QUADRON CANNATECH CORPORATION

Condensed Interim Consolidated Financial Statements
(Unaudited - Expressed in Canadian Dollars)

As at and for the nine months ended January 31, 2019 and 2018

QUADRON CANNATECH CORPORATION

("Quadron" or the "Company")

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the nine months ended January 31, 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

Quadron Cannatech Corporation

Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
As at

	January 31, 2019	April 30, 2018
Assets		
Current assets		
Cash and cash equivalents	$ **923,134**	$ 4,336,172
Inventory (Note 5)	**836,122**	1,185,283
Accounts receivable	**1,748,383**	549,288
GST recoverable	**5,378**	186,649
Prepaid expenses	**185,722**	254,246
	3,698,739	6,511,638
Equipment (Note 7)	**178,911**	802,617
	$ **3,877,650**	$ 7,314,255
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ **348,130**	$ 381,695
Amounts payable to related parties (Note 10)	**63,357**	36,921
Customer deposits	**99,317**	118,478
Unearned revenue	**5,978**	5,978
	516,782	543,072
Shareholders' equity		
Share capital (Note 8)	**12,937,896**	12,628,334
Obligation to issue shares (Note 8(a))	**-**	53,625
Share-based payment reserve (Note 8)	**1,297,975**	637,791
Warrants reserve (Note 8)	**151,290**	153,202
Deficit	**(11,026,293)**	(6,701,769)
	3,360,868	6,771,183
	$ **3,877,650**	$ 7,314,255

Approved on behalf of the Board March 26, 2019:

/s/ "Rosy Mondin"
Rosy Mondin – CEO and Director

/s/ "Chand Jagpal"
Chand Jagpal - Director

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

Quadron Cannatech Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
For the nine months ended January 31,

	For the nine months ended January 31,		For the three months ended January 31,	
	2019	**2018**	**2019**	**2018**
Sales (Note 13)	**$ 3,326,189**	$ 1,430,403	**$ 1,891,447**	$ 478,443
Cost of Sales	**(2,041,033)**	(958,043)	**(1,049,335)**	(373,744)
	1,285,156	472,360	**842,112**	104,699
Expenses (income)				
Accounting and legal (Note 10)	**130,801**	83,793	**32,478**	37,729
Bank charges	**5,498**	5,268	**1,816**	2,159
Bad debt (Note 12)	**86,063**	-	**8,416**	-
Consulting fees (Note 10)	**177,899**	172,750	**53,049**	89,500
Depreciation (Note 7)	**126,857**	59,493	**15,978**	32,357
Development & research	**2,038,719**	59,505	**1,776,888**	617
Filing fees	**13,736**	17,727	**4,350**	7,505
Foreign exchange	**1,443**	-	**(21)**	-
General and administrative expenses	**503,103**	366,782	**180,366**	123,422
Interest income	**(26,039)**	-	**(6,754)**	-
Investor relations	**79,090**	67,500	**31,895**	22,500
Management fees (Note 10)	**97,555**	78,000	**32,265**	33,000
Marketing and research	**210,993**	323,988	**118,070**	213,398
Remuneration and benefits (Note 10)	**1,066,757**	586,888	**367,590**	229,799
Rent	**325,576**	109,584	**123,496**	109,584
Share-based payments (Note 8(c), 10)	**660,184**	153,739	**197,909**	31,364
	(5,498,235)	(2,085,017)	**(2,937,791)**	(932,934)
Other Income (Expenses)				
Loss on asset disposal	**(119,149)**	-	**(119,149)**	-
Income tax recovery	**7,704**	-	**-**	-
Loss and comprehensive loss for the period	**$ (4,324,524)**	$ (1,612,657)	**$ (2,214,828)**	$ (828,235)
Weighted average number of common shares outstanding - basic and diluted	**69,854,410**	50,351,067	**71,650,447**	57,502,425
Basic and diluted loss per share	**$ (0.06)**	$ (0.03)	**$ (0.03)**	$ (0.01)

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

Quadron Cannatech Corporation

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
For the nine months ended January 31,

	2019	2018
Cash flows from operating activities:		
Net loss for the period	$ (4,324,524)	$ (1,612,657)
Items not involving cash:		
Bad debts	86,063	-
Depreciation	126,857	59,493
Loss on asset disposal	119,149	-
Share-based payments	660,184	153,739
Change in non-cash operating working capital:		
Accounts receivable	(1,285,158)	(139,717)
Accounts payable and accrued liabilities	(33,565)	193,271
Amounts payable to related parties	26,436	(29,491)
GST recoverable	181,271	(62,650)
Inventory	349,161	(592,677)
Prepaid expenses	68,524	168,313
Customer deposits	(19,161)	(60,000)
Unearned revenue	-	(25,000)
	(4,044,763)	(1,947,376)
Cash flows from investing activities:		
Asset disposal	502,017	-
Purchase of equipment	(124,317)	(597,470)
	377,700	(597,470)
Cash flows from financing activities:		
Share subscription received	-	27,150
Proceeds from the issuance of common shares, net of share issuance costs	254,025	6,834,206
	254,025	6,861,356
Change in cash and cash equivalents for the period	(3,413,038)	4,316,510
Cash and cash equivalents, beginning of the period	4,336,172	1,394,397
Cash and cash equivalents, end of the period	$ 923,134	$ 5,710,907
Cash and cash equivalents are comprised of:		
Cash	$ 923,134	$ 1,960,907
Guaranteed investment certificate	-	3,750,000
	$ 923,134	$ 5,710,907

Significant non-cash transactions (Note 9)

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

Quadron Cannatech Corporation

Condensed Interim Consolidated Statement of Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Number of Common Shares	Number of Series A and B Preferred Shares	Share Capital	Preferred Shares	Obligation to issue shares	Share-based Payment Reserve	Warrants Reserve	Deficit	Total Shareholders' Equity
Balance, April 30, 2017	**47,914,500**	**6,150,000**	**$ 5,559,489**	**$ 160,875**	**$ -**	**$ 273,739**	**$ 14,161**	**$ (3,662,187)**	**$ 2,346,077**
Issuance of common shares - private placements, net of costs	14,400,858	-	5,857,203	-	-	-	160,040	-	6,017,243
Warrants exercised	3,859,813	-	783,555	-	-	-	(11,592)	-	771,963
Options exercised	325,000	-	78,429	-	-	(33,429)	-	-	45,000
Subscription received	-	-	-	-	27,150	-	-	-	27,150
Share-based payments	-	-	-	-	-	153,739	-	-	153,739
Net loss for the period	-	-	-	-	-	-	-	(1,612,657)	(1,612,657)
Balance, January 31, 2018	**66,500,171**	**6,150,000**	**$12,278,676**	**$ 160,875**	**$ 27,150**	**$ 394,049**	**$ 162,609**	**$ (5,274,844)**	**$ 7,748,515**
Balance, April 30, 2018	**68,330,323**	**-**	**$12,628,334**	**$ -**	**$ 53,625**	**$ 637,791**	**$ 153,202**	**$ (6,701,769)**	**$ 6,771,183**
Preferred shares converted into common shares	2,050,000	-	53,625	-	(53,625)	-	-	-	-
Warrants exercised	1,270,124	-	255,937	-	-	-	(1,912)	-	254,025
Share-based payments	-	-	-	-	-	660,184	-	-	660,184
Net loss for the period	-	-	-	-	-	-	-	(4,324,524)	(4,324,524)
Balance, January 31, 2019	**71,650,447**	**-**	**$12,937,896**	**$ -**	**$ -**	**$ 1,297,975**	**$ 151,290**	**$ (11,026,293)**	**$ 3,360,868**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Quadron Cannatech Corporation (the "Company" or "Quadron") was incorporated under the British Columbia Business Corporations Act on November 7, 2011 and became a reporting issuer in British Columbia and Alberta on July 25, 2012. The Company's head office is located at Suite 308 - 9080 University Crescent, Burnaby, BC, V5A 0B7, and its registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC V6C 3E8. The Company is listed on the Canadian Securities Exchange ("CSE") under the trading symbol "QCC".

The Company is an automated extraction and processing solutions company. Through its subsidiaries, Quadron provides ancillary equipment, products and services, designed and structured to address the complex needs and requirements of authorized cannabis industry participants. The Company does not currently conduct activity in the United States (the "U.S.").

The Company incurred a loss of $4,324,524 for the period ended January 31, 2019. As at January 31, 2019, the Company had a history of losses and an accumulated deficit of $11,026,293. Consequently, continuing business as a going concern is dependent upon the success of the Company's sale of inventory, generation of positive cash flows and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standard Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies that the Company expects to adopt in its annual consolidated financial statements for the year ended April 30, 2019. These condensed interim consolidated financial statements do not include all the information required for the annual consolidated financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements for the year ended April 30, 2018, which are available on www.sedar.com.

The condensed interim consolidated financial statements are presented in Canadian dollars and include the accounts of the Company and its 100% wholly-owned subsidiaries, each having a Canadian functional currency.

Entity	Country of Incorporation	Effective Interest
Soma Labs Scientific Inc. ("Soma")	Canada	100%
Greenmantle Products Limited ("Greenmantle")	Canada	100%
Cybernetic Control Systems Inc. ("Cybernetic")	Canada	100%
1141588 BC Ltd.	Canada	80%

On November 16, 2017, 1141588 BC Ltd. was incorporated to facilitate the development of new extraction systems. To date, the subsidiary has been inactive.

2. BASIS OF PREPARATION (cont'd…)

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances, but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Stock options and warrants

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value.

2. BASIS OF PREPARATION (cont'd…)

Use of estimates and judgments (cont'd…)

Equipment

The estimated useful lives of assets are reviewed by management and adjusted if necessary. To estimate equipment's useful life, management must use its past experience with the same or similar assets and may review engineering estimates and industry practices for similar pieces of equipment, and apply statistical methods to assist in its determination of useful life.

Determination of fair value of Quadron preferred shares

The valuation of the Company's preferred shares required management to make certain estimates regarding the probability of Cybernetic achieving revenue milestones.

The information about significant areas of judgment considered by management in preparing the financial statements is as follows:

Going concern

The assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgment regarding future funding available for its operations and working capital requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the adoption of IFRS 15 and IFRS 9, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent audited annual consolidated financial statements as at and for the year ended April 30, 2018 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

New standards and interpretations adopted

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39").

The Company has adopted IFRS 9 retrospectively as of May 1, 2018. Changes in accounting policies resulting from the adoption of IFRS 9 do not have a material impact on the Company's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards and interpretations adopted (cont'd…)

IFRS 9 *Financial Instruments* (cont'd…)

Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the guidance in IAS 39, on the classification and measurement of financial assets. IFRS 9 eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivable.

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.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortized cost, these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company's financial assets previously carried as loans and receivables are now classified as amortized cost without material impact to carrying values.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. Using the simplified approach for trade receivables, the Company will measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs. ECLs are a probability-weighted estimate of credit losses.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses on trade and other receivables are presented as bad debts expense in the statement of loss and comprehensive loss, similar to the presentation under IAS 39.

The Company has determined that the application of IFRS 9's impairment requirements as at May 1, 2018 does not result in any additional impairment allowances.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretation. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards and interpretations adopted (cont'd…)

IFRS 15 *Revenue from Contracts with Customers* (cont'd…)

The Company has adopted the modified retrospective approach which allows the cumulative impact of the adoption to be recognized in retained earnings as of May 1, 2018 and that the comparative figures will not be restated. Changes in accounting policies resulting from the adoption of IFRS 15 do not have a material impact on the Company's consolidated financial statements.

Revenue recognition

The Company's revenue is comprised of sales of its respective products lines as detailed in segmented information (Note 13). Revenues are recognized when the Company satisfies its performance obligation by transferring control of its product to a customer. Control is considered to be transferred at the time the customer receives the product. All transaction prices are determined through negotiations with customers based on market rates. Segment revenues by geographic region are disclosed in Note 13.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company:

- IFRS 16: A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lease accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and is anticipated to be adopted without material impact to the consolidated financial statements.

5. INVENTORY

		January 31, 2019		April 30, 2018
Raw materials and parts	**$**	**37,211**	$	331,972
Work in progress		**798,911**		575,337
Finished extractor assemblies		**-**		277,974
Total inventory	**$**	**836,122**	$	1,185,283

During the year ended April 30, 2018, the Company wrote-off $77,100 (2017 - $Nil) relating to raw materials that were used for testing purposes and are no longer intended for sale.

During the nine months ended January 31, 2019, the Company used its inventories of $2,038,719 for research and development.

(Expressed in Canadian dollars)

6. LOAN RECEIVABLE

The Company extended a short-term loan to a third party to expedite leasehold improvements at a facility Soma rents for the purpose of enabling the testing of Soma's demo extraction units which are capitalized within equipment. The Company's research and laboratory service revenue (within sales) is derived from the use of these units. The loan did not bear interest and was repayable upon demand. The Company wrote-off the balance in the year ended April 30, 2018, as it does not anticipate being able to collect the amount of $145,000.

7. EQUIPMENT

	Furniture and Equipment	Computer Hardware	Automobile	Total
Costs:				
Balance, April 30, 2017	$ 312,774	$ 12,087	$ -	$ 324,861
Additions	681,900	42,303	9,000	733,203
Transfer to inventory [1]	(87,296)	-	-	(87,296)
Balance, April 30, 2018	907,378	54,390	9,000	970,768
Additions	89,366	34,951	-	124,317
Disposals	(830,810)	-	-	(830,810)
Balance, January 31, 2019	**$ 165,934**	**$ 89,341**	**$ 9,000**	**$ 264,275**
Accumulated Depreciation:				
Balance, April 30, 2017	$ 15,287	$ 6,905	$ -	$ 22,192
Amortization	147,129	2,117	-	149,246
Transfer to inventory [1]	(3,287)	-	-	(3,287)
Balance, April 30, 2018	159,129	9,022	-	168,151
Amortization	107,148	17,459	2,250	126,857
Disposals	(209,644)	-	-	(209,644)
Balance, January 31, 2019	**$ 56,633**	**$ 26,481**	**$ 2,250**	**$ 85,364**
Net Book Value:				
April 30, 2018	$ 748,249	$ 45,368	$ 9,000	$ 802,617
January 31, 2019	**$ 109,301**	**$ 62,860**	**$ 6,750**	**$ 178,911**

[1] During the year ended April 30, 2018, the Company transferred equipment with a carrying value of $84,009 to inventory. The equipment was previously held for rental to others and became held for sale, and was sold during the year ended April 30, 2018.

8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

As at January 31, 2019, there were 5,895,000 common shares held in escrow (April 30, 2018 – 7,860,000), subject to timed releases.

Unlimited Series B preferred shares without par value – Nil issued and outstanding at January 31, 2019 (April 30, 2018 - Nil). During the year ended April 30, 2018, 2,050,000 Series B preferred shares became convertible into common shares of the Company on a one-for-one basis. This is presented as obligation to issue shares of $53,625 as at April 30, 2018, and 2,050,000 common shares were issued on August 14, 2018. The balance of the preferred shares was cancelled without further consideration.

During the nine months ended January 31, 2019, the Company issued a total of 1,270,124 common shares for gross proceeds of $254,025 for warrants exercised.

b) Private placements

For the year ended April 30, 2018

On January 18, 2018, the Company completed a private placement for aggregate gross proceeds of $5,000,000. The placement consisted of 7,142,858 units of the Company at a price of $0.70 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable at a price of $0.83 until January 18, 2020, subject to accelerated expiry in the event that the Company's common shares close at a price of $1.50 or higher for ten consecutive trading days. The Company issued 428,571 brokers' warrants valued at $131,765 (Note 8(e)) and paid finder's fees of $364,497. Each broker warrant is exercisable into one Unit at $0.70 and expire January 18, 2019.

On October 31, 2017, the Company completed a non-brokered private placement for aggregate gross proceeds of $1,451,600. The placement consisted of 7,258,000 units of the Company at a price of $0.20 per unit. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $0.30 until October 31, 2020, subject to accelerated expiry in the event that the Company's common shares close at a price of $0.50 or higher for ten consecutive trading days. The Company issued 349,300 brokers' warrants valued at $28,275 (Note 8(e)) and paid finder's fees of $69,860. Each broker warrant is exercisable at $0.20 per share and expire October 31, 2018.

c) Stock options

The Company's Stock Option Plan allows the Board of Directors from time to time, at its discretion, and in accordance with regulatory policies, grant to directors, officers, employees and consultants of the Company, options to purchase shares, provided that the number of shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis, or 2% if the optionee is a consultant. All options granted to a participant under the Plan will become vested on the grant date, or at such other time as may be established by the Board at the time of the grant in compliance with

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd…)

c) Stock options (cont'd…)

requirements of the Exchange. The expiry date for each option shall be set by the Board at the time of issue of the option and shall not be more than ten years after the grant date.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2017	**3,750,000**	**$0.16**
Granted	3,305,000	0.40
Exercised	(1,525,000)	0.11
Balance, April 30, 2018	**5,530,000**	**$0.32**
Granted	875,000	0.25
Cancelled	(942,500)	0.37
Balance, January 31, 2019	**5,462,500**	**$0.38**

A summary of the Company's stock options as at January 31, 2019 are as follows:

Grant Date	Number of Options outstanding	Number of Options exercisable	Weighted Average Exercise Price	Expiry date	Weighted Average Remaining contractual life (years)
February 1, 2017	350,000	350,000	$0.20	February 1, 2022	3.01
February 21, 2017	1,750,000	1,750,000	0.20	February 21, 2022	3.06
March 9, 2018	2,487,500	885,000	0.40	March 9, 2023	4.10
October 15, 2018	875,000	218,750	0.25	October 15, 2023	4.71
Total	**5,462,500**	**3,203,750**	**$0.38**		**3.80**

During the nine months ended January 31, 2019, the Company recorded share-based payments of $660,184 (2018 - $153,739) as a result of stock options vesting during the period. During the nine months ended January 31, 2019, the Company granted 875,000 stock options, which are exercisable for a period of five years, at a price of $0.25 per share. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of $0.25, volatility 100%, risk-free rate 2.40%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be $164,449 of which $80,428 has been expensed with a corresponding credit to share-based payment reserve. The remaining value will be expensed at the corresponding vesting date.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions may have a material effect on the fair value of the Company's stock options and results of operations.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd…)

d) Warrants

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2017	**9,846,000**	**$0.20**
Issued	10,771,858	0.65
Exercised	(4,222,250)	0.20
Balance, April 30, 2018	**16,395,608**	**$0.50**
Exercised	(517,500)	0.20
Expired	(5,158,750)	0.20
Balance, January 31, 2019	**10,719,358**	**$0.65**

A summary of warrants outstanding as at January 31, 2019 are as follows:

Issue Date	Number of Warrants outstanding	Weighted Avg. Exercise Prices	Expiry date	Weighted Avg. Remaining contractual life (years)
October 31, 2017	3,576,500	$0.30	October 31, 2020	1.75
January 18, 2018	7,142,858	0.83	January 18, 2020	0.96
	10,719,358	$0.65		1.23

e) Brokers' warrants

A summary of the Company's broker warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2017	**183,750**	**$0.20**
Issued	777,871	0.48
Exercised	(267,715)	0.20
Expired	(10,500)	0.20
Balance, April 30, 2018	**683,406**	**$0.51**
Exercised	(23,624)	0.20
Expired	(659,782)	0.07
Balance, January 31, 2019	**-**	**$0.00**

(Expressed in Canadian dollars)

9. SIGNIFICANT NON-CASH TRANSACTIONS

The significant non-cash investing and financing transactions during the nine months ended January 31, 2019 and 2018 consisted of:

2019:
a) Issuing stock options valued at $660,184 (Note 8(c)).
b) Brokers' warrants exercised valued at $1,912 (Note 8(e)).
c) Preferred shares converted into common shares valued at $53,625 (Note 8(a)).

2018:
a) Transferring equipment with a carrying value of $84,009 to inventory (Note 7).
b) Issuing brokers' warrants valued at $160,040 (Note 8(e)).
c) Recognizing fair value of $11,592 on exercised brokers' warrants to share capital (Note 8(e)).
d) Recognizing fair value of $33,429 on exercised options to share capital (Note 8(c)).

10. RELATED PARTY TRANSACTIONS

Key management personnel:

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

Summary of transactions with key management personnel and other related parties:

Type of Service	**Nature of Relationship**	**January 31, 2019**	January 31, 2018
Accounting fees	A company with which the CFO is associated	**$ 11,748**	$ -
Consulting fees	A company with which the President is associated.	**111,000**	-
Legal fees	A law firm of which a former director of the Company is a partner	**76,363**	37,203
Management fees	Companies with current and former officers and directors in common with the Company	**75,500**	78,000
Remuneration and benefits	CEO, Director and former VP of Finance of the Company	**228,750**	135,000
Share-based payments	To current and former officers and directors of the Company	**354,211**	110,043
Total		**$ 857,572**	$ 360,246

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (cont'd…)

Summary of amounts payable to related parties:

Type of Service	Nature of Relationship	January 31, 2019	April 30, 2018
Consulting fees	Former VP of Finance	$ 11,500	$ 45
Legal fees	A law firm of which a former director of the Company is a partner	9,111	20,254
Management fees	Companies with current and former officers and directors in common with the Company	9,450	525
Operating fees	A company with which the President of a significant	26,653	16,097
Administrative expenses	CEO and former VP of Finance	1,643	-
Accounting fees	A company with which the CFO is associated	5,000	-
Due to related parties		**$ 63,357**	$ 36,921

Included in accounts receivable as at January 31, 2019 is $Nil (April 30, 2018 - $201,879) due from a private company owned by Leo Chamberland, related to transactions incurred prior to his appointment as President of the Company, in March 2018.

Unless otherwise specified, amounts payable to related parties referred to above are non-interest bearing, unsecured, receivable or payable on demand, and have arisen from the provision of services as described above.

11. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholders' equity. The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at January 31, 2019, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the nine months ended January 31, 2019.

12. FINANCIAL INSTRUMENTS

a) Fair value risk

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, GST recoverable, accounts payable and accrued liabilities and amounts payable to related parties.

The Company's financial instruments with the exception of cash and cash equivalents approximate their fair value due to their short-term maturities. The Company's other financial instrument, cash and cash equivalents under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities.

b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has only a nominal amount of assets or liabilities denominated in foreign currencies and engaged in very few transactions denominated in a foreign currency; therefore, its exposure to currency risk is limited.

(ii) Interest rate risk

The Company is not exposed to interest rate risk because it does not have any assets or liabilities that are affected by changes in interest rates except for cash and cash equivalents that earn interest in accounts at variable rates which poses an insignificant risk exposure to changes in interest rates.

(iii) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash and cash equivalents are held through a Canadian chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's GST recoverable are refunds due from the Government of Canada and the exposure to credit risk on these amounts are considered to be limited.

12. FINANCIAL INSTRUMENTS (cont'd…)

c) Credit risk (cont'd…)

The Company's current accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low. Sales in the premium disposable vaporizer pens and related materials and sale and rental of extraction and processing equipment and provision of research and laboratory services are made to targeted clients on a contractual basis thereby reducing collection risk. Sale of automation control solution equipment is made to a more diversified group and could increase collection risk marginally. The Company's experience has been that some larger contracts require the ability to make installment payments to adapt to the cash-based nature of the industry and challenges with banking systems. These contracts continue to pay down trade receivables and do not negatively impact the collectability of the Company's aged receivables. While there is no financing component to these contracts, the Company will review the incorporation of such terms in the future to enhance its financial performance in the industry's context.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts. At 365 days, the Company applies a 100% allowance against receivables. As at January 31, 2019, the Company has recognized an allowance for doubtful accounts and corresponding bad debts expense of $86,063 (January 31, 2018 - $Nil).

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At January 31, 2019, the Company has a cash and cash equivalents balance of $923,134 to settle current liabilities of $516,782. The Company manages its liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long term strategic objectives.

13. SEGMENTED INFORMATION

The Company has three principal reporting segments: sale of premium disposable vaporizer pens and related materials; extraction and processing laboratory (including research and development) service; sale of automation solution equipment and corporate and administration. The reportable segments were determined based on the nature of the services provided and goods sold.

(Expressed in Canadian dollars)

13. SEGMENTED INFORMATION (cont'd…)

Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

		Nine months ended January 31,		
Condensed interim consolidated statements of loss and comprehensive loss		**2019**		2018
Sales to external customers				
Sale of premium disposable vaporizer pens and related materials	**$**	**419,410**	$	589,780
Sale and rental of extraction and processing equipment, and provision of research and laboratory services		**1,595,554**		243,357
Sale of automation control solution equipment		**1,311,225**		597,266
	$	**3,326,189**	$	1,430,403
Income (loss) before income taxes				
Sale of premium disposable vaporizer pens and related materials	**$**	**101,842**	$	341,483
Sale and rental of extraction and processing equipment, and provision of research and laboratory services		**(2,609,049)**		(706,767)
Sale of automation control solution equipment		**(434,603)**		(377,461)
Corporate and administration		**(1,382,714)**		(869,912)
	$	**(4,324,524)**	$	(1,612,657)
Depreciation and amortization				
Sale and rental of extraction and processing equipment, and provision of research and laboratory services	**$**	**126,857**	$	59,493
	$	**126,857**	$	59,493

(Expressed in Canadian dollars)

13. SEGMENTED INFORMATION (cont'd…)

The Company evaluates performance based on several factors, of which the primary financial measure is business segment income before taxes. The following tables summarize the operations of the Company's reportable segments for as at January 31, 2019 and April 30, 2018:

Condensed interim consolidated statements of financial position		**January 31, 2019**		April 30, 2018
Assets				
Sale of premium disposable vaporizer pens and related materials	**$**	**354,543**	$	603,416
Sale and rental of extraction and processing equipment, and provision of research and laboratory services		**1,521,703**		2,195,323
Equipment automation		**1,359,634**		670,507
Corporate and administration		**641,770**		3,845,009
Total assets	**$**	**3,877,650**	$	7,314,255
Liabilities				
Sale of premium disposable vaporizer pens and related materials	**$**	**(20,155)**	$	(38,311)
Sale and rental of extraction and processing equipment, and provision of research and laboratory services		**(112,306)**		(150,556)
Sale of automation solution equipment		**(313,645)**		(203,275)
Corporate and administration		**(7,319)**		(150,930)
	$	**(453,425)**	$	(543,072)
Additions to non-current assets				
Sale and rental of extraction and processing equipment, and provision of research and laboratory services	**$**	**65,751**	$	590,456
Sale of automation solution equipment		**45,236**		142,747
Administrative equipment		**13,330**		-
	$	**124,317**	$	733,203

As at January 31, 2019 and April 30, 2018 all of the Company's identifiable assets are located in Canada. The Company's revenues are generated in Canada.

14. SUBSEQUENT EVENTS

1. On February 12, 2019, the Company granted 1,490,000 stock options to certain directors, officers, consultants and employees of the Company. The options have an exercise price of $0.20 per share and expire on February 12, 2024.

2. On March 11, 2019, 250,000 stock options granted on February 21, 2017 at an exercise price of $0.20 got canceled.

14. SUBSEQUENT EVENTS (cont'd…)

3. On March 21, 2019, the Company entered into a binding letter of intent (the "LOI") to proceed with a business combination by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) with World Class Extractions Inc. ("World Class") (CSE: PUMP). Pursuant to the LOI, World Class has agreed to acquire, either directly or through a wholly-owned subsidiary, all of the issued and outstanding common shares of the Company ("the Arrangement").

   Under the terms of the LOI, on completion of the Arrangement, the shareholders of the Company will receive two common shares of World Class (a "World Class Share") for each common shares of the Company held. On closing of the Arrangement, it is expected that the current shareholders of the Company will receive approximately 143,300,894 World Class Shares. Concurrently with the closing of the Arrangement, the holders of options and warrants in the capital of the Company will receive a proportionate number of options and warrants of World Class.

4. Subsequent to the period ended January 31, 2019, the Company received $500,000 from World Class, bearing interest rate at 4.5% per annum. The loan is due on or before September 26, 2019. The loan is subject to the terms of a letter agreement (the "Letter Agreement") between the Company and World Class dated March 20, 2019. If the Transaction (as defined in the Letter Agreement) does not close, any amounts owing shall be due and payable within 180 days of demand by World Class.