

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

RISE LIFE SCIENCE CORP.
(Formerly Luminor Medical Technologies Inc.)

Three and nine months ended August 31, 2018
(unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited financial statements for the three and nine months ended August 31, 2018

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

	Note	August 31, 2018	November 30, 2017
Assets			
Current assets:			
Cash		\$ 827,372	\$ 1,065,974
Accounts receivable		380,055	157,931
Prepaid expenses		141,537	12,920
Inventory		109,260	-
Total current assets		1,458,224	1,236,825
Non-current assets:			
Property and equipment	4	111,820	19,440
Intangible assets	6,7	5,237,419	1,899,441
Goodwill	5, 8, 9	689,992	-
		6,039,231	1,918,881
Total assets		\$ 7,497,455	\$ 3,155,706
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 1,063,612	\$ 907,789
Loan	13	9,237	-
Convertible notes	11	50,000	149,246
Accrued interest on debt	11	23,044	19,417
Secured promissory notes	11	300,000	-
Total current liabilities		1,445,893	1,076,452
Non-Current liabilities:			
Accounts payable and accrued liabilities	8,9	\$ 156,353	\$ -
Loan	13	21,151	-
Secured promissory notes	11	1,311,334	1,611,334
Accrued interest	11	1,412,956	1,165,559
Total non-current liabilities		2,901,794	2,776,893
Shareholders' equity (deficiency):			
Share capital	12	25,020,522	19,033,623
Contributed surplus		5,895,602	5,132,042
Warrants	12	2,291,925	1,157,671
Other comprehensive income		348	-
Deficit		(30,058,629)	(26,020,975)
Total equity (deficiency)		3,149,768	(697,639)
Total liabilities and equity		\$ 7,497,455	\$ 3,155,706
Going concern	2(c)		
Commitments and contingencies	13		

On behalf of the Board:

"Ashwath Mehra"
Director

"Michael Campbell"
Director

The accompanying notes are an integral part of these financial statements

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss (Unaudited)

Periods ended August 31	Note	Three months		Nine months	
		2018	2017	2018	2017
Revenues					
Product sales and other income	\$	141,783	\$ -	\$ 141,783	\$ -
		141,783	-	141,783	-
Expenses					
Selling, general and administration		1,566,023	196,674	3,088,938	812,652
Stock based compensation		729,139	-	776,999	235,363
Finance expense		102,896	81,308	292,042	239,882
Foreign exchange loss		21,338	-	21,458	2,494
		2,419,396	277,982	4,179,437	1,290,391
Net loss	\$	(2,277,613)	\$ (277,982)	\$ (4,037,654)	\$ (1,290,391)
Other comprehensive income					
Currency transition differences		348	-	348	-
Comprehensive loss	\$	(2,277,265)	\$ (277,982)	\$ (4,037,306)	\$ (1,290,391)
Basic and diluted loss per share	12(e)	(0.04)	(0.03)	(0.12)	(0.15)

The accompanying notes are an integral part of these financial statements

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited)

	Note	Number of shares	Share capital	Shares to be issued	Contributed surplus	Warrant reserve	Other comprehensive income	Accumulated deficit	Total (deficiency) equity
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 period			-	-	-	-	-	(1,290,392)	(1,290,392)
Transactions with owners, recorded directly in equity									
Issue of common shares on private placement		5,050,609	1,151,388	(15,000)	-	-	-	-	1,136,388
Issue of common shares on exercise of warrants		88,889	31,184	-	-	(8,480)	-	-	23,333
Issue of common shares on conversion of debenture		125,000	26,038	-	(1,038)	-	-	-	25,000
Warrants granted on private placement			(316,371)	-	-	355,564	-	-	39,193
Shares to be issued			-	50,000	-	-	-	-	50,000
Share issue costs			(97,467)	-	-	-	-	-	(97,467)
Warrants expired			-	-	319,355	(319,355)	-	-	-
Stock based compensation			-	-	235,363	-	-	-	235,363
Total transactions with owners		5,264,498	795,402	35,000	553,680	27,729	-	(1,290,392)	(121,418)
Balance, August 31, 2017		9,387,651	\$15,822,796	\$ 50,000	\$5,132,041	\$562,884	\$ -	\$(24,924,776)	\$(3,357,054)
Balance, November 30, 2017		33,836,449	\$19,033,623	\$ -	\$5,132,042	\$1,157,671	\$ -	\$(26,020,975)	\$(697,639)
Net Loss			-	-	-	-	-	(4,037,654)	(4,037,654)
Other comprehensive income			-	-	-	-	348	-	348
Transactions with owners, recorded directly in equity									
Acquisition of Rise Research		9,500,000	2,897,500	-	-	-	-	-	2,897,500
Acquisition of Life Bloom Organics		1,500,000	285,375	-	-	-	-	-	285,375
Acquisition of Brand Max Inc.		500,000	95,125	-	-	-	-	-	95,125
Issue of common shares on exercise of warrants		366,674	138,633	-	-	(38,885)	-	-	99,748
Issue of common shares on conversion of debenture		500,000	100,000	-	-	-	-	-	100,000
Issue of common shares upon private placement		12,957,231	3,887,169	-	-	-	-	-	3,887,169
Warrants granted on private placement			(993,600)	-	-	1,173,139	-	-	179,539
Share issuance costs			(448,303)	-	-	-	-	-	(448,303)
Stock based compensation			-	-	763,561	-	-	-	763,500
Shares issued on settlement of debt		83,333	25,000	-	-	-	-	-	25,000
Total transactions with owners		25,407,238	5,986,899	-	763,561	1,134,253	348	(4,037,654)	3,847,407
Balance, August 31, 2018		59,243,687	\$25,020,522	\$ -	\$5,895,602	\$2,291,925	\$348	\$(30,058,629)	\$3,149,768

The accompanying notes are an integral part of these financial statements

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended	
	August 31, 2018	August 31, 2017
Operating activities:		
Net loss for the period	\$ (4,037,654)	\$ (1,290,392)
Items not involving cash:		
Amortization and depreciation	181,605	14,234
Finance expense	251,778	219,918
Stock based compensation	776,999	235,363
Change in non-cash working capital balances:		
Accounts receivable	(180,954)	(58,067)
Prepaid expenses	(128,617)	(61,976)
Inventory	(64,195)	-
Accounts payable and accrued liabilities	(215,703)	(212,034)
Loan payable	(1,540)	-
Cash used in operating activities	(3,418,281)	(1,152,954)
Investing activities:		
Cash acquired in acquisition	176,623	-
Intangible assets acquired	(687,992)	-
Property and equipment acquired	(11,200)	-
Cash used in investing activities	(522,569)	-
Financing activities:		
Issuance of common shares and warrants, net of share issue costs	3,704,714	1,108,552
Shares to be issued	-	50,000
Cash provided by financing activities	3,704,714	1,108,552
Change in cash due to foreign exchange	(2,466)	-
(Decrease) Increase in cash	(238,602)	5,598
Cash, beginning of the period	1,065,974	133,134
Cash, end of the period	\$ 827,372	\$ 138,731

The accompanying notes are an integral part of these financial statements

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018

(Unaudited)

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, Ontario, M5H 1J8. The Company's common shares are publicly traded on the Canadian Securities Exchange. The Company is developing and evolving cannabis-based formulations to create general use health and well-being products for the emerging consumer category made possible by legal U.S. farm bill compliant hemp and 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 unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and do not include all of the information required for full annual financial statements.

The financial statements were authorized for issue by the Board of Directors on October 26, 2018.

(b) Basis of measurement

These unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis except for derivative 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 \$30,058,629 as at August 31, 2018 (November 30, 2017 - \$26,020,975) and a working capital of \$12,331 (November 30, 2017 – working capital of \$160,373).

Management has forecast that expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during the fourth quarter of fiscal 2018 unless further financing is obtained. Additional sources of funding will be required commencing in the fourth 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 favorable 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 additional 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 11.

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018
(Unaudited)

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 condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was 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 statement of financial position classifications used.

(d) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Company's Canadian operations functional currency and the overall presentation currency. The Company's US operations have a functional currency of United States dollars. 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 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 financial statements include the fair value of consideration paid in a business combination, consideration versus remuneration, the fair value of intangible assets and goodwill and the commencement of the period of use of acquired intellectual property.

(f) Fair value allocations recorded as a result of business acquisitions

The determination of fair values to the net identifiable assets acquired in business acquisitions often require management to make assumptions or estimates about future events. Changes in any of the assumptions or estimates used in determining fair value of acquired assets and liabilities could impact the amount assigned to assets, liabilities and goodwill in the purchase price allocation.

(g) Recoverability of goodwill

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The assessment of fair values includes estimates and assumptions, discount rates, future operating performance and capital requirements. These estimates and assumptions are based on industry and historical practices as well as future expectations. Changes to these estimates or assumptions could impact the impairment analysis of goodwill.

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018

(Unaudited)

3. Significant Accounting Policies

(a) 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 condensed interim consolidated 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.

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.

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.

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 SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018

(Unaudited)

4. Property and Equipment

		Computers and equipment		Machinery		Total
Cost						
Balance November 30, 2017	\$	54,091	\$	-	\$	54,091
Additions		22,109		82,703		104,812
Disposals						-
Effects of movement in exchange rates		-		(1,001)		(1,001)
Balance August 31, 2018		76,200		81,702		157,902
Depreciation and impaired losses						
Balance November 30, 2017	\$	34,651	\$	-	\$	34,651
Depreciation		9,208		2,223		11,431
Disposals						-
Effects of movement in exchange rates						-
Balance August 31, 2018		43,859		2,223		46,082
Carrying amounts						
Balance November 30, 2017	\$	19,440	\$	-	\$	19,440
Balance August 31, 2018		32,341		79,479		111,820

5. Goodwill

		Goodwill
Cost		
Balance November 30, 2017	\$	-
Additions		698,491
Disposals		-
Effects of movement in exchange rates		(8,499)
Balance August 31, 2018	\$	689,992

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018
(Unaudited)

6. 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

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 nine months ended August 31, 2018 (2017 – \$Nil). This obligation is continued through the acquisition by the Company.

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	\$ 1,710,000
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Net Assets Acquired:

Canadian License for intellectual property access	\$ 1,910,000
Balance payable to RISE for License	(200,000)
	<u>\$ 1,710,000</u>

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. For the period ended August 31, 2018, amortization of \$66,963 (2017 - \$Nil) was recorded on a straight-line basis.

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018
(Unaudited)

7. Acquisition of Rise Research Inc.

On February 2, 2018, the Company completed the acquisition of Rise Research Inc. ("RISE") via a three-cornered amalgamation with the Company's wholly owned subsidiary 1149287 BC Ltd. 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 however, currently, RISE's portfolio consists of cannabis-based formulations focused on sexual health and wellness.

The acquisition of RISE 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 \$0.305 per share	\$ 2,897,500
Cash	250,000
	<u>\$3,147,500</u>

Net Assets Acquired:

Cash	\$43,469
Furniture & equipment	10,909
Accounts Receivable	260,485
Accounts payable	(461,971)
Intangible assets	3,294,608
	<u>\$ 3,147,500</u>

The Company also incurred \$6,668 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. For the period ended August 31, 2018, amortization of \$96,093 (2017 - \$Nil) was recorded on a straight-line basis.

8. Acquisition of Lifebloom Organics

On July 11, 2018, the Company completed the acquisition of 100 percent of the membership interests of Lifebloom Organics through its wholly owned subsidiary RISE USA. Life Bloom's brings with it its proprietary process of nanotizing CBD for increased bioavailability without psychoactivity. The acquisition has immediately expanded RISE's portfolio of CBD products while providing access to existing channels of distribution in California.

The acquisition of Lifebloom Organics was accounted for as a business combination. The purchase price allocation is based on IFRS 3, Business Combinations and is preliminarily allocated as follows:

Purchase price allocation

1,500,000 common shares at fair value of:	\$	285,375
Cash at a fair value of		423,594
Total purchase consideration	\$	708,969

Net assets acquired

Cash	30,083
Accounts receivable	991
Inventory	45,634
Accounts payable	(55,617)
Goodwill	687,878
	<u>\$ 708,969</u>

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018

(Unaudited)

8. Acquisition of Lifebloom Organics (continued):

The shares issued in connection with the acquisition have lock-up provisions whereby i) for the first 12 months from closing, 100% of the payment shares will be subject to lock-up; ii) after 12 months 75% of the payment shares will be subject to lock-up; iii) after 24 months, 50% of the payment shares will be subject to lock-up; iv) after 36 months, no shares will be subject to lock-up. Due to the trading restrictions on the payment shares, the fair value of the shares were determined using the fair value of put options using the Black-Scholes option pricing model. The inputs used for each of year 1, year 2 and year 3 were as follows:

Lock up times	Stock price	Exercise price	Volatility	Risk free rate	Expected life in years	Annual rate of quarterly dividends
year 1 + 1 day	\$0.31	\$0.31	116.40%	2.00%	1	0
year 2 + 1 day	\$0.31	\$0.31	109.84%	2.05%	2	0
year 3	\$0.31	\$0.31	148.24%	2.00%	3	0

The payment of cash as part of the purchase price is staggered with \$125,000 USD paid upon signing, \$125,000 USD payable one year from the date of signing and \$125,000 two years from the date of signing. The future cash payments were discounted to present value using a discount rate of 18%. The difference between the face value and fair value of the cash will be accreted into interest expense over the term of the payments.

The Company has until August 31, 2019 to finalize the purchase price allocation of Lifebloom Organics.

9. Acquisition of Brandmax Inc.

On July 11, 2018, the Company completed the acquisition of 100 percent of the issued and outstanding shares of Brandmax Inc. DBA as Cultivate Kind through its wholly owned subsidiary RISE USA. Integrating Cultivate Kind adds significant in-market expertise, provides immediate revenue to the Company and brings U.S. distribution capabilities in-house

The acquisition of Brandmax Inc. was accounted for as a business combination. The purchase price allocation is based on IFRS 3, Business Combinations and is preliminarily allocated as follows:

Purchase price allocation

500,000 common shares at a fair value of:	\$ 95,125
Cash at a fair value of	143,588
Total purchase consideration	\$ 238,713

Net assets acquired

Cash	103,073
Accounts receivable	85,709
Furniture fixtures and equipment	82,703
Intangible asset	6,749
Accounts payable	(17,814)
Loans payable	(32,320)
Goodwill	10,613
	\$ 238,713

The shares issued in connection with the acquisition have lock-up provisions whereby i) for the first 12 months from closing, 100% of the payment shares will be subject to lock-up; ii) after 12 months 75% of the payment shares will be subject to lock-up; iii) after 24 months, 50% of the payment shares will be subject to lock-up; iv) after 36 months, no shares will be subject to lock-up. Due to the trading restrictions on the payment shares, the fair value of the shares were determined using the fair value of put options as determined using the Black-Scholes option pricing model. The inputs used for each of year 1, year 2 and year 3 were as follows:

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018

(Unaudited)

9. Acquisition of Brandmax Inc. (continued):

<u>Lock up times</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Volatility</u>	<u>Risk free rate</u>	<u>Expected life in years</u>	<u>Annual rate of quarterly dividends</u>
year 1 + 1 day	\$0.31	\$0.31	116.40%	2.00%	1	0
year 2 + 1 day	\$0.31	\$0.31	109.84%	2.05%	2	0
year 3	\$0.31	\$0.31	148.24%	2.00%	3	0

The payment of cash as part of the purchase price is staggered with \$50,000 USD paid upon signing, \$37,500 USD payable one year from the date of signing and \$37,500 two years from the date of signing. The future cash payments were discounted to present value using a discount rate of 18%. The difference between the face value and fair value of the cash will be accreted into interest expense over the term of the payments.

The Company has until August 31, 2019 to finalize the purchase price allocation of Brandmax Inc.

10. Contract settlement:

On August 14, 2014, the Company executed an agreement for the sale and distribution of Scout DS® 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 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 August 31, 2018 is CAD \$322,260 (November 30, 2017 - \$293,716) related to this release. 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. For the nine months ending August 31, 2018, the Company accrued CAD \$35,965 of interest in relation to this settlement.

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended August 31, 2018
(Unaudited)

11. Notes payable

- (a) The following summarizes the Company's promissory notes payable as at August 31, 2018 and Nov 30, 2017 and for the nine month periods ended August 31, 2018 and 2017:

	August 31 2018	November 30 2017
\$1,611,334 secured promissory note (iii)	\$ 1,611,334	\$ 1,611,334
Accrued interest	1,272,956	1,025,559
Deferred financing charges	140,000	140,000
	\$ 3,024,290	\$ 2,776,893
Current portion:		
Principle	\$ 300,000	\$ -
Long term portion:		
Principle	\$ 1,311,334	\$ 1,611,334
Accrued interest and deferred financing charges	1,412,956	\$ 1,165,559

- (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 10(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 10(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 10(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[®], which were acquired on July 31, 2013.

The loan 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 \$247,397 (August 31, 2017 – \$217,351) was recognized during the period in relation to these notes.

RISE LIFE SCIENCE CORP. (Formerly Luminor Medical Technologies Inc.)

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11. Notes payable (continued):

- (b) The following summarizes the Company's convertible promissory notes payable as at August 31, 2018 and November 30, 2017 and for the nine month periods ended August 31, 2018 and 2017:

	August 31 2018	November 30 2017
\$50,000 convertible promissory note (i)	\$ 50,000	\$ 50,000
\$100,000 convertible promissory note (ii)	-	99,246
Accrued interest	23,044	19,417
	\$ 73,044	\$ 168,662
Current portion:		
Principle	\$ 50,000	\$ 149,246
Accrued interest	\$ 23,044	\$ 19,417

- (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 previously issued. Accordingly, the conversion feature was assigned a value of \$4,705. As of August 31, 2018, the note is outstanding.
- (ii) 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. Accordingly, the conversion feature was assigned a value of \$12,871. This note was converted on December 28, 2017 into 500,000 common shares.

Interest expense of \$3,627 (August 31, 2017 – \$9,515) and accretion expense of \$nil (August 31, 2017 - \$10,156) were recognized during the period in relation to these notes.

12. 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.

(b) Shares issued and outstanding

- (a) On December 20, 2017 48,611 warrants of the Company were exercised at \$0.30 per share for gross proceeds of \$14,583.
- (b) On December 28, 2017, the \$100,000 convertible debenture (Note 11(b)(ii)) was converted at \$0.20 per share; 500,000 common shares were issued.
- (c) On January 16, 2018, 113,280 warrants of the Company were exercised at \$0.30 per share for gross proceeds of \$33,984.
- (d) On February 2, 2018, the Company acquired 100% of the outstanding shares of RISE. Under the terms of the acquisition, the Company issued 9,500,000 common shares to the shareholders of RISE.
- (e) On April 4, 2018, 51,450 warrants of the Company were exercised at \$0.25 per share for gross proceeds of \$12,863.
- (f) On April 5, 2018, 20,000 warrants of the Company were exercised at \$0.25 per share for gross proceeds of \$5,000.
- (g) On April 17, 2018, 33,333 warrants of the Company were exercised at \$0.25 per share for gross proceeds of \$8,333.

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12. Capital stock (continued):

- (h) On April 19, 2018, the Company closed tranches of its non-brokered private placement through the issuance of an aggregate of 7,366,166 units (each a "Unit") at a price of \$0.30 per Unit for gross proceeds of \$2,209,849.80. 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 for a period of twenty-four (24) months from the date of closing at a price of \$0.45 per Common Share. 519,560 finders' warrants which entitle the holder thereof to purchase one Common Share for a period of twenty-four (24) months from the date of closing at a price of \$0.30 per Common Share valued at \$85,100 were issued in connection with the private placement.
- (i) On April 19, 2018, the Company has also issued an aggregate of 83,333 common shares in settlement of an aggregate of \$30,307 of indebtedness with a vendor at a price of \$0.30 per common share
- (j) On June 29, 2018 100,000 warrants of the Company were exercised at \$0.25 per share for gross proceeds of \$25,000.
- (i) On July 3, 2018, the Company closed tranches of its non-brokered private placement through the issuance of an aggregate of 4,824,399 Units at a price of \$0.30 per Unit for gross proceeds of \$1,447,319.70. Each Unit is comprised of one Common Share of the Company and one-half of one 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 date of closing at a price of \$0.45 per Common Share. 322,912 finders' warrants which entitle the holder thereof to purchase one Common Share for a period of twenty-four (24) months from the date of closing at a price of \$0.30 per Common Share valued at \$69,700 were issued in connection with the private placement.
- (k) On July 11, 2018, the Company acquired 100% of the outstanding shares of Life Bloor Organics and Brandmax Inc. Under the terms of the acquisition, the Company issued 1,500,000 common shares to the shareholders of LifeBloom Organics and 500,000 common shares to the shareholders of Brandmax Inc.
- (l) On August 1, 2018, the Company closed tranches of its non-brokered private placement through the issuance of an aggregate of 766,666 Units at a price of \$0.30 per Unit for gross proceeds of \$230,000. Each Unit is comprised of one Common Share of the Company and one-half of one 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 date of closing at a price of \$0.45 per Common Share. 74,544 finders' warrants which entitle the holder thereof to purchase one Common Share for a period of twenty-four (24) months from the date of closing at a price of \$0.30 per Common Share valued at \$11,300 were issued in connection with the private placement.

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12. 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 nine months ended August 31, 2018 and 2017 are as follows:

	2018		2017	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance, beginning of period	678,000	\$ 0.66	133,820	\$ 7.90
Granted	3,620,000	0.32	650,000	0.41
Forfeited, cancelled or expired	(161,700)	0.65	(105,820)	8.30
Balance, end of period	4,136,300	\$ 0.36	678,000	\$ 0.66
Options exercisable, end of period	3,531,771	\$ 0.36	678,000	\$ 0.66
Weighted average fair value per unit of option granted during the period		\$ 0.32		\$ 0.36

Options outstanding at August 31, 2018 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	1.34 years	\$0.285	50,000
\$0.30	2,950,000	4.90 years	\$0.30	2,673,013
\$0.40	670,000	4.70 years	\$0.40	342,458
\$0.45	450,000	0.82 years	\$0.45	450,000
\$2.50	7,000	1.12 years	\$2.50	7,000
\$5.50	6,480	0.88 years	\$5.50	6,480
\$25.00	2,820	2.07 years	\$25.00	2,820
\$0.285- \$25.00	4,136,300	3.20 years	\$0.36	3,531,771

For the nine months ended August 31, 2018, compensation expense of \$776,999 (August 31, 2017- \$235,363) was recorded in selling, general, and administrative expense to recognize options granted and which had vested.

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:

	August 31, 2018	August 31, 2017
Expected option life	5 years	1-5 years
Risk free interest rate	2.22%	0.52%
Dividend yield	nil	nil
Expected volatility	149%	160%

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12. Capital stock (continued):

(d) Warrants

Changes in the number of warrants outstanding during the nine months ended August 31, 2018 and August 31, 2017 are as follows:

	Warrants	Amount	Weighted Average Exercise	Warrants	Amount	Weighted Average Exercise
Balance, beginning of period	11,976,262	\$ 1,157,671	\$ 0.28	1,478,140	\$ 535,156	\$ 1.22
Warrants exchanged upon acquisition	3,957,954	-	0.12	-	-	-
Warrants issued on acquisition note (i)	1,000,000	13,438	0.45	-	-	-
Granted, pursuant to private placement	6,478,615	993,600	0.45	2,525,303	316,371	0.30
Granted, broker warrants on private placement	917,016	166,100	0.30	137,280	39,193	0.30
Exercised (note 9(b))	(366,674)	(38,885)	(0.26)	(88,889)	(8,480)	(0.26)
Expired	-	-	-	(415,640)	(319,355)	(3.13)
Balance, end of period	23,963,173	\$ 2,291,925	\$ 0.31	3,636,194	\$ 562,885	\$ 0.35
Weighted average remaining contractual life (years)			1.74 years			1.29 years

- (i) On July 11, 2018 warrants to purchase 1,000,000 common shares in RISE were issued, each warrant having a five-year term and an exercise price of CDN\$0.45 per common share. The warrants vest as to one-third 12 months after closing, and additional one-third vest 24 months after closing, and the balance of one-third vest 36 months after closing. The compensation cost of the warrants is being recognized on a straight-line basis over the vesting period.

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

	2018	2017
Expected life	2.06 years	2.0 years
Risk free interest rate	1.92%	0.52%
Dividend yield	nil	nil
Expected volatility	116%	160%

(e) Per share amounts

The weighted average number of common shares outstanding for the three and nine months ended August 31, 2018 was 56,288,460 and 33,466,390 (August 31, 2017 – 9,387,651 and 8,827,785), respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

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Notes to the Condensed Interim Consolidated Financial Statements

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13. Commitments and contingencies:

(a) Commitments

As at August 31, 2018 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.

(c) Royalties

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 anytime for a one-time payment of \$1,000,000. There were no royalties paid or accrued during the nine months ended August 31, 2018 (August 31, 2017 – 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 August 31, 2018, 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 nine months ended August 31, 2018 (August 31, 2017 – nil).

(d) Contingencies

A claim for breach of performance was lodged against the Company and certain directors of the Company. The Company has assessed the claim as being without merit and has therefore, not recognized any provision with respect to this claim.

A summary judgement has been made against the Company which pertains to prior years. The Company is of the opinion that the existing provision with respect to this claim is sufficient and therefore, no additional amounts have been set aside for the nine months ended August 31, 2018.

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Notes to the Financial Statements

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14. 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, Chief Operations Officer 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 12(c)). Compensation paid to key management personnel for the periods ended August 31, 2018 and August 31, 2017 is as follows:

	2018	2017
Salaries, fees and short-term employee benefits	\$ 294,029	\$ 233,000
Stock based compensation	698,830	165,634
	\$ 988,859	\$ 398,634

(b) Key management personnel and shareholder transactions

Directors and key management personnel controlled twenty-one (21) percent (November 30, 2017-eleven (11) percent) of the voting shares of the Company as at August 31, 2018.

15. Comparative information

Certain comparative information has been reclassified to conform to current period presentation.