SVT Capital Corp.

(Formerly Verona Development Corp.)

Condensed Interim Financial Statements

Three months ended June 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

NOTICE TO READER

These condensed interim financial statements of SVT Capital Corp. (the “Company”) have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to the financial statements and the related Management Discussion and Analysis.

SVT Capital Corp. (Formerly Verona Development Corp.)
Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	Note		June 30, 2017		March 31, 2017
ASSETS					
Current assets					
Cash		$	186	$	4,496
Prepaid expenses			25,000		-
Deferred financing fees	10		46,700		-
GST receivable			4,841		12,021
		$	76,727	$	16,517
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	*4*	$	179,808	$	133,907
Loans payable	*5*		71,630		34,500
			251,438		168,407
SHAREHOLDERS' DEFICIENCY					
Share capital	*7*		10,824,805		10,824,805
Share-based payment reserve	*7*		2,492,353		2,492,353
Deficit			(13,491,869)		(13,469,048)
			(174,711)		(151,890)
		$	76,727	$	16,517

Nature of business and going concern *1*
Subsequent event *11*

Approved and authorized on behalf of the Board of Directors on August 29, 2017:

"Anthony Jackson"

"Von Torres"

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

SVT Capital Corp. (Formerly Verona Development Corp.)
Condensed Interim Statements of Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

		Three months ended	
	Note	June 30, 2017	June 30, 2016
Expenses			
Management fees	*6*	$ 15,000	$ 15,000
Office and miscellaneous		3,171	3,643
Regulatory, transfer and filing fees		4,650	2,836
Net loss and comprehensive loss for the period		$ (22,821)	$ (21,479)
Basic and diluted loss per share		$ (0.00)	$ (0.02)
Weighted average number of common shares outstanding		5,470,480	1,070,490

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

SVT Capital Corp. **(Formerly Verona Development Corp.)**
Condensed Interim Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Three months ended June 30, 2017	June 30, 2016
Cash used in		
Operating activities		
Net loss	$ (22,821)	$ (21,479)
Item not involving cash:		
Accrued interest	1,430	-
Net change in non-cash working capital		
Receivables	7,180	(916)
Prepaid expenses	(25,000)	1,201
Deferred financing fees	(46,700)	-
Accounts payable and accrued liabilities	45,901	11,175
Cash used in operating activities	(40,010)	(10,019)
Financing activities		
Bank indebtedness	-	19
Loan payable	35,700	10,000
Cash flows provided from financing activities	35,700	10,019
Change in cash for the period	(4,310)	-
Cash, beginning	4,496	-
Cash, ending	$ 186	$ -

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

SVT Capital Corp. (Formerly Verona Development Corp.)
Condensed Interim Statements of Changes in Shareholders' Deficiency
(Unaudited - expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payment reserve	Investment revaluation reserve	Deficit	Total shareholders' deficiency
Balance, March 31, 2016		1,070,480	$ 10,527,764	$ 2,289,394	$ (3,257)	$ (13,263,761)	$ (449,860)
Net loss		-	-	-	-	(21,479)	(21,479)
Balance, June 30, 2016		1,070,480	$ 10,527,764	$ 2,289,394	$ (3,257)	$ (13,285,240)	$ (471,339)
Balance, March 31, 2017		5,470,480	$ 10,824,805	$ 2,492,353	$ -	$ (13,469,048)	$ (151,890)
Net loss		-	-	-	-	(22,821)	(22,821)
Balance, June 30, 2017		5,470,480	$ 10,824,805	$ 2,492,353	$ -	$ (13,491,869)	$ (174,711)

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

1. Nature of Business and Going Concern

SVT Capital Corp. (the “Company”) is incorporated under the laws of British Columbia. On August 19, 2016, its name was changed to SVT Capital Corp. The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “VTC”. The Company currently has no active business and is engaged in the business of identifying new business opportunities.

The head office, registered and principal address and records office of the Company are located at 3002 – 1211 Melville Street, Vancouver, British Columbia, Canada.

These condensed interim financial statements have been prepared on the assumption the Company will continue as a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management believes that the Company does not have sufficient funds to meet planned expenditures over the next twelve months and will need to seek additional debt or equity financing. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties cast significant doubt regarding the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the continued support of its shareholders and related parties, obtaining additional financing, and generating revenues sufficient to cover operating costs.

These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. Significant Accounting Policies

The condensed interim financial statements were authorized for issue on August 29, 2017 by the board of directors of the Company (the “Board”).

Statement of compliance

These condensed consolidated interim financial statements comply with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information required of a complete set of consolidated financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and the performance of the Company since the end of its last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2017, which were prepared in accordance with IFRS as issued by the IASB.

Basis of presentation

These condensed interim financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual financial statements of the Company for the year ended March 31, 2017. These condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments which are measured at fair value. These condensed interim financial statements are presented in Canadian dollars, unless otherwise indicated.

(Unaudited - expressed in Canadian dollars)

3. Marketable Securities

The Company's marketable securities consist of shares in Global Hunter Corp. The fair market value of the shares is summarized as follows:

	Number of shares		June 30, 2017	Number of shares		March 31, 2017
Balance, beginning	325,687	$	-	325,687	$	6,514
Decrease in fair value	-		-	-		(6,514)
Balance, ending	325,687	$	-	325,687	$	-

The fair value of the shares June 30, 2017, has been determined by reference to the closing price of the shares on the TSX-V on June 30, 2017. At June 30, 2017, the closing price was $0.00 per share (March 31, 2017 - $0.00). During the year ended March 31, 2017, an impairment of $9,771 was recorded in the statement of comprehensive loss.

4. Accounts Payable and Accrued Liabilities

		June 30,2017		March 31, 2017
Accounts payable	$	74,508	$	44,357
Accrued liabilities		8,000		8,000
Due to related parties (Note 7)		97,300		81,550
	$	179,808	$	133,907

5. Loans Payable

As at June 30, 2017, $10,200 was owed to a director and a company controlled by a director (Note 7) and $10,000 was owed to a third party. The loans payable are non-interest bearing, unsecured, and are due on demand.

On April 5, 2017, the Company entered into a loan agreement with Oceanside Strategies Inc. (the "Lender"). The Lender advanced $50,000 to the Company with interest at 1% per month compounded monthly and payable upon repayment of the advance. The loan is payable on demand. As of June 30, 2017, the Company had accrued $1,430 in interest.

6. Related Party Transactions and Balances

a) Due to related parties

The following amounts are due to related parties:

		June 30, 2017		March 31, 2017
Due to a company controlled by a director of the Company Included in accounts payable (Note 5)	$	97,300	$	81,550

Amounts due to related parties are unsecured, non-interest-bearing and are repayable on demand.

At June 30, 2017, $10,200 loaned by a director and a company controlled by a director was included in loans payable (Note 6).

(Unaudited - expressed in Canadian dollars)

6. Related Party Transactions and Balances (continued)

b) The Company was charged the following amounts by directors, officers or companies owned by current and former officers and directors for the three months ended June 30, 2017 and 2016:

	June 30, 2017	June 30, 2016
Management fees	$ 15,000	$ 15,000

c) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the three months ended June 30, 2017 and 2016 were as follows:

	June 30, 2017	June 30, 2016
Short-term benefits	$ 15,000	$ 15,000

7. Share Capital

a) Authorized

Unlimited number of common shares without par value.

b) Issued share capital

On May 17, 2016, the Company consolidated its issued and outstanding share capital on the basis of one post-consolidation share for each 30 pre-consolidation common shares. All references to the share numbers in these financial statements have been restated to reflect the change.

The Company had 5,470,480 common shares issued and outstanding as at June 30, 2017 (March 31, 2017 – 5,470,480).

c) Options

The Company has established a rolling stock option plan (the "Plan") in which the maximum number of shares that can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company at the time of an applicable option grant. The exercise price of options granted under the Plan is based on the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX-V.

The Company did not have any stock options outstanding as of June 30, 2017 or March 31, 2017.

d) Warrants

A summary of share purchase warrant activities are as follows:

	Number of warrants	**Weighted average exercise price**
Outstanding and exercisable at March 31, 2016	-	$ -
Issuance of warrants	4,400,000	0.16
Outstanding and exercisable at March 31, 2017 and June 30, 2017	4,400,000	$ 0.16

The fair value of these warrants was $202,959, estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.73% - 0.74%, an expected life of 1 year, an expected volatility of 169.35% - 182.01%, and no expected dividends.

(Unaudited - expressed in Canadian dollars)

7. Share Capital (continued)

A summary of the share purchase warrants outstanding at June 30, 2017 is as follows:

	Warrants issued and exercisable	Exercise price	Expiry date
Share purchase warrants	4,000,000	$ 0.155	December 9, 2017
Share purchase warrants	400,000	0.200	January 6, 2018
	4,400,000	$ 0.160	

The weighted average life of warrants outstanding at June 30, 2017 is 0.45 years.

e) Reserves

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time as the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses.

f) Basic and diluted loss per share

The Company has no dilutive securities outstanding.

8. Segmented Information

The Company is involved in one industry segment comprising the identification of new business opportunities.

9. Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in bank accounts held with major banks in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

9. Risk and Capital Management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account anticipated cash flows from operations and holdings of cash.

At June 30, 2017, the Company has current liabilities of $251,438 that are either overdue or payable within the next twelve months. Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements, loans and advances from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, or continued support from related parties by way of loans or advances.

(c) Market risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and other price risk. These are discussed further below:

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and this risk is considered minimal.

Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company operates in Canada and therefore is not exposed to currency risk.

Commodity Price Risk

Commodity price risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in commodity prices. The Company's financial instruments are not exposed to risk resulting from price fluctuations of commodities.

Other Price Risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk, price risk or foreign exchange risk. The Company is exposed to changes in market prices as this can impact the value of its marketable securities.

(d) Capital management

The Company's policy is to maintain a sufficient capital base to sustain investor and creditor confidence and future development of its business. The capital structure of the Company consists of share and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

9. Risk and Capital Management (continued)

(e) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount because of the short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments measured at Level 1 include cash and marketable securities. The Company has classified its cash as loans and receivables, and marketable securities as available-for-sale financial assets using level 1 inputs. Accounts payable and loan payable are classified as non-derivative financial liabilities.

10. Proposed Transaction

On February 23, 2017, the Company entered into a letter of intent with Delta 9 Bio-Tech Inc. ("Delta 9"), an arm's-length Manitoba-based licensed producer of medical cannabis, pursuant to which the Company agreed to acquire all of the securities of Delta 9 by way of a three-cornered amalgamation among the Company, Delta 9 and a wholly owned subsidiary of the Company formed for the purpose of completing the amalgamation (the "Transaction").

The letter of intent was superseded by a definitive acquisition agreement on May 31, 2017. Pursuant to the terms of the amalgamation agreement, the shareholders of Delta 9 will receive one common share of the Company for each share of Delta 9 held. The Transaction is expected to result in the reverse takeover (as defined in the policies of the TSX-V) of the Company by Delta 9. Upon successful completion of the Transaction, it is anticipated that the Company will be listed as a Tier 2 industrial issuer on the TSX-V. Completion of the Transaction is subject to receipt of the approval of the TSX-V and certain other conditions as set out in the amalgamation agreement.

On April 4, 2017, the Company entered into an engagement letter dated March 30, 2017 (the "Engagement Letter"), with Canaccord Genuity Corp. ("Canaccord") and Delta 9, pursuant to which Canaccord agreed to assist the Company and Delta 9 in connection with: (i) a brokered private placement of common shares of the Company to raise gross proceeds of $3 million and (ii) a bridge financing of secured convertible debentures of Delta 9 to raise gross proceeds of $3 million (which has been completed) for aggregate gross proceeds of $6 million, to be undertaken in connection with the Transaction.

During the three months ended June 30, 2017, the Company incurred legal fees of $46,700 in relation to the proposed transaction.

11. Subsequent Events

Subsequent to June 30, 2017, the Company entered into an amendment to the Engagement Letter with Canaccord and Delta 9, pursuant to which the parties agreed to, among other things, increase the size of the concurrent financing of common shares of the Company from $3 million to $5.2 million and to set the offering price for the common shares at $0.65.