Non-financial assets

The carrying amounts of the long-lived non-financial assets, including intangible assets and property and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite lives and intangible assets not yet put into use are evaluated for impairment at least annually.

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, strength of customer demand and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. A change in any of the significant assumptions or estimates used to evaluate the underlying assets could result in a material change to the results of operations.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Consolidated Financial Statements  
Years ended November 30, 2017 and 2016

---

## 3. Significant accounting policies (continued):

### (f) Impairment (continued)

#### (ii) Non-financial assets (continued)

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, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment had been recognized. Write-downs as a result of impairment are recognized in selling, general and administration expense for commercialized technologies and in research and development expense for technologies that have yet to be commercialized in the consolidated statements of net loss and comprehensive loss.

### (g) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### (ii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

### (h) Government grants

An unconditional government grant related to research and development activities is recognized in profit or loss as a deduction from the related expenditure when the grant becomes receivable. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

### (i) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

### (j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 3. Significant accounting policies (continued):

#### (j) Income tax (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Scientific research and experimental development tax credits, which are earned as a result of incurring qualifying research and development expenditures, are recorded as a reduction of the related expense or cost of the asset acquired when there is reasonable assurance that they will be realized.

#### (k) Earnings (loss) per share

The Company presents basic earnings (loss) per share ("EPS") data for its common voting shares. Basic EPS is calculated by dividing the profit or loss attributable to common voting shareholders of the Company by the weighted average number of common voting shares outstanding during the period, adjusted for own shares held. Common voting share equivalents have been excluded from the calculation of diluted loss per share as their effect is anti-dilutive.

#### (l) Comparative figures

For comparative purposes, certain of the prior year figures have been reclassified.

#### (m) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. The Company is assessing the impact of these pronouncements on its results and financial position. The Company intends to adopt those standards when they become effective.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 3. Significant accounting policies (continued):

#### (m) New standards and interpretations not yet adopted (continued)

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

IFRS 9 replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

Under IFRS 9, for financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income ("OCI"), with the remainder of the change recognized in profit and loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with some exemptions. The Company is currently evaluating the impact of the above standard on its consolidated financial statements.

##### **IFRS 15, *Revenue from Contracts with Customers***

IFRS 15, *Revenue from Contracts with Customers*, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non-financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively [for example, service revenue and contract modifications] and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is currently evaluating the impact of the above standard on its consolidated financial statements.

##### **Amendments to IAS 1, *Presentation of Consolidated financial statements***

On December 18, 2014 the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual period beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

##### **IFRS 16, *Leases***

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, *Leases*, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The new standard is effective for annual periods beginning on or after January 1, 2019, which is when the Company intends to adopt IFRS 16 in its consolidated financial statements. The extent of the impact of adoption of the standard has not yet been determined.



# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 4. Property and equipment:

Cost	Computers and equipment	Assets held for lease	Total
Balance November 30, 2015 and 2016	\$ 39,408	\$ 284,741	\$ 324,149
Additions	14,683	-	14,683
Balance November 30, 2017	\$ 54,091	\$ 284,741	\$ 338,832
Accumulated amortization	Computers and equipment	Assets held for lease	Total
Balance November 30, 2015	\$ 23,491	\$ 14,944	\$ 38,435
Amortization	6,058	13,877	19,935
Balance November 30, 2016	\$ 29,549	\$ 28,821	\$ 58,370
Amortization	5,102	13,877	18,979
Impairment	-	242,043	242,043
Balance November 30, 2017	\$ 34,651	\$ 284,741	\$ 319,392
Carrying value	Computers and equipment	Assets held for lease	Total
At November 30, 2016	\$ 9,859	\$ 255,920	\$ 265,779
At November 30, 2017	\$ 19,440	\$ -	\$ 19,440

### 5. Acquisition of Jamaica BLU Ltd.:

On September 28, 2017, the Company completed the acquisition of Jamaica-Blu Ltd. ("J-BLU") via a three-cornered amalgamation with the Company's wholly owned subsidiary 2603995 Ontario Ltd. J-BLU holds the exclusive Canadian licence of all current and future cannabis commercial products developed by Rise Research Inc. ("RISE"). RISE's cannabis commercial products are based on a patent pending formula, currently filed with the U.S. Patent and Trademark Office, to create precise cannabis-based formulations that may produce specifically targeted effects for various ailments including diabetes. Currently, RISE's portfolio consists of cannabis-based formulations which support patients with low libido called Jamaica blū and Jamaica pnk.

J-BLU was obligated to pay royalties to RISE equal to 10% on any future commercial sales generated from products under the License and any approved sublicenses. There were no royalties paid or accrued during the years ended November 30, 2017 (2016 – \$Nil). This obligation is continued through the acquisition by the Company. See Note 15(d).

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 5. Acquisition of Jamaica BLU Ltd. (continued):

The acquisition of J-BLU was accounted for as an asset acquisition. The purchase price was determined based on IFRS 2 Share Based Payments and allocated as follows:

#### Purchase Price:

---

9,500,000 common shares at a value of \$0.18 per share	<b>\$ 1,710,000</b>
--------------------------------------------------------	---------------------

---

#### Net Assets Acquired:

---

Canadian License for intellectual property access	\$ 1,910,000
Balance payable to RISE for License	(200,000)

---

	<b>\$ 1,710,000</b>
--	---------------------

---

The Company also incurred \$13,485 of costs relating to the acquisition which have been capitalized.

The license is highly dependent on the life of the patent which is 20 years from the date of filing. Accordingly, management has assumed a useful life of the License of 20 years. In 2017, amortization of \$43,022 (2016 - \$Nil) was recorded on a straight-line basis.

### 6. Contract settlement:

On August 14, 2014, the Company executed an agreement for the sale and distribution of Scout DS<sup>®</sup> medical devices into China (the "China Agreement"). Under the China Agreement, the Company was to receive an up-front payment of \$150,000 USD within 30 business days of the agreement's execution. This amount was received in September 2014 by the Company. Should the Company not receive Chinese Food and Drug Administration approval, 50% of the up-front payment is refundable under the China Agreement.

The \$150,000 USD represented an up-front payment where further services were to be provided or fees received, it was recognized in income over the period of performance of the related activities within revenues and as at November 30, 2016, \$Nil (2015 - \$9,146) was recorded as revenue.

In December, 2016, the Company executed a release and repayment agreement on the China Agreement whereby the Company would repay US\$10,000 on December 31, 2016, US\$140,000 on March 31, 2017 and US\$75,000 on May 31, 2017 in exchange for a release on the China Agreement. Included in accounts payable and accrued liabilities as at November 30, 2017 is CAD \$293,716 (2016 - \$302,107) related to this release and the Company recognized a loss on contract extinguishment during the year of CAD \$Nil (2016 - \$202,133). During fiscal 2017, the Company made payments of US\$20,000. The payments are subject to interest at a rate of 18% per annum on the outstanding balance and penalty interest of 0.05% daily on any missed payments. During 2017, the Company accrued CAD \$29,307 (2016 - \$Nil) of interest in relation to this settlement (note 10).

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 7. Notes payable

- (a) The following summaries the Company's promissory notes payable as at and for the years ended November 30, 2017 and 2016:

	<b>2017</b>		2016	
\$1,611,334 secured promissory note (iii)	\$	1,611,334	\$	1,611,334
Accrued interest		1,025,559		631,533
Deferred financing charges		140,000		140,000
	\$	2,776,893	\$	2,482,867
Current portion:				
Principle	\$	-	\$	-
Accrued interest and deferred financing charges	\$	-	\$	-
Long term portion:				
Principle	\$	1,611,334	\$	1,611,334
Accrued interest and deferred financing charges	\$	1,165,559	\$	886,438

- (i) On November 19, 2015, a \$1,000,000 non-convertible secured loan agreement, which was originally issued on October 12, 2011 and subsequently modified to mature on December 31, 2015, was extended to March 31, 2016 with accrued interest (12% per annum) due on April 30, 2016. The loan matured during the year ended November 30, 2016 and was combined into a new secured promissory note on June 16, 2016 (Note 7(a)(iii)). Accrued interest of \$397,283 and deferred financing charges of \$70,000 were also combined into the new promissory note.
- (ii) On November 19, 2015, a \$611,334 non-convertible secured loan agreement, which was originally issued in three tranches between January 10, 2014 and March 20, 2014 and subsequently modified to mature on December 31, 2015, was extended to March 31, 2016 with accrued interest (12% per annum) due on April 30, 2016. The loan matured during the year ended November 30, 2016 and was combined into a new secured promissory note on June 16, 2016 (Note 7(a)(iii)). Accrued interest of \$214,909 and deferred financing charges of \$70,000 were also combined into the new promissory note.
- (iii) On June 16, 2016, the Company entered into an amending agreement whereby it combined the notes described in 7(a)(i) and (ii) together with accrued interest and deferred financing charges into a new secured promissory note. The note continues to bear interest at 12% per annum, compounded quarterly, and is to be repaid as follows:
- \$300,000 due on December 31, 2018;
  - \$400,000 due on December 31, 2019;
  - \$600,000 due on December 31, 2020; and
  - \$311,334 plus all accrued interest and any other amounts due on December 31, 2021.
  - The principal and interest payments will be accelerated based on payments of ten percent (10%) of all gross sales on Scout Corp Assets.

The note is secured by a general security interest in favor of the lender over all tangible and intangible assets of the Company's subsidiary Scout Assessment Corp., excluding the assets relating to the Scout DS<sup>®</sup>, which were acquired on July 31, 2013.

The loan amendment has been accounted for as a modification of the previous two loans, in accordance with IAS 39 paragraph 40, as the net present value of the future cash flows were not significantly altered.

Interest expense of \$294,025 (2016 – \$264,280) and accretion expense of \$Nil (2016 - \$13,374) were recognized during the year in relation to these notes.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 7. Notes payable (continued):

- (b) The following summaries the Company's convertible promissory notes payable as at and for the years ended November 30, 2017 and 2016:

	2017	2016
\$50,000 convertible promissory note (i)	\$ 50,000	\$ 46,868
\$25,000 convertible promissory note (ii)	-	24,790
\$100,000 convertible promissory note (iii)	99,246	90,160
Accrued interest	19,417	16,910
	\$ 168,662	178,728
Current portion:		
Principle	\$ 149,246	\$ 71,658
Accrued interest	\$ 19,417	\$ 2,005
Long term portion:		
Principle	\$ -	\$ 90,160
Accrued interest	\$ -	\$ 14,905

- (i) On July 31, 2016, a private lender subscribed to a secured convertible note in the amount of \$50,000, bearing interest at 8% per annum and maturing on July 31, 2017. The note was convertible at \$0.20 per share. The net present value of future cash flows of the debt component was determined to be \$45,295 using a discount rate of 20% per annum, which was the interest rate of two promissory notes issued in Notes 7(a)(i) and (ii). Accordingly, the conversion feature was assigned a value of \$4,705. As of November 30, 2017, the note is outstanding.
- (ii) On July 31, 2016, a director of the Company subscribed to a secured convertible note in the amount of \$25,000, bearing interest at 8% per annum and maturing on December 31, 2016. The note was convertible at \$0.20 per share. The net present value of future cash flows of the debt component was determined to be \$23,962 using a discount rate of 20% per annum, which was the interest rate of two promissory notes issued in Notes 7(a)(i) and (ii). Accordingly, the conversion feature was assigned a value of \$1,038. This note was converted on January 13, 2017 into 125,000 common shares.
- (iii) On July 31, 2016, a company with an officer who is also an officer of the Company subscribed to a secured convertible note in the amount of \$100,000, bearing interest at 8% per annum and maturing on December 31, 2017. The note is convertible at \$0.20 per share. The net present value of future cash flows of the debt component was determined to be \$87,129 using a discount rate of 20% per annum which was the interest rate of two promissory notes issued in Notes 7(a)(i) and (ii). Accordingly, the conversion feature was assigned a value of \$12,871. This note was converted on December 28, 2017 into 500,000 common shares (note 15).

Interest expense of \$12,617 (2016 – \$33,409) and accretion expense of \$12,428 (2016 - \$14,210) were recognized during the year in relation to these notes.

### 8. Capital stock:

#### (a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares and an unlimited number of class A common voting shares.

On April 14, 2016, the Company completed a consolidation of its outstanding share capital on the basis of one post-consolidation share for every twenty five pre-consolidation shares. The quantities of all shares, options, and warrants presented in these consolidated financial statements, and their respective prices, have been retrospectively adjusted to reflect this consolidation.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 8. Capital stock (continued):

#### (b) Shares issued and outstanding

- (i) On October 24, 2016, the Company closed a private placement offering (the "October 2016 Offering") of 2,045,000 units ("Units") at a price of \$0.15 per Unit for gross proceeds of \$306,750. Each Unit comprises one common share of the Company (a "Share") and one half of one Share purchase warrant. Each whole warrant (a "Warrant") will entitle the holder to purchase one Share at a price of \$0.25 per Share for a period of 24 months from the date the Warrant is issued. A value of \$84,800 was allocated to the warrants upon issuance.
- (ii) On July 31, 2016, the Company entered into shares-for-debt agreements, which was subject to regulatory approval, with the lenders in Notes 7(a)(i) and (ii) where the Company issued 57,500 of its common shares to the lenders at a deemed price of \$0.20 per common share to satisfy \$11,500 of outstanding amounts owing to them. The shares were issued on October 24, 2016 having an aggregate fair value at that date of \$5,813. Accordingly, a gain of \$5,687 is included in contract and debt settlement expense.
- (iii) On December 28, 2016, the Company closed a private placement offering of 5,050,609 Units at a price of \$0.225 per Unit for gross proceeds of \$1,136,388. Each Unit is comprised of one common share of the Company and one-half Common Share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share for a period of twenty-four (24) months from the closing of the Offering at a price of \$0.30 per Common Share. 137,280 finders' warrants valued at \$39,193 were issued in connection with the private placement with the same terms as the warrants described above.
- (iv) On December 31, 2016, the \$25,000 convertible debenture (Note 7(b)(ii)) was converted at \$0.20 per share; 125,000 common shares were issued.
- (v) On February 23, 2017, 66,667 warrants of the Company were exercised at \$0.25 per share for gross proceeds of \$16,667.
- (vi) On April 13, 2017, 22,222 warrants of the Company were exercised at \$0.30 per share for gross proceeds of \$6,666.
- (vii) On September 28, 2017, the Company completed a private placement offering of 14,948,798 Units at a price of \$0.15 per Unit for gross proceeds of \$2,242,320. Each Unit is comprised of one common share ("Common Share") of the Company and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share until September 27, 2019 at a price of \$0.25 per Common Share. 865,669 finders' warrants valued at \$116,692 were issued in connection with the private placement with the same terms as the warrants described above.
- (viii) On September 28, 2017, the Company issued 9,500,000 at \$0.18 per share for the acquisition of 100% of the outstanding shares of Jamaica-Blu Ltd. (note 5).

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 8. Capital stock (continued):

#### (c) Options

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time.

Changes in the number of options outstanding during the years ended November 30, 2017 and 2016 are as follows and have been restated retrospectively as a result of a share consolidation (Note 8(b)):

	2017		2016	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of year	133,820	\$ 7.90	136,300	\$10.25
Granted	650,000	0.41	-	-
Forfeited, cancelled or expired	(105,820)	8.30	(2,480)	31.77
Balance, end of year	678,000	0.66	133,820	7.90
Options exercisable, end of year	678,000	\$ 0.66	133,820	\$ 7.90
Weighted average fair value per unit of option granted during the year		\$ 0.36		\$ -

Options outstanding at November 30, 2017 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
\$0.285	50,000	2.09 years	\$0.285	50,000
\$0.285	100,000	0.75 years	\$0.285	100,000
\$0.45	500,000	2.12 years	\$0.45	500,000
\$1.50	6,000	2.75 years	\$1.50	6,000
\$2.50	10,800	2.00 years	\$2.50	10,800
\$3.50	7,080	1.67 years	\$5.50	7,080
\$25.00	4,120	2.09 years	\$25.00	4,120
\$0.285 - \$55.00	678,000	1.91 years	\$0.66	678,000

For the year ended November 30, 2017, compensation expense of \$235,363 (2016 - \$Nil) was recorded in selling, general, and administrative expense to recognize options granted.

The compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model with the following weighted average assumptions:

	November 30, 2017	November 30, 2016
Expected option life	1-3 years	-
Risk free interest rate	0.78%	-
Dividend yield	nil	-
Expected volatility	160%	-

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 8. Capital stock (continued):

#### (d) Warrants

Changes in the number of warrants outstanding during years ended November 30, 2017 and 2016 are as follows:

	2017			2016		
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of year	1,478,140	\$535,156	\$1.22	1,331,240	\$ 1,180,955	\$ 3.00
Granted, pursuant to private placement (note 8(b))	11,002,651	950,350	0.26	1,022,500	84,800	0.25
Exercised (note 8(b))	(88,889)	(8,480)	0.25	-	-	-
Expired	(415,640)	(319,355)	3.13	(875,600)	(730,599)	(2.71)
Balance, end of year	11,976,262	\$1,157,671	\$0.28	1,478,140	\$ 535,156	\$ 1.22
Weighted average remaining contractual life (years)			1.59 years			1.51 years

The fair value of warrants was determined at the date of measurement using an option pricing model with the following weighted average assumptions:

	2017	2016
Expected life	2.0 years	2.0 years
Risk free interest rate	0.78%	0.52%
Dividend yield	nil	nil
Expected volatility	160%	160%

#### (e) Per share amounts

The weighted average number of common shares outstanding for the years ended November 30, 2017 was 13,187,298 (2016 - 2,233,203), respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 9. Income taxes:

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2016 – 26.5%) to the effective tax rate is as follows:

	2017	2016
Loss for the year before income taxes	\$ (2,386,591)	\$ (1,108,442)
Expected income tax recovery	\$ 632,450	\$ 293,740
Permanent differences	(3,880)	(20,690)
Undeducted share issue costs	95,620	-
Utilization of losses not previously recognized	50,600	-
Change in tax benefits not recognized	(774,790)	(273,050)
Income tax expense	\$ -	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize these benefits:

As at November 30, 2017, the following deductible temporary differences have not been recognized:

	2017	2016
Non-capital loss carry-forwards	\$ 17,591,300	\$ 15,503,000
Scientific research and experimental development expenditures	2,272,000	2,272,000
Intangible assets	1,892,400	1,630,000
Scientific research and experimental development tax credits	470,000	470,000
Share issue costs	423,800	303,000
Property and equipment	481,000	220,000

Non-capital losses carried forward expire between 2026 and 2037. Scientific research and experimental development tax credits can be applied against income taxes otherwise payable and expire by 2031. Share issue costs will be deducted over the next 3 years. The remaining temporary differences may be carried forward indefinitely.

The Company's non-capital income tax losses expire as follows:

2026	493,000
2027	729,000
2028	820,000
2029	721,000
2030	832,000
2031	1,134,000
2032	2,194,000
2033	2,756,000
2034	2,361,000
2035	2,211,100
2036	1,061,400
2037	2,278,800
<b>Total</b>	<b>17,591,300</b>



# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 10. Finance expense

During the years ended November 30, 2017 and 2016 the Company incurred finance expense (income) as follows:

	2017	2016
Interest and accretion on notes payable (note 7)	\$ 319,070	\$ 325,273
Bank charges and other interest	33,519	18,594
	\$ 352,589	\$ 343,867

During the years ended November 30, 2017 and 2016, the Company paid finance expense as follows:

	2017	2016
Interest paid (with shares) on secured debt (Note 8(b)(ii))	\$ -	\$ 11,500
Bank charges and other interest paid	4,116	2,330
	\$ 4,116	\$ 13,830

### 11. Commitments and contingencies:

#### (a) Commitments

As at November 30, 2017 and in the normal course of business, the Company has obligations to make future payments, representing contracts and other commitments that are known and committed.

#### (b) Guarantees

The Company periodically enters into research and license agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations.

#### (b) Royalties

The Company is obligated to pay royalties to RISE (note 5).

The Company is obligated to pay royalties to PreMD based on any future commercial sales of PreVu® Skin Cholesterol test equal to 10% of gross revenue associated with PreVu®. The Company retains the right to buy-out the royalty at any time for a one-time payment of \$1,000,000. There were no royalties paid or accrued during the years ended November 30, 2017 (2016 – \$Nil).

The Company is obligated to pay royalties to Canada-Israel Industrial Research and Development Foundation ("CIIRDF") based on any future product revenues, if any, from the exploitation of the preeclampsia technology contemplated in the project funding agreement equal to 2.5 percent up to a maximum of the amounts funded under the agreement. To November 30, 2017, no royalties are due and/or payable.

The Company is obligated to pay a royalty to MSH, subject to minimum annual royalties, of a stipulated percentage of the net sales of licensed products related to the worldwide rights to commercialize a portfolio of biomarkers for use in developing diagnostic assays for the early detection of preeclampsia, if any, along with other milestone payments. If the Company sub-licenses any rights under the MSH Agreement to a third party, the Company shall pay MSH a stipulated percentage of sub-license fee and sub-license royalty fee. No royalties were paid to MSH during the years ended November 30, 2017 (2016 – \$Nil).

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 12. Related party transactions:

#### (a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, President & CEO and Chief Financial Officer are key management personnel.

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan (Note 8(c)).

Compensation paid to key management personnel for the years ended November 30, 2017 and 2016 is as follows:

	2017	2016
Salaries, fees and short-term employee benefits	\$ 384,000	\$ 186,000
Stock based compensation	107,175	-
Total	\$ 491,175	\$ 186,000

#### (b) Key management personnel and shareholder transactions

Directors and key management personnel controlled eleven (11) percent (2016 – twenty (20) percent) of the voting shares of the Company as at November 30, 2017.

#### (c) Balances in accounts payable and accrued liabilities due to related parties

Balances in accounts payable and accrued liabilities due to related parties as at November 30, 2017 and 2016 are as follows:

	2017	2016
Accounts payable and accrued liabilities	\$ 97,514	\$ 114,412

#### (d) Related party transactions

On October 25, 2016, the Company issued an unsecured convertible loan of \$25,000 to a director of the Company, due on December 31, 2016, and a secured convertible loan of \$100,000, issued to Bradstone Financial Corp. ("Bradstone Financial"), a company which has a director/officer in common with an officer of the Company, due on December 31, 2017 (the "Bradstone Loan"). The conversion rights on the Bradstone Loan may only be exercised if Bradstone Financial, and/or its directors, officers or affiliates own less than 20% of the Company on a diluted basis. The convertible loans are convertible into common shares at a price of \$0.20 per share. The \$25,000 loan was converted to 125,000 on December 31, 2016 (note 8(b)(iv)).

### 13. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following models. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (a) Intangible assets

The fair value of intangible assets is determined for impairment testing purposes based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 13. Determination of fair values (continued):

#### (b) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include; share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### (c) Royalty obligation

The royalty obligation was recorded at its fair value at the date at which the liability was incurred and was subsequently revalued at each reporting date. Estimating fair value for this liability required determining the most appropriate valuation model which was dependent on its underlying terms and conditions. This estimate also required determining expected revenue from PreVu<sup>®</sup> sales, the expected timing of a buy-out of the royalty obligation and an appropriate discount rate and making assumptions about them.

### 14. Financial instruments:

#### (a) Financial assets and liabilities:

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the consolidated financial statements:

	Carrying Amount November 30, 2017	Fair Value November 30, 2017	Carrying Amount November 30, 2016	Fair Value November 30, 2016
<b>Financial Assets</b>				
Loans and receivable				
Cash	\$ 1,065,974	\$ 1,065,974	\$ 133,134	\$ 133,134
Accounts receivable	157,931	157,931	40,435	40,435
<b>Financial Liabilities</b>				
Other financial liabilities				
Accounts payable and accrued liabilities	\$ 907,789	\$ 907,789	\$ 1,260,495	\$ 1,260,495
Secured debt (Note 7(a))	2,776,893	2,776,893	2,482,867	2,482,867
Convertible debt (Note 7(b))	149,246	149,246	178,728	178,728

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. The carrying values of current monetary assets and liabilities approximate their fair values due to their relatively short periods to maturity. The fair value of the Company's secured debt is estimated to approximate its carrying value based on the terms of the secured debt.

IFRS 13 *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 - Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

### 14. Financial instruments (continued):

#### (a) Financial assets and liabilities (continued):

The fair value hierarchy of financial instruments measured at fair value on the Statements of Financial Position as at November 30, 2017 is as follows:

	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Cash	1,065,974	-	-

The fair value hierarchy of financial instruments measured at fair value on the Statements of Financial Position as at November 30, 2016 is as follows:

	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Cash	133,134	-	-

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the years ended November 30, 2017 and 2016, there were no transfers between Levels 1, 2, and 3 of the fair value hierarchy.

#### (b) Risks arising from financial instruments and risk management:

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company identifies, evaluates and, where appropriate, mitigates financial risks. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The audit committee of the board is responsible to review the Company's risk management policies.

##### (i) Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings or financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### Foreign exchange risk

The Company operates primarily within Canada although a portion of its expenses are incurred in other countries primarily the United States dollars ("US dollar"). Foreign exchange risk arises because the cost of transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company has not entered into foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar would not have a significant effect on the Company's results of operations, financial position or cash flows.

As at November 30, 2017, the Company is exposed to currency risk through its cash and accounts payable denominated in US dollars. Based on the net exposures as at November 30, 2017, and assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the US dollar would not be significant.

##### Interest rate risk

The Company is subject to interest rate risk on its cash and secured debt. The Company believes that interest rate risk is low as the Company does not hold any term deposits and interest earned on cash equivalents is variable. The long-term debt is at a fixed interest rate. A change of 1% in interest rates over the year ended November 30, 2017 would not have had a significant effect on loss for the period.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 14. Financial instruments (continued):

#### (b) Risks arising from financial instruments and risk management (continued):

##### (ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company believes there is insignificant credit risk associated with its accounts receivable based on the nature of the counterparties.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs.

##### (iii) Liquidity and Funding Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts (note 2(c)).

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. The Company manages its funding risk by forecasting its cash needs on a regular basis and continuously monitoring the stock price and other market conditions.

#### (c) Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and
- To provide an adequate return to shareholders commensurate with the level of risk associated with a development stage biotechnology company.

The capital structure of the Company consists of cash, long-term debt and equity comprising, issued capital, contributed surplus, warrants, and stock options.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company's overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2016.

The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

# RISE LIFE SCIENCES CORP. (Formerly Luminor Medical Technologies Inc.)

## Notes to the Consolidated Financial Statements

Years ended November 30, 2017 and 2016

---

### 15. Subsequent events

- (a) On December 28, 2017, the \$100,000 convertible debenture (Note 7(b)(iii)) was converted at \$0.20 per share; 500,000 common shares were issued.
- (b) On December 20, 2017 48,611 warrants of the Company were exercised at \$0.25 per share for gross proceeds of \$14,583.
- (c) On January 16, 2018, 113,280 warrants of the Company were exercised at \$0.25 per share for gross proceeds of \$33,984.
- (d) On February 2, 2018, the Company acquired 100% of the outstanding shares of RISE Research Inc. Under the terms of the acquisition, the Company issued 9,500,000 common shares to the shareholders of RISE Research and bought out the current Canadian royalty agreement for a sum of \$250,000 (note 5). Beyond an approximate accounts payable value of \$100,000, RISE Research has no material liabilities.
- (e) On March 29, 2018 the Company closed a private placement offering of 1,643,333 Units at a price of \$0.30 per Unit for gross proceeds of \$493,000. Each Unit is comprised of one common share of the Company and one-half Common Share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share for a period of twenty-four (24) months from the closing of the Offering at a price of \$0.45 per Common Share.