

Delta 9 Cannabis Inc.
(Formerly SVT Capital Corp.)

Condensed Interim Financial Statements

Six months ended September 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)
Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	<i>Note</i>	September 30, 2017	March 31, 2017
ASSETS			
Current assets			
Cash		\$ 7,543	\$ 4,496
Prepaid expenses		25,000	-
GST receivable		6,411	12,021
Deferred financing fees		2,950	-
		\$ 41,904	\$ 16,517
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3	\$ 197,133	\$ 133,907
Loans payable	4	98,286	34,500
		295,419	168,407
SHAREHOLDERS' DEFICIENCY			
Share capital	6	10,824,805	10,824,805
Share-based payment reserve	6	2,492,353	2,492,353
Deficit		(13,570,673)	(13,469,048)
		(253,515)	(151,890)
		\$ 41,904	\$ 16,517
Nature of business and going concern	1		
Subsequent events	7		

Approved and authorized on behalf of the Board of Directors on December 12, 2017:

"John Arbuthnot"

" Bill Arbuthnot "

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

Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)
Condensed Interim Statements of Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

		Three months ended		Six months ended	
	Note	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Expenses					
Consulting fees		\$ -	\$ 7,500	\$ -	\$ 7,500
Management fees	5	15,000	15,000	30,000	30,000
Office and miscellaneous		1,837	112	5,007	3,755
Professional fees		46,250	519	46,250	519
Regulatory, transfer and filing fees		15,718	2,455	20,368	5,291
Loss from operations		(78,805)	(25,586)	(101,625)	(47,065)
Other items					
Exchange gain		-	5	-	5
Net loss for the period		(78,805)	(25,581)	(101,625)	(47,060)
Other comprehensive income					
Unrealized gain on marketable securities		-	6,514	-	6,514
Comprehensive loss for the period		\$ (78,805)	\$ (19,067)	\$ (101,625)	\$ (40,546)
Basic and diluted loss per share		\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding					
		5,470,480	1,070,490	5,470,480	1,070,490

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

Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)
Condensed Interim Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Six months ended	
	September 30, 2017	September 30, 2016
Cash used in		
Operating activities		
Net loss	\$ (101,625)	\$ (47,060)
Item not involving cash:		
Accrued interest	3,282	-
Net change in non-cash working capital		
GST Receivable	5,610	(2,087)
Prepaid expenses	(25,000)	1,560
Accounts payable and accrued liabilities	63,226	24,735
Deferred financing fees	(2,950)	
Cash used in operating activities	(57,457)	(22,852)
Financing activities		
Bank indebtedness	-	(9)
Loan payable	60,504	24,000
Cash flows provided from financing activities	60,504	23,991
Change in cash for the period	3,047	1,139
Cash, beginning	4,496	-
Cash, ending	\$ 7,543	\$ 1,139

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

Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)
Condensed Interim Statements of Changes in Shareholders' Deficiency
(Unaudited - expressed in Canadian dollars)

	<i>Note</i>	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		-	-	-	-	(47,060)	(47,060)
Unrealized gain on marketable securities		-	-	-	6,514	-	6,514
Balance, September 30, 2016		1,070,480	\$ 10,527,764	\$ 2,289,394	\$ 3,257	\$ (13,310,821)	\$ (490,406)
Balance, March 31, 2017		5,470,480	\$ 10,824,805	\$ 2,492,353	\$ -	\$ (13,469,048)	\$ (151,890)
Net loss		-	-	-	-	(101,625)	(101,625)
Balance, September 30, 2017		5,470,480	\$ 10,824,805	\$ 2,492,353	\$ -	\$ (13,570,673)	\$ (253,515)

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

Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2017 and 2016

(Unaudited - expressed in Canadian dollars)

1. Nature of Business and Going Concern

Delta 9 Cannabis Inc. (formerly SVT Capital Corp.) (the "Company") was an exploration stage enterprise incorporated under the laws of British Columbia. The Company's name has been changed to Delta 9 Cannabis Inc. effective October 31, 2017. The Company's shares are trading on the TSX Venture Exchange ("TSX-V") under the new symbol "NINE". The Company was engaged in the acquisition of exploration and evaluation assets. Following completion of a reverse takeover transaction (the "Transaction") between the Company and Delta 9 Bio-Tech Inc. ("Delta 9"), the business of the Company became the business of Delta 9. The principal activities of Delta 9 are the production, storage and sale of medical marijuana, as regulated by the Access to Cannabis for Medical Purposes Regulations issued pursuant to the Controlled Drugs and Substances Act (Canada), from Delta 9's facility located in east Winnipeg, Manitoba.

Pursuant to the Transaction that was closed subsequent to the period ended September 30, 2017, the Company has acquired all of the issued and outstanding shares of Delta 9, an arm's-length Manitoba-based licensed producer of medical cannabis, by way of a three-cornered amalgamation among the Company, Delta 9 and 10240907 Canada Corp. (Newco). In conjunction with the Transaction, the Company has met the requirements to be listed as a TSX Venture Exchange Tier 2 company. Therefore, effective November 6, 2017, the Company's listing transferred from the NEX to the TSX Venture Exchange, the company's tier classification changed from the NEX to Tier 2.

The head office, registered and principal address and records office of the Company are located at PO Box 68096 Osborne Village Winnipeg, Manitoba R3L 2V9.

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 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 may 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 December 12, 2017 by the directors of the Company.

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC").

Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2017 and 2016

(Unaudited - expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

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.

3. Accounts Payable and Accrued Liabilities

	September 30, 2017	March 31, 2017
Accounts payable	\$ 76,083	\$ 44,357
Accrued liabilities	8,000	8,000
Due to related parties (Note 6)	113,050	81,550
	\$ 197,133	\$ 133,907

4. Loans Payable

As at September 30, 2017, \$15,004 (March 31, 2017 - \$24,500) was owed to a director and a company controlled by a director (Note 6) and \$10,000 (March 31, 2017 - \$10,000) was owed to a third party. The loans payable are non-interest bearing, unsecured, and are due on demand.

During the period ended September 30, 2017, Oceanside Strategies Inc. (the "Lender") advanced a total of \$70,000 to the Company with interest at 1% per month compounded monthly and payable upon the earlier of the closing of the Company's acquisition (Note 9) or 10 days following a written demand for repayment. As of September 30, 2017, the Company had accrued \$3,282 in interest.

5. Related Party Transactions and Balances

a) Due to related parties

The following amounts are due to related parties, and are included in accounts payable and accrued liabilities:

	September 30, 2017	March 31, 2017
Due to a company controlled by a director of the Company (Note 3)	\$ 113,050	\$ 81,550

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

At September 30, 2017, \$15,004 (March 31, 2017 - \$24,500) loaned by a director and a company controlled by a director was included in loans payable (Note 4).

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

	Three months ended		Six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Management fees	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000

Delta 9 Cannabis Inc. (Formerly SVT Capital Corp.)

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2017 and 2016

(Unaudited - expressed in Canadian dollars)

6. Share Capital

a) Authorized

Unlimited number of common shares without par value.

b) Issued share capital

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

b) Warrants

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable at March 31, 2017 and September 30, 2017	4,400,000	\$ 0.16

A summary of the share purchase warrants issued at September 30, 2017 is as follows:

	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 September 30, 2017 is 0.20 years.

7. Subsequent Events

Subsequent to the period, the Company completed its previously announced transaction, pursuant to which the Company acquired all of the issued and outstanding shares of Delta 9 by way of a three-cornered amalgamation among the Company, Delta 9 and Newco. The Company resumed trading as a Tier 2 industrial issuer on the TSX Venture Exchange under the symbol NINE on November 6, 2017.

In connection with the closing of the transaction, the Company:

- Changed its name to Delta 9 Cannabis Inc.;
- Completed a brokered private placement offering of 8,000,000 common shares at a price of \$0.65 per share for gross proceeds of \$5,200,000. Finder's fees paid in connection to the private placement were: \$192,400 in cash, 264,000 shares, a corporate finance fee of \$150,000, comprising a cash payment of \$75,000 and the issuance of 115,385 shares and 560,000 broker warrants exercisable at \$0.65 per share for a period of 24 months from October 31, 2017;
- Paid a finder's fee of \$300,000, comprising of a cash payment of \$150,000 and the issuance of 230,769 shares;
- Agreed to grant, effective as of the date of the TSX-V's final exchange bulletin with respect to the transaction, an aggregate of 5,116,258 stock options to certain directors, officers, employees and consultants of the Company. Each option will be exercisable into one share at the issue price for a period of five years from the date of grant, and the options will vest over two years, with 25% vesting every six months, commencing on the date that is six months following the bulletin; and
- All as further described in the company's filing statement dated October 25, 2017, with respect to the transaction.