

**MYM NUTRACEUTICALS INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED AUGUST 31, 2018**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**MYM NUTRACEUTICALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(Unaudited)

	AUGUST 31 2018	MAY 31 2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,740,076	\$ 6,631,185
Amounts receivable (Note 5)	1,885,884	1,194,904
Deposits and prepaid expenses	2,243,561	1,624,626
Due from related parties (Note 13)	73,892	80,936
Inventory (Note 6)	1,110,218	1,060,718
<b>Total Current Assets</b>	<b>7,053,631</b>	<b>10,592,369</b>
<b>Non-current Assets</b>		
Deferred Charges	110,614	-
Goodwill (Note 11)	888,056	888,056
Intangible assets (Note 8)	3,005,656	3,004,227
Investments (Note 10)	610,387	610,387
Property, plant, and equipment (Note 7)	10,835,705	6,015,823
<b>TOTAL ASSETS</b>	<b>\$ 22,504,049</b>	<b>\$ 21,110,862</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 2,706,599	\$ 957,388
Due to related parties (Note 13)	45,887	43,688
<b>Total Current Liabilities</b>	<b>2,752,486</b>	<b>1,001,076</b>
Royalty provision on acquisition (Note 9)	195,000	195,000
<b>Total Liabilities</b>	<b>2,947,486</b>	<b>1,196,076</b>
<b>EQUITY (DEFICIENCY)</b>		
Share Capital (Note 12)	23,751,387	22,244,290
Shares to be issued (Note 12 & 18)	798,500	457,222
Reserves	7,343,335	6,712,961
Contingent consideration (Note 11)	-	115,000
Deficit	(12,005,208)	(9,362,857)
<b>Equity attributable to shareholders of the Company</b>	<b>19,888,014</b>	<b>20,166,616</b>
Non-controlling interest	(331,451)	(251,830)
<b>Total Equity (Deficit)</b>	<b>19,556,563</b>	<b>19,914,786</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 22,504,049</b>	<b>\$ 21,110,862</b>

Nature of operations and going concern (Note 1)

Commitments (Note 17)

Subsequent events (Note 18)

These interim consolidated financial statements were approved and authorized for issue for the Board of Directors on October 29, 2018. They are signed on the Company's behalf by:

*"Erick Factor"*

Director

*"Rob Gietl"*

Director

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

**MYM NUTRACEUTICALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	THREE MONTHS ENDED	
	AUGUST 31	
	2018	2017
<b>Revenues</b>	\$ -	\$ 280,448
<b>Cost of sales</b>	-	(94,166)
<b>Gross profit</b>	-	186,282
<b>Expenses</b>		
Advertising and communications	233,945	117,246
Depreciation (Note 8)	87,468	65
General and administration	1,281,666	393,279
Professional fees	120,941	20,340
Research and development	62,000	-
Stock based compensation (Note 12 & 13)	942,449	260,698
	<b>2,728,469</b>	<b>791,628</b>
<b>Net Loss from Operations</b>	<b>(2,728,469)</b>	<b>(605,346)</b>
<b>Interest revenue</b>	<b>6,497</b>	<b>-</b>
<b>Net Loss And Comprehensive Loss</b>	<b>\$ (2,721,972)</b>	<b>\$ (605,346)</b>
<b>Net loss attributable to:</b>		
MYM Nutraceuticals Inc.	\$ (2,633,383)	\$ (547,736)
Non-controlling interest	(88,589)	(57,610)
	<b>(2,721,972)</b>	<b>(605,346)</b>
<b>Basic And Diluted Loss Per Common Share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted Average Number Of Common Shares Outstanding</b>	<b>113,252,119</b>	<b>79,533,339</b>

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

**MYM NUTRACEUTICALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars  
(Unaudited))

	<b>THREE MONTHS ENDED</b>	
	<b>AUGUST 31</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash Flows Provided By (Used For):</b>		
<b>Operating Activities</b>		
Net loss for the period	\$ (2,721,972)	\$ (605,346)
Items not affecting cash		
Amortization and depreciation	87,468	65
Share-based payments	942,449	260,698
Net change in non-cash working capital items:		
Accounts receivable	(690,980)	(150,130)
Deposits and prepaids	(618,935)	(58,210)
Inventory	(49,500)	11,461
Related party receivable	7,044	-
Accounts payable and accrued liabilities	1,749,211	(85,856)
Due to related parties	2,199	75,325
	<b>(1,293,016)</b>	<b>(551,993)</b>
<b>Financing Activities</b>		
Proceeds from private placements	531,000	990,382
Proceeds from exercise of warrants	890,300	460,521
Proceed from exercise of options	-	30,500
Shares to be issued	-	(836,082)
Share issue costs	-	(720)
Deferred share issue costs	(110,614)	-
	<b>1,310,686</b>	<b>644,601</b>
<b>Investing Activities</b>		
Leasehold improvements	(188,276)	-
Acquisition of assets	(229,286)	-
Acquisition of intangible assets	(1,429)	(113,061)
Construction in progress	(4,489,788)	(253,090)
	<b>(4,908,779)</b>	<b>(366,151)</b>
<b>Net Decrease In Cash</b>	<b>(4,891,109)</b>	<b>(273,543)</b>
<b>Cash and cash equivalents, Beginning Of Period</b>	<b>6,631,185</b>	<b>548,514</b>
<b>Cash and cash equivalents, End Of Period</b>	<b>\$ 1,740,076</b>	<b>\$ 274,971</b>

**Supplemental cash flow information (Note 16)**

The accompanying notes are an integral part of these interim consolidated financial statement

**MYM NUTRACEUTICALS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**  
**FOR THE THREE MONTHS ENDED AUGUST 31, 2018**  
(Expressed in Canadian Dollars)  
(Unaudited)

	SHARE CAPITAL		SHARES TO BE ISSUED AND SUBSCRIPTIONS RECEIVED	RESERVE FOR WARRANTS	RESERVE FOR OPTIONS	CONTINGENT CONSIDERATION	DEFICIT	NON CONTROLLING INTEREST	TOTAL EQUITY
Balance, May 31, 2016	67,981,429	\$ 3,051,623	\$ 843,582	\$ 38,715	\$ 160,381	\$ 345,000	\$ (2,879,966)	\$ (47,632)	\$ 1,511,703
Shares issued	5,502,120	990,382	(836,082)	-	-	-	-	-	154,300
Shares issued for exercise of warrants	6,696,428	460,521	-	-	-	-	-	-	460,521
Shares issued for exercise of options	235,000	30,500	-	-	-	-	-	-	30,500
Shares issued for business acquisition <sup>(1)</sup>	1,000,000	230,000	-	-	-	(230,000)	-	-	-
Share issue costs	-	(720)	-	-	-	-	-	-	(720)
Fair value of options exercised	-	13,567	-	-	(13,567)	-	-	-	-
Stock based compensation	550,000	128,000	-	-	132,698	-	-	-	260,698
Shares to be issued for asset acquisition	-	-	64,688	-	-	-	-	-	64,688
Net loss for the year	-	-	-	-	-	-	(547,736)	(57,610)	(605,346)
Balance, August 31, 2017	81,964,977	\$ 4,903,873	\$ 72,188	\$ 38,715	\$ 279,512	\$ 115,000	\$ (3,427,702)	\$ (105,242)	\$ 1,876,344
Shares issued	12,255,319	9,103,099	-	5,941,369	-	-	-	-	15,044,468
Shares issued for exercise of warrants	11,245,565	3,889,026	22,222	-	-	-	-	-	3,911,248
Shares issued for exercise of options	2,952,500	291,000	-	-	-	-	-	-	291,000
Shares issued for business acquisition <sup>(1)</sup>	2,787,500	3,425,063	(64,688)	59,002	-	-	(1,092,502)	-	2,326,875
Share issue costs	-	(168,046)	-	-	-	-	-	-	(168,046)
Share subscriptions to be refunded	-	-	(7,500)	-	-	-	-	-	(7,500)
Fair value of warrants exercised	-	242,590	-	(242,590)	-	-	-	-	-
Fair value of options exercised	-	141,186	-	-	(141,186)	-	-	-	-
Stock based compensation	382,062	416,499	-	27,612	750,527	-	-	-	1,194,638
Shares to be issued for asset acquisition	-	-	435,000	-	-	-	-	-	435,000
Acquisition of minority interest	-	-	-	-	-	-	(22,358)	22,358	-
Net loss for the year	-	-	-	-	-	-	(4,820,295)	(168,946)	(4,989,241)
Balance, May 31, 2018	111,587,923	\$ 22,244,290	\$ 457,222	\$ 5,824,108	\$ 888,853	\$ 115,000	\$ (9,362,857)	\$ (251,830)	\$ 19,914,786
Shares issued for exercise of warrants	1,229,055	912,522	(22,222)	-	-	-	-	-	890,300
Shares issued for business acquisition <sup>(2)</sup>	800,000	550,000	(435,000)	-	-	(115,000)	-	-	-
Share subscriptions received	-	-	531,000	-	-	-	-	-	531,000
Fair value of warrants exercised	-	44,575	-	(44,575)	-	-	-	-	-
Stock based compensation	-	-	-	-	674,949	-	-	-	674,949
Shares to be issued for consultants	-	-	267,500	-	-	-	-	-	267,500
Acquisition of minority interest	-	-	-	-	-	-	(8,968)	8,968	-
Net loss for the period	-	-	-	-	-	-	(2,633,383)	(88,589)	(2,721,972)
<b>Balance, August 31, 2018</b>	<b>113,616,978</b>	<b>\$ 23,751,387</b>	<b>\$ 798,500</b>	<b>\$ 5,779,533</b>	<b>\$ 1,563,802</b>	<b>\$ -</b>	<b>\$ (12,005,208)</b>	<b>\$ (331,451)</b>	<b>\$ 19,556,563</b>

(1) A summary of shares issued for business acquisitions

	Year ended May 31, 2018		Period ended August 31, 2018	
	Shares	Share Capital	Shares	Share Capital
CannaCanada Inc. acquisition	437,500	\$ 202,188	-	\$ -
CannaCanada Inc. finder's fee	25,000	8,625	-	-
CannaCanada Inc. contingent shares	500,000	275,000	-	-
CannaCanada minority interest buyout	-	-	300,000	435,000
Sublime Culture minority interest buyout	350,000	598,500	-	-
Mary Jane's Touch acquisition	500,000	153,000	-	-
HempMed acquisition contingent shares	1,000,000	230,000	500,000	115,000
Budly acquisition	800,000	1,864,000	-	-
Solaris Nutraceuticals Inc. finders' fee	175,000	323,750	-	-
Shares issued for business acquisitions	3,787,500	\$ 3,655,063	800,000	\$ 550,000

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

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 1. NATURE OF OPERATIONS AND GOING CONCERN

MYM Nutraceuticals Inc. ("MYM") was incorporated pursuant to the Business Corporations Act of British Columbia ("BCABC") on July 11, 2014, under incorporation number BC1002050. The address of the Company's corporate office and principal place of business is Suite 250 – 1095 West Pender St., Vancouver, British Columbia, Canada. MYM was a wholly owned subsidiary of Salient Corporate Services Inc. and was created for the purpose of giving effect to an Arrangement Agreement among MYM, Salient Corporate Services Inc. ("Salient"), and Adera Minerals Corp. ("Adera"). Adera was incorporated on February 18, 2011 under the Business Corporations Act of British Columbia. During the year ended May 31, 2017, Adera Minerals Corp. was renamed to Joshua Tree Brands Inc.

MYM and its partially and wholly owned subsidiaries (collectively, the "Company") is in the business of acquiring and developing natural remedies and currently holds the rights to various intangible assets including intellectual property, domain names and copyrights, customer lists, and has two active applications to become a licensed producer under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") in Quebec, Canada. The Company has also submitted an application to obtain a Dealers License under the Narcotic Control Regulations (Health Canada) which allows it to conduct activities with cannabis, including testing extraction, and processing.

Although the Company continues to invest resources for a medical marijuana business, there is no guarantee the Company will be awarded a license to grow medical marijuana nor is there a time frame available as to when the Company will be notified of the success of its application.

As at August 31, 2018, the Company has an accumulated deficit of \$12,005,208 (May 31, 2018 - \$9,362,857). The Company's operations are mainly funded with equity financing, which is dependent upon many external factors and may be difficult to raise when required. The Company may not have sufficient cash to fund the acquisition and development to commercial production and therefore will require additional funding, which if not raised, may result in the delay, postponement or curtailment of some of its activities. Management continues to evaluate the need for additional financing and is of the opinion that additional financing will be available to continue its planned activities in the normal course. Nonetheless, there is no assurance that the Company will be able to raise sufficient funds in the future to complete its planned activities. All of which indicate the existence of a material uncertainty that may cast substantial doubt on whether the Company would continue as a going concern and realize its assets and settle its liability and commitments in the normal course of business.

The Company's interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business. These interim consolidated financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern. Such adjustments could be material.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 2. BASIS OF PRESENTATION

#### a) Statement of Compliance

These interim consolidated financial statements, including comparatives, 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 interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

#### b) Basis of Measurement

These interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### c) Functional and Presentation Currency

The presentation and the functional currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### d) Significant Accounting Judgments and Estimates

The preparation of these interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 2. BASIS OF PRESENTATION (continued)

#### d) Significant Accounting Judgments and Estimates (continued)

##### Judgements

- The carrying value and recoverable amount of intangible assets;
- the assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.
- The Company assesses the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts.
- The Company assesses whether acquisitions should be accounted and disclosed as an acquisition of assets or acquisition of a business involved significant judgement by management of the Company.

##### Estimates

- The estimated useful lives of property, plant, and equipment which is included in the statements of financial position and the related depreciation included in net income/loss for the period;
- the inputs used in accounting for warrants issued;
- the inputs used in accounting for share-based compensation expense in net income/loss;
- the inputs used in accounting for acquisitions acquired thru shares and options issued;
- the inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.

#### e) Operating Segments

The Company currently operates in one operating segment, therefore the operating segments of the Company are treated as one reporting segment

#### f) Reclassification of Prior Year Amounts

The Company has reclassified certain immaterial items on the comparative consolidated statements of operations and comprehensive loss to improve clarity.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Consolidation

These interim consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which MYM has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Non-controlling interests in the equity of MYM's subsidiaries are shown separately in equity in the consolidated statements of financial position. The table below lists the Company's subsidiaries that are consolidated in these interim consolidated financial statements and the ownership interest held by non-controlling interests.



# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### a) Basis of Consolidation (Continued)

Subsidiaries	Controlling interests	Controlling interests
	As at August 31 2018	As at May 31 2018
Joshua Tree Brands Inc.	100%	100%
My Marijuana Natural Resources Inc.	100%	100%
MYM Holdings Inc	100%	100%
MYM Holdings (WA) Inc.	100%	100%
Sublime Culture Inc	75%	74%
CannaCanada Inc	93%	93%
1114865 B.C. Ltd	100%	100%
9378-3603 Quebec Inc	100%	100%
9377-4396 Quebec Inc.	100%	100%

#### b) Financial Instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company does not have any derivative financial instruments.

#### Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in net income/loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in net income/loss.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b) Financial Instruments (Continued)

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is recognized in the statements of comprehensive income/loss.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

#### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in net income/loss.

*Other financial liabilities* - This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified cash as fair value through profit or loss and amounts receivable as loans and receivables. Accounts payable and accrued liabilities, due to related parties, and notes payable are classified as other financial liabilities.

The fair value hierarchy that prioritizes the inputs used to measure fair value is as follows:

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.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b) Financial Instruments (Continued)

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. As at August 31, 2018 and May 31, 2018 the Company believes that the carrying values of accounts payable, accrued liabilities, and due to related parties approximate the fair values because of their nature and relatively short maturity dates or durations.

#### c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash at banks and on hand and short-term investments with maturities of three months or less from the date of acquisition.

#### d) Inventories

Finished products, work in-process, raw materials and supplies inventories are valued at the lower of weighted average cost and net realizable value. Raw materials include CBD concentrates. Work in process inventory includes inventory held by 3<sup>rd</sup> party manufacturers. For work in-process and finished product inventories, cost includes all direct costs incurred in production, including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs. When inventories have been written down to net realizable value, we make a new assessment of net realizable value in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed. Supplies inventory is valued at the lower of weighted average cost and net realizable value. Cost includes acquisition, freight and other directly attributable costs.

#### e) Property, Plant, and Equipment

##### *Recognition and Measurement*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or development of the asset including cost of materials and direct labour and any other costs attributable to bringing the assets to a working condition for their intended use.

Where parts of an item or property have different useful lives, they are accounted for as separate items of property, plant, and equipment.

The gain or loss on disposal of an item of property, plant or equipment is determined by comparing the proceeds from disposition with the carrying values and the net gain or loss is presented as a gain/loss on disposal of assets on the statement of income or loss.

The Company changed its method of accounting for amortization of Property, Plant and equipment from the declining balance method to a straight line on a prospective basis. The Company believes that the change to straight line method provides more relevant and reliable informations as it's more aligned with industry peers.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e) Property, Plant, and Equipment (Continued)

##### *Amortization*

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis over the following terms:

Buildings and improvements	25 years
Computer & software equipment	2-3 years
Furniture and fixtures	5 years
Warehouse equipment	10 years
Production equipment	2-10 years
Leasehold improvements & buildings	10-20 years

##### *Impairment of assets*

Long lived assets including plant, equipment, are classified according to the nature of the expenditures and are carried at cost less accumulated depreciation, amortization and accumulated impairment losses. The assets are tested for impairment when there are indicators that the carrying value may exceed the recoverable amount. To test for impairment, assets are allocated to appropriate cash-generating units. Impairment losses are recognized, as identified, in net income/loss.

##### *Research and Construction Costs*

Research costs are expensed as incurred. Construction in process reflects the costs of assets under construction and are not depreciated until placed into service.

##### *Asset Exchanges*

For exchanges or parts of exchanges that involve property, plant, equipment or intangible assets, the exchange is accounted for at fair value, unless the exchange transaction lacks commercial substance, or the fair value of the assets given up or the assets received cannot be reliably estimated. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more reliable. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. Any gain or loss on de-recognition of the asset given up is recognized in net income/loss.

##### *Intangible assets*

Finite life intangible assets are comprised of domain names, ACMPR Licensing Application, and other items which are recorded at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization method are reviewed at the end of each reporting period, and the effects of any changes are reported on a prospective basis.

Intangible assets with indefinite useful lives are comprised of acquired product rights and brand name which are carried at cost less accumulated impairment losses.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are expensed in the period they are incurred.

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the Canadian Securities Exchange on the date of the agreement to issue the shares or the date of share issuance, whichever is more appropriate.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

#### f) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares issued and outstanding during the reporting period.

The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the three months ended August 31, 2018 and 2017 for the dilutive effect of employee stock options and warrants as they were all anti-dilutive. No adjustments were required to the reported loss in computing diluted per share amounts.

#### g) Goodwill

The Company allocates goodwill arising from business combinations to each (cash-generating unit, or "CGU") or group of CGUs that are expected to receive the benefits from the business combination. The carrying amount of the CGU or group of CGUs to which goodwill has been allocated is tested annually for impairment or when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Should there be a recovery in the value of a CGU, any impairment of goodwill previously recorded is not subsequently reversed.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### h) Provisions

A provision is recognized in the interim consolidated financial statements when all of the following criteria are satisfied:

- the Company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made as to the amount of the obligation.

The amount recognized as a provision is the “best estimate” of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are determined by discounting the risk-adjusted expected future cash flows to take into consideration risks and uncertainties involving the transaction. The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability, if those risks have not already been reflected as an adjustment to cash flows. The unwinding of the discount is recognised as a finance expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

#### i) Income Taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### j) Revenue Recognition

Sales of product, including by-product, are recognized in revenue when there is persuasive evidence that all of the following criteria have been met: the significant risks and rewards of ownership pass to the customer, neither continuing managerial involvement nor effective control remains over the goods sold, the selling price and costs to sell can be measured reliably, and it is probable that the economic benefits associated with the sale will flow to us. All of these criteria are generally met by the time the significant risks and rewards of ownership pass to the customer.

#### k) Share-based payments

The Company grants stock options to buy common shares of the Company through its stock option plan. The Company accounts for share-based payments using the fair value method. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company grants stock options that are subject to various vesting terms. Under IFRS, the fair value of each instalment of the award is considered a separate grant based on the vesting period with the fair value of each instalment determined separately and recognized as compensation expense over the term of its respective vesting period ("graded vesting").

#### k) Business combination

At the time of acquisition of property, the Company considers whether the acquisition represents the acquisition of a business. The Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

The cost of a business combination is measured as the aggregate of the consideration transferred at acquisition date fair value. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Company recognizes any contingent consideration to be transferred by the Company at its acquisition date fair value. Goodwill is initially measured at cost, being the excess of the purchase price over the fair value of the net identifiable assets acquired and liabilities assumed. Acquisition-related costs are expensed in the period incurred.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 4. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

The following new standards, and amendments to standards and interpretations, are not yet effective for the current period and have not been applied in preparing these interim consolidated financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below

- i) *IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018. Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after January 1, 2018. The Company will adopt IFRS 9 effective June 1, 2018. The Company has evaluated the impact of this standard and does not expect it to have a material impact.*
- ii) *IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company will adopt IFRS 15 effective June 1, 2018. The Company is currently evaluating the impact of this standard.*
- iii) *IFRS 16, "Leases", was issued in January 2016, and replaces IAS 17, "Leases" ("IAS 17"). IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. IFRS 16 is effective for periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on its financial position and financial performance. The Company plans to apply the new rules retrospectively from June 1, 2018 in its annual financial statements ending May 31, 2019. The Company has several long-term leases and as a result this standard will have an impact on future financial statements and comparative periods.*

### 5. AMOUNTS RECEIVABLE

	August 31, 2018	May 31, 2018
Trade receivables	\$ 166,226	\$ 41,391
GST receivables	1,693,053	1,113,333
Other receivables	41,825	55,400
Allowance for doubtful accounts	(15,220)	(15,220)
	<u>\$ 1,885,884</u>	<u>\$ 1,194,904</u>

An allowance for doubtful accounts of \$15,220 (year ended May 31, 2018: \$15,220) has been provided against these receivable amounts, which the Company has determined represents a reasonable estimate of amounts that may be uncollectible. The Company is working with Revenue Quebec to finalize the GST and QST tax returns.



## MYM NUTRACEUTICALS INC.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

#### 6. INVENTORY

	August 31, 2018	May 31, 2018
Raw materials	\$ 1,060,809	\$ 1,011,309
Finished Product	39,263	39,263
Packaging	7,151	7,151
Marketing Materials	2,995	2,995
	\$ 1,110,218	\$ 1,060,718

During the three months ended August 31, 2018, inventory write downs recognized as an expense amounted to \$Nil (year ended May 31, 2018: \$88,021) and was recognized in cost of sales.

#### 7. PROPERTY, PLANT, AND EQUIPMENT

A continuity of property, plant and equipment for the three months ended August 31, 2018 is as follows:

<b>Cost</b>	Balance at May 31, 2018	Additions	Transfers	Balance at August 31, 2018
Computer equipment	\$ 35,550	\$ -	\$ -	\$ 35,550
Furniture	3,400	11,225	-	14,625
Software	90,922	22,874	-	113,796
Production equipment	436,723	86,241	-	522,964
Leasehold improvements	3,787,716	188,276	-	3,975,992
Buildings and improvements	275,534	108,946	-	384,480
Land	697,822	-	-	697,822
Warehouse equipment	144,578	-	-	144,578
Assets in process	627,790	4,489,788	-	5,117,578
Total	\$ 6,100,035	\$ 4,907,350	\$ -	\$ 11,007,385

<b>Accumulated Depreciation</b>	Balance at May 31, 2018	Depreciation	Balance at August 31, 2018
Computer equipment	\$ 5,565	\$ 2,987	\$ 8,552
Furniture	-	627	627
Software	-	-	-
Production equipment	25,210	22,830	48,040
Leasehold improvements	50,903	54,632	105,535
Buildings	-	2,748	2,748
Land	-	-	-
Warehouse equipment	2,534	3,644	6,178
Assets in process	-	-	-
Total	84,212	87,468	171,680
Net Book Value	\$ 6,015,823	\$ 4,819,882	\$ 10,835,705

## MYM NUTRACEUTICALS INC.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

#### 7. PROPERTY, PLANT, AND EQUIPMENT (Continued)

During the three months ended August 31, 2018, the assets in process additions were for the production and growing facilities in Laval and Weedon and the development of the manufacturing facility in Toronto. The Company spent \$108,946 to update the buildings in Weedon.

A continuity of property, plant and equipment for the year ended May 31, 2018 is as follows:

<b>Cost</b>	Balance at May 31, 2017	Additions	Transfers	Balance at May 31, 2018
Computer equipment	\$ 900	\$ 34,650	\$ -	\$ 35,550
Furniture	-	3,400	-	3,400
Software	-	90,922	-	90,922
Production equipment	-	436,723	-	436,723
Leasehold improvements	-	-	3,787,716	3,787,716
Buildings	-	275,534	-	275,534
Land	-	697,822	-	697,822
Warehouse equipment	-	144,578	-	144,578
Assets in process	34,915	4,380,591	(3,787,716)	627,790
<b>Total</b>	<b>\$ 35,815</b>	<b>\$ 6,064,220</b>	<b>\$ -</b>	<b>\$ 6,100,035</b>

<b>Accumulated Depreciation</b>	Balance at May 31, 2017	Depreciation	Balance at May 31, 2018
Computer equipment	\$ 34	\$ 5,531	\$ 5,565
Furniture	-	-	-
Software	-	-	-
Production equipment	-	25,210	25,210
Leasehold improvements	-	50,903	50,903
Buildings	-	-	-
Land	-	-	-
Warehouse equipment	-	2,534	2,534
Assets in process	-	-	-
<b>Total</b>	<b>34</b>	<b>84,178</b>	<b>84,212</b>
<b>Net Book Value</b>	<b>\$ 35,781</b>	<b>\$ 5,980,042</b>	<b>\$ 6,015,823</b>

During the year ended May 31, 2018, the assets in process additions were for the production and growing facilities in Laval and Weedon and the development of the manufacturing facility in Toronto. The transfers from assets in process to the leasehold improvements is for the completed Phase A production facility in Laval.

In May 2018, the Company acquired two buildings in Weedon for office and temporary accommodations. The Company also acquired the land in Weedon to build the production facilities.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

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### 8. INTANGIBLE ASSETS

	ACMPR License Applications <sup>(1)</sup>	Intellectual Property <sup>(2)</sup>	Domain Names	Other	Total
<b>Cost</b>	\$	\$	\$	\$	\$
Balance at May 31, 2017	-	-	8,430	561	8,991
Additions	748,079	2,235,293	9,967	1,897	2,995,236
<b>Balance at May 31, 2018</b>	<b>748,079</b>	<b>2,235,293</b>	<b>18,397</b>	<b>2,458</b>	<b>3,004,227</b>
Additions	-	-	-	1,429	1,429
<b>Balance at August 31, 2018</b>	<b>748,079</b>	<b>2,235,293</b>	<b>18,397</b>	<b>3,887</b>	<b>3,005,656</b>

For the three months ended August 31, 2018 and the year ended May 31, 2018, there are no indicators of impairment to intangible assets.

During the year ended May 31, 2018, the Company entered into an asset purchase agreement to secure the exclusive rights to apply for an ACMPR license application with the City of Weedon. The costs incurred to complete the licence application and the costs of obtaining the exclusive rights have been capitalized as an intangible asset. The Company also capitalized certain costs for the Laval ACMPR licence application. The Company has also capitalized certain other charges associated with planning and preparing for the ACMPR applications. In May 2018, the Company entered into a share purchase agreement to increase its ownership in CannaCanada. The additional value of the shares issued for the acquisition \$275,000 was also included in the ACMPR License application value.

During the year ended May 31, 2018, the Company entered into a binding letter of intent with Budly Software Inc. ("Budly"), a leading software company that has developed a smartphone-enabled sales and distribution system and such costs have been capitalized as intellectual property.

The ACMPR Applications and Intellectual Property by asset are listed below:

(1) ACMPR License Applications

Company	Acquisition Costs	Other Capitalized Charges	Total
Sublime	\$ -	\$ 20,000	\$ 20,000
CannaCanada	560,813	167,266	728,079
<b>Totals</b>	<b>\$ 560,813</b>	<b>\$ 187,266</b>	<b>\$ 748,079</b>

(2) Intellectual Property

Company	Acquisition Costs
Budly	\$ 1,887,293
MJT	348,000
<b>Totals</b>	<b>\$ 2,235,293</b>

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 9. ASSET ACQUISITION

#### CANNACANADA INC.

On June 8, 2017 (the "Closing Date") the Company acquired 75% of the outstanding common shares of CannaCanada Inc. ("CannaCanada"), a Montréal, Quebec based cannabis company. The initial consideration exchanged by the Company was cash consideration of \$75,000 cash and 187,500 common shares of the Company upon the closing of the agreement and further 250,000 shares subsequent to the Closing Date.

Pursuant to the initial agreement, the following additional consideration would apply should the related milestones be achieved to trigger the issuance:

1. If the ACMPR License Application reaches the pre-license inspection stage, MYM will issue 500,000 common shares of MYM to CannaCanada.
2. If the ACMPR License Application is approved by Health Canada and the License is granted, MYM will issue 1,000,000 common shares of MYM to CannaCanada. When enacted MYM's ownership share will increase from 75% to 85%.
3. One year following the receipt of the license, MYM will issue 1,000,000 common shares of MYM to CannaCanada. When enacted MYM's ownership share will increase from 85% to 90%.
4. Once the Interpretation Centre is completed and operational, MYM will issue 1,000,000 common shares of MYM to CannaCanada.
5. Once the Hemp Facility is completed and operational, MYM will issue 1,000,000 common shares of MYM to CannaCanada.

Through the acquisition of CannaCanada, the Company entered into an exclusive deal with the Municipality of Weedon, Quebec, Canada to build a 1.5 million-square-foot cannabis facility consisting of fifteen 100,000-square-foot greenhouses. The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 - Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist in CannaCanada. The primary asset of CannaCanada is the value of the ACMPR License Application with the Municipality of Weedon and Health Canada.

Due to an administrative delay in issuing the initial shares, the Company amended the timing of the issuance of the 187,500 shares to June 20, 2017. The fair value of these shares was determined using MYM's closing share price from June 19, 2017 of \$0.345 for a total of \$64,688.

The total consideration was allocated to the assets acquired and liabilities based on their relative fair values on the Closing Date as follows:

<b>Purchase price</b>		
Cash consideration	\$	75,000
Fair value of common shares issued, net of share issuance costs of \$nil		64,688
Transactions costs		-
	\$	139,688
<b>Purchase price allocation</b>		
ACMPR license application	\$	139,688

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
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### 9. ASSET ACQUISITIONS (Continued)

#### CANNACANADA INC. (continued)

Subsequent to closing the 250,000 closing shares per the agreement and the first 500,000 milestone shares were issued and valued at \$0.55 per share for a total of \$412,500 capitalized in the ACMPR license application costs. In addition, the Company paid a finders' fee of 25,000 shares valued at \$8,625.

In May, 2018, the Company entered into a share exchange agreement to acquire a further 18% interest 180,000 shares from a minority interest stakeholder increasing its interest to 93%. In exchange for the transferred shares, the Vendor agreed to waive all further rights contemplated in the initial June 8, 2017 agreement and the Company agreed to:

1. Immediately issue 300,000 shares;
2. Upon CannaCanada acquiring a cultivation license for the facility, issue 500,000 shares
3. Upon CannaCanada acquiring a sales and distribution licence for the facility, issue 1,200,000 shares
4. Upon completion of the CannaCentre, issue 1,000,000 shares

#### SUBLIME CULTURE INC.

On February 22, 2017, the Company acquired 51% interest in Sublime Culture Inc. ("Sublime") and its inspection-stage application in Quebec to become a licensed producer of medical cannabis pursuant to the investment agreement dated January 27, 2017. The Company issued 1,000,000 common shares at a price of \$0.065 per share for a value of \$65,000. The Company is committed to the completion of the facility and is required to issue 200,000 options per year once the facility is operational.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 - Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist in Sublime.

The total consideration was allocated to the assets acquired and liabilities based on their relative fair values on the Closing Date as follows:

<b>Purchase price</b>	
Fair value of common shares issued, net of share issuance costs of \$nil	\$ 65,000
	<b>\$ 65,000</b>
<b>Purchase price allocation</b>	
Acquisition expense	\$ 65,000

In May 2018, the Company entered into a share exchange agreement to acquire a further 23% interest from a minority interest stakeholder increasing its interest to 74%. In exchange for the transferred shares, the Vendor agreed to waive all further rights contemplated in the initial February 22, 2017 agreement and the Company agreed to:

1. Issue 350,000 shares valued at \$598,500 and 100,000 warrants to purchase 100,000 shares at an exercise price of \$2.04 per share valued at \$59,002, exercisable six months after date of issuance and will expire 2 years after date of issuance.
2. Upon Sublime acquiring a cultivation license for the facility, issue an additional 350,000 shares.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

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### 9. ASSET ACQUISITIONS (Continued)

#### SUBLIME CULTURE INC. (continued)

In August 2018, the Company entered into a share purchase agreement to acquire a further one (1) percent interest (10,000 shares) from a minority interest stakeholder of SublimeCulture Inc. increasing its interest in SublimeCulture to 75% in exchange for an aggregate purchase price of \$1 in the form of an Instrument of Transfer and Power of Attorney.

#### MJT MANUFACTURING

On September 6, 2017, the Company entered into an Asset Purchase and Consulting Agreement with 9609989 Canada Inc. (d.b.a. "Mary Jane's Touch" or "MJT"), which manufactures and distributes cannabidiol ("CBD") and CBD products derived primarily from hemp and possesses numerous formulations of CBD products and research on CBD and its principals. MJT has been supplying CBD to MYM's subsidiary, Joshua Tree ("JT"), for use in Joshua Tree's products. MYM acquired MJT's intellectual property and other assets to continue to develop its innovative nutraceutical products. The Company issued 500,000 common shares upon closing of this Agreement according to the following schedule and contractual restrictions: 125,000 shares will become free-trading nine months after issuance, and 125,000 every nine months thereafter.

As the shares issued cannot be traded for an extended period, a value of \$153,000 was assigned to the 500,000 shares issued using the Black Scholes method (average volatility 68%, expected life 0.5-2 years, risk free rate 0.70-1.34%).

The Company also entered into a consulting agreement with the principals of MJT to provide consulting services for a term of five years with an option to extend for an additional five years to provide the following services: development of new methods of CBD extraction and new products; contracting and recruiting chemists, extract artists, bakers and other experts in the cannabis industry; design, construction, staffing and management of any new production facilities; obtaining a Natural Product Number (NPN).

As part of the consulting agreement. The Company issued 250,000 options to purchase shares at \$0.45 per share on September 5, 2017, to expire one year after each vesting date. The options will vest in 25,000 increments every six months over five years.

The Company has also agreed to pay a commission of 1% on the first \$500,000 of gross sales of the Products and 0.5% thereafter produced in the new production facilities. The net present value of the contingent liability for these royalty payments was valued at \$195,000 using a 6% discount rate and is recorded on the Statement of Financial Position.

The total consideration was allocated to the assets acquired and liabilities based on their relative fair values on the Closing Date as follows:

<b>Purchase price</b>		
Fair value of common shares issued, adjusted for the 250,000 vesting common shares using the Black Scholes model.	\$	153,000
Contingent liabilities		195,000
	\$	348,000
<b>Purchase price allocation</b>		
Intellectual property	\$	348,000

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

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### 9. ASSET ACQUISITIONS (Continued)

#### BUDLY

On January 8, 2018, the Company entered into a binding letter of intent with Budly Software Inc. ("Budly"), a leading software company that has developed a smartphone-enabled sales and distribution system connecting medicinal cannabis patients with local dispensary drivers for fast delivery and monitoring of orders. Using the system, a customer can select a dispensary, place an order, and then choose a driver to deliver it. The customer can then track the order on his smartphone and knows exactly when it will arrive. Orders can be placed via the Budly app on iOS, Android and Windows phones, and via the website www.budly.com. Pursuant to the letter of intent, MYM issued 800,000 common shares valued at \$1,864,000 (2.33 per share) in exchange for all non-U.S. rights to Budly's software and intellectual property. Should federal legislation change in the States, MYM will have first right of refusal for the rights in that country. Legal costs of \$23,293 were also allocated to the purchase price.

The total consideration was allocated to the assets acquired and liabilities based on their relative fair values on the Closing Date as follows:

<b>Purchase price</b>		
Fair value of common shares issued, net of share issuance costs of \$nil	\$	1,864,000
Legal fees		23,293
	\$	<b>1,887,293</b>
<b>Purchase price allocation</b>		
Intellectual property	\$	<b>1,887,293</b>

### 10. INVESTMENT

On October 18, 2017, MYM announced a partnership with PUF Ventures Inc. (PUF) for the construction of a one million square foot facility called the Northern Rivers Project in New South Wales, Australia.

PUF has entered into an agreement in principal whereby it will receive a 70% interest comprising 70 shares in Solaris Nutraceuticals Pty Ltd. (formerly "PUF Ventures Australia") if certain funding obligations totalling USD\$1 million are made (the "Obligations"). PUF and MYM have entered into a Share Purchase Agreement whereby MYM will fund half of the Obligations, totalling USD\$500,000 in exchange for half of the shares (a 35% interest). The Company does not have significant influence over the Solaris Nutraceuticals Pty. Ltd as the Company only have 1 out of 6 votes on the board of Directors and the only responsibility of the Company is to fulfill the contribution requirements.

In connection with the agreement, the Company paid a finders' fee of 175,000 shares valued at \$323,750.

The Company is obligated under the agreement to fund 50 percent of the following milestones

1. Formation and Incorporation of Company	<b>Investment \$50,000 USD</b>
2. Agreement with Council/Municipality on land	<b>Investment \$150,000 USD</b>
3. Filing of applications to the Office of Drug Control for Cultivation	<b>Investment \$250,000 USD</b>
4. Awarding of license from ODC	<b>Investment \$550,000 USD</b>

During the year ended May 31, 2018, the Company advanced USD\$225,000 (CAD\$286,637) to PUF Ventures Inc. and Solaris Nutraceuticals Inc to meet its share of the obligations for the first three milestones

The investment is accounted using the cost method. Under the cost method, the Company accounted for the investment at its historical cost.

The North Rivers Project was initially planned as a partnership with the local government in New South Wales, Australia. The local government has recently withdrawn its support for the project until Solaris

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Nutraceuticals Pty Ltd. and its shareholders meet specific requirements, which includes obtaining the licence from the Office of Drug Control. The Company together with other shareholders of Solaris Nutraceuticals Pty Ltd. intend to satisfy the local government with the requested information and intend to reengage with the local government at the appropriate time for the benefit of the project.

### 11. BUSINESS ACQUISITION

#### HEMPMED

On April 11, 2017, the Company acquired 100% of the brand and assets of HempMed (“HempMed”), a Toronto-based developer and marketer of hemp-based CBD extracts and oil-infused nutraceutical products. Pursuant to the Acquisition Agreement between MYM and HempMed, the Company issued 2,500,000 common shares of the Company to the owner of HempMed, with a further 1,500,000 common shares to be issued upon reaching certain monthly and annual sales targets.

The acquisition of “HempMed” by the Company is considered to be business combination. Pursuant to the business combination transactions, the asset acquired from the acquisition is to be recorded at their estimated fair values in accordance with *IFRS 3 – Business Combination*. The allocation of the purchase consideration is as follows:

<b>Purchase consideration</b>	
Fair value of shares	\$ 575,000
Fair value of contingent consideration	<u>345,000</u>
<b>Total purchase price</b>	<b>\$ 920,000</b>
<b>Allocation of purchase price:</b>	
Inventory	31,944
Goodwill	<u>888,056</u>
	<b>\$ 920,000</b>

The fair value of the Company’s net assets is estimated to be consistent with their carrying value. The goodwill recognized in connection with the acquisition is primarily attributable to the application of the Company’s best practices to improve the operations of the companies acquired.

The estimated fair value of the contingent consideration liability recognized on the acquisition date is calculated using the fair value of the shares of the expected contingent consideration to be paid. During the year ended May 31, 2018, the Company issued 1,000,000 of the contingent common shares as operational milestones were achieved by HempMed. Accordingly, \$230,000 representing the fair value of the issued shares was reclassified to share capital from the contingent consideration equity component. During the three months ended August 31, 2018 the Company issued the final 500,000 contingent shares upon the achievement of the final milestones for the HempMed acquisition.

<b>Reconciliation of Contingent Consideration</b>	
Balance, May 31, 2017	\$ 345,000
Value attributable to contingent shares issued	<u>(230,000)</u>
Balance, May 31, 2018	\$ 115,000
Value attributable to contingent shares issued	<u>(115,000)</u>
Balance, August 31, 2018	<b>\$ -</b>



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### 12. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value  
Unlimited preferred shares (none issued)

b) Issued and Outstanding

During the three months ended August 31, 2018, the Company issued the following shares:

- The Company issued 1,229,055 shares for the exercise of warrants at \$0.40-\$1.00 per share for gross proceeds of \$912,522. The fair value of the warrants exercised \$44,575 was reclassified to share capital from reserves.
- The Company issued 500,000 contingent shares valued at \$115,000 upon the achievement of the final milestones for the HempMed acquisition.
- The Company issued 300,000 shares for the increase in ownership of CannaCanada to the minority shareholders. Subscriptions received of \$435,000 was reclassified to share capital.
- The Company entered into an agreement to issue 250,000 shares of the Company to a consultant as a signing bonus and agreed to issue an additional 750,000 shares if certain conditions for receipt and approval of a cultivation licence and approval for sales and distribution by health Canada. The Company recorded \$267,500 to stock-based compensation based at \$1.07 per share. These shares are recorded as subscription received and were issued subsequent to the quarter end.

During the year ended May 31, 2018, the Company issued the following shares:

- The Company announced the closing of a non-brokered private placement of 5,502,120 units for gross proceeds of \$990,382 (\$0.18 per unit). Each unit is comprised of one common share and one non-transferable share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.40 for a period of one year. The securities issued are subject to a four month and one day hold period under securities law. A finders' fee of \$720 was paid on the financing. A value of \$200,290 was assigned to the warrants issued using the Black Scholes method (average volatility 70%, expected life 0.75 years, risk free rate 0.70%).
- The Company announced the closing of a non-brokered private placement of 6,480,000 units for gross proceeds of \$3,240,000 (\$0.50 per unit). Each unit is comprised of one common share and one non-transferable share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.40 for a period of one year. The securities issued are subject to a four month and one day hold period under securities law. Finders' fees of \$115,515 were paid on the financing. A value of \$249,848 was assigned to the warrants issued using the Black Scholes method (average volatility 69%, expected life 0.75 years, risk free rate 1.34%).

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### 12. SHARE CAPITAL (Continued)

#### b) Issued and Outstanding (Continued)

- The Company announced the closing of a non-brokered private placement of 240,000 shares for gross proceeds of \$600,000 (\$2.50 per unit). The securities issued are subject to a four month and one day hold period under securities law. There are no warrants issued in connection with this placement and no finders' fees were paid on the financing.
- The Company announced the closing of a non-brokered private placement of 5,000,000 units for gross proceeds of \$10,000,000 (\$2.00 per unit). Each unit is comprised of one common share and one transferable share purchase warrant with each warrant exercisable into one additional common share at a price of \$3.00 for a period of two years. The securities issued are subject to a four month and one day hold period under securities law. No finders' fees were paid on the financing. A value of \$5,112,747 was assigned to the warrants issued using the Black Scholes method (average volatility 97.3%, expected life 1.5 years, risk free rate 1.82%).
- The Company announced the closing of a non-brokered private placement of 535,319 units for gross proceeds of \$1,204,468 (\$2.25 per unit). Each unit is comprised of one common share and one transferable share purchase warrant with each warrant exercisable into one additional common share at a price of \$3.25 for a period of two years. The securities issued are subject to a four month and one day hold period under securities law. No finders' fees were paid on the financing. A value of \$378,484 was assigned to the warrants issued using the Black Scholes method (average volatility 98.3%, expected life 1.5 years, risk free rate 1.79%).
- The Company issued 17,941,993 shares for the exercise of warrants at \$0.05-\$1.00 per share for gross proceeds of \$4,349,547. The fair value of the warrants exercised \$242,590 was reclassified to share capital from reserves.
- The Company issued 3,187,500 shares for the exercise of options at \$0.05-\$0.48 per share for gross proceeds of \$321,500. The fair value of the options exercised \$154,753 was reclassified to share capital from reserves.
- The Company issued 187,500 shares at an issue price of \$0.345 and 250,000 shares at an issue price of \$0.55 to complete the initial acquisition of CannaCanada Inc. A finder's fee of 25,000 shares \$0.345 per share was issued on the transaction.
- Pursuant to the Acquisition Agreement between MYM and NetZero Group for the acquisition of the HempMed assets the Company issued 1,000,000 shares to the owner of NetZeroGroup upon reaching the required monthly sales target of \$75,000 per month over 3 consecutive months.
- The Company announced the appointment of a new Director who will serve as Executive Chairman. Pursuant to an executive agreement, the Company issued 500,000 common shares as a signing bonus. The Company recorded \$100,000 to stock-based compensation at \$0.20 per share.
- The Company issued 50,000 shares of the Company to a consultant as a signing bonus and agreed to issue an additional 100,000 shares if certain conditions for receipt and approval of a cultivation licence and approval for sales and distribution by health Canada. The Company recorded \$28,000 to stock-based compensation based at \$0.56 per share.
- Pursuant to the Acquisition Agreement between MYM and Mary Janes the Company issued 250,000 shares immediately and 250,000 additional shares vesting every three months over 2 years for the acquisition of intellectual property. After adjusting for the vesting shares using the Black Scholes model, the company recorded \$153,000 for the value of the shares at issuance.

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### 12) SHARE CAPITAL (Continued)

#### b) Issued and Outstanding (Continued)

- The Company issued 300,000 shares at an issue price of \$0.55 per share in satisfaction of a \$165,000 signing bonus for a consulting agreement with International Cannabis Consultants Co. (“**Incanco**”), leading authorities on the legal framework of cannabis legislation in Canada. The Company also agreed to pay three 50,000 share milestone bonuses on the 4, 8, and 12 month anniversary of the agreement. Incanco was also issued 150,000 common share purchase warrants (each a “Warrant”), with each Warrant entitling Incanco to acquire one common share in the capital of MYM for a period of 36 months from the Warrant’s grant date. The exercise price of each Warrant is \$0.55. A value of \$27,612 was assigned to the warrants issued using the Black Scholes method (average volatility 69%, expected life 1.5 years, risk free rate 1.34%).
- The Company issued 25,000 shares of the Company to a Quality Assurance consultant as a signing bonus at an issue price of \$2.04 for a value of \$51,000 charged to Stock based compensation.
- The Company issued 175,000 shares as a finders’ fee for the Solaris Nutraceuticals acquisition at \$1.85 per share for a valuation of \$323,750.
- The Company entered into a consulting agreement with a Master Breeder at the Sublime facility in Laval, Québec. Pursuant to the five-year consulting agreement, the consultant will receive a signing bonus of \$24,999, paid in 7,062 MYM common shares at a price per share of \$3.54.
- The Company issued 50,000 milestone shares to a consultant at an issue price of \$3.51 for a value of \$175,500 charged to Stock based compensation.
- The Company issued 800,000 common shares valued at \$1,864,000 (2.33 per share) for the acquisition of the Budly assets.
- Pursuant to the Joint Venture Agreement for the acquisition of CannaCanada Inc. the Company issued 500,000 milestone shares.
- The Company issued 350,000 shares pursuant to a share exchange agreement in exchange for an additional 230,000 shares or 23% of Sublime Culture Inc.

#### c) Escrow Shares

There were no shares held in escrow as at August 31, 2018 or May 31, 2018.

#### d) Warrants

A summary of the changes in the Company’s share purchase warrants is as follows:

	Number of warrants	Weighted Average Exercise Price
Balance, May 31, 2017	12,241,428	\$ 0.07
Issued	17,767,439	\$ 1.45
Exercised	(17,941,993)	\$ 0.24
<b>Balance, May 31, 2018</b>	<b>12,066,874</b>	<b>\$ 1.84</b>
Exercised	(1,229,055)	\$ 0.74
<b>Balance, August 31, 2018</b>	<b>10,837,819</b>	<b>\$ 1.97</b>

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### 12) SHARE CAPITAL (Continued)

#### d) Warrants (Continued)

The share purchase warrants outstanding and exercisable at August 31, 2018 are:

Number of warrants	Exercise price	Expiry date
3,536,500 *	\$ 1.00	October 24, 2018
706,000	\$ 1.00	November 7, 2018
835,000	\$ 0.07	February 9, 2019
125,000	\$ 0.55	September 20, 2020
5,000,000	\$ 3.00	February 20, 2020
535,319	\$ 3.25	February 26, 2020
100,000	\$ 2.04	November 4, 2020
<b>10,837,819</b>		

\*304,250 warrants were exercised subsequent to period end. 3,232,250 warrants expired on October 24, 2018.

#### e) Incentive Stock Options

The Company's Stock Option Plan ("the Plan") follows the policies of the TSX Venture Exchange regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

The following grants were made during the three months ended August 31, 2018:

- The Company granted 40,000 options to employees to purchase shares at \$1.94 per share on June 11, 2018, to expire June 11, 2021. The options will vest as follows:
  - Once Health Canada grants CannaCanada or the Company approval for sale and distribution from the Weedon facility.

As the options issued are subject to a condition that could not be reasonably estimated at the date of grant, no value was assigned.
- The Company granted 10,000 options to an employee to purchase shares at \$1.55 per share on July 20, 2018, to expire July 20, 2023. The options will vest as follows:
  - 2,500 to vest twelve months from the date of grant
  - 1,250 to vest every six months thereafter

The fair value of the options at grant date was \$8,293, of which \$529 was recorded in the period ended August 31, 2018 based on vesting periods.
- The Company granted 100,000 options to a Director to purchase shares at \$1.32 per share on August 1, 2018, to expire August 1, 2021. The options will vest as follows:
  - 25,000 to vest six months from the date of grant
  - 25,000 to vest every six months thereafter

The fair value of the options at grant date was \$67,972, of which \$5,793 was recorded in the period ended August 31, 2018 based on vesting periods.

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### 12. SHARE CAPITAL (continued)

#### e) Incentive Stock Options (continued)

- The Company granted 500,000 options to an advisor to purchase shares at \$1.25 per share on August 22, 2018, to expire August 22, 2020. The options will vest as follows:
  - 250,000 to vest immediately
  - 50,000 on October 1, 2018
  - 50,000 on January 1, 2019
  - 50,000 on April 1, 2019
  - 50,000 on July 1, 2019
  - 50,000 on October 1, 2019

The fair value of the options at grant date was \$294,483, of which \$158,570 was recorded in the period ended August 31, 2018 based on vesting periods.

The following grants were made during the year ended May 31, 2018:

- 1,000,000 options at an exercise price of \$0.23 per share. The options shall vest 12.5% quarterly with the final amount to vest at 25% over the two-year term of the agreement. The fair value of the options at grant date was \$88,318, of which \$6,018 was recorded in the period ended August 31, 2018 based on vesting periods.
- 500,000 options at an exercise price of \$0.48 per share. 300,000 options vested immediately, and the balance will vest upon completing a financing of \$2,500,000. The fair value of the options at grant date was \$68,038, all of which was recorded in the year ended May 31, 2018.
- 250,000 options to purchase shares at \$0.45 per share on September 5, 2017, to expire one year after each vesting date. The options will vest 25,000 every six months over five years. The fair value of the options at grant date was \$44,744, of which \$4,095 was recorded in the period ended August 31, 2018 based on vesting periods.
- 140,000 options to a consultant to provide MYM with consulting services focused on helping MYM and its partners obtain a license for and construct a medical marijuana production facility in Richmond Valley, Australia. In lieu of consulting fees, MYM granted 140,000 options to purchase common shares in the capital of MYM, with an exercise price of \$3.37. The options shall vest in accordance with the following schedule, and expire one year after vesting:
  - 14,000 on the 3-month anniversary of the Effective Date;
  - 14,000 on the 6-month anniversary of the Effective Date;
  - 14,000 on the 9-month anniversary of the Effective Date;
  - 14,000 on the 12-month anniversary of the Effective Date;
  - 14,000 on the 15-month anniversary of the Effective Date;
  - 14,000 on the 18-month anniversary of the Effective Date;
  - 14,000 on the 21-month anniversary of the Effective Date;
  - 14,000 on the 24-month anniversary of the Effective Date;
  - 14,000 on the 27-month anniversary of the Effective Date; and
  - 14,000 on the 30-month anniversary of the Effective Date.

The fair value of the options at grant date was \$228,290, of which \$57,139 was recorded in the in the year ended May 31, 2018 based on vesting periods. The options were subsequently cancelled on March 20, 2018.

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### 12. SHARE CAPITAL (continued)

#### e) Incentive Stock Options (continued)

- 300,000 stock options to a director to purchase common shares with an exercise price of \$2.67. The options are exercisable for a period of 3 years at \$2.67 per share and will vest in accordance with the following schedule:
  - 75,000 on the 9-month anniversary of the Effective Date;
  - 75,000 on the 18-month anniversary of the Effective Date;
  - 75,000 on the 27-month anniversary of the Effective Date;
  - 75,000 on the 36-month anniversary of the Effective Date;The fair value of the options at grant date was \$402,711, of which \$70,469 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 60,000 options to a consultant to purchase common shares with an exercise price of \$3.37. The options shall vest in accordance with the following schedule, and expire one year after vesting:
  - 15,000 on the 3-month anniversary of the Effective Date;
  - 15,000 on the 6-month anniversary of the Effective Date;
  - 15,000 on the 9-month anniversary of the Effective Date;
  - 15,000 on the 12-month anniversary of the Effective Date;The fair value of the options at grant date was \$87,148, of which \$15,466 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 800,000 options to an officer to purchase shares at \$1.98 per share on February 26, 2018, to expire two years after each vesting date. The options will vest as follows:
  - 200,000 to vest on the one-year anniversary of the Effective Date
  - the remaining Stock Options will vest in twelve (12) equal tranches, each tranche representing 50,000 Stock Options quarterly after one (1) year anniversary of the Effective date.The fair value of the options at grant date was \$1,015,171, of which \$142,126 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 140,000 options to a consultant on the Australian Project to purchase shares at \$2.41 per share on March 2, 2018, to expire one year after each vesting date. The options will vest over 27 months with 14,000 vesting immediately and 14,000 on each three-month anniversary date. The fair value of the options at grant date was \$194,513, of which \$36,021 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 75,000 options to an officer to purchase shares at \$2.88 per share on March 20, 2018, to expire one year after each vesting date. The options will vest as follows:
  - 25,000 to vest six months from the date of grant
  - 25,000 to vest twelve months from the date of grant
  - 25,000 to vest eighteen months from the date of grantThe fair value of the options at grant date was \$82,402, of which \$25,376 was recorded in the period ended August 31, 2018 based on vesting periods.

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### 12. SHARE CAPITAL (continued)

#### e) Incentive Stock Options (continued)

- 40,000 options to an employee to purchase shares at \$2.64 per share on March 29, 2018, to expire one year after each vesting date. The options will vest as follows:
  - 10,000 to vest six months from the employees start date ("April 16, 2018")
  - 10,000 to vest twelve months from the employees start date
  - 10,000 to vest eighteen months from the employees start date
  - 10,000 to vest twenty-four months from the employees start dateThe fair value of the options at grant date was \$44,916, of which \$11,041 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 150,000 options to an employee to purchase shares at \$2.16 per share on April 10, 2018, to expire three years after grant date. The options will vest as follows:
  - 37,500 to vest six months from the date of grant
  - 37,500 to vest twelve months from the date of grant
  - 37,500 to vest eighteen months from the date of grant
  - 37,500 to vest twenty-four months from the date of grantThe fair value of the options at grant date was \$139,815, of which \$36,649 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 25,000 options to an employee to purchase shares at \$2.64 per share on March 29, 2018, to expire three year after grant date. The options will vest as follows:
  - 6,250 to vest six months from the employees start date ("April 3, 2018")
  - 6,250 to vest twelve months from the employees start date
  - 6,250 to vest eighteen months from the employees start date
  - 6,250 to vest twenty-four months from the employees start dateThe fair value of the options at grant date was \$28,072, of which \$7,224 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 20,000 options to an employee to purchase shares at \$2.64 per share on March 29, 2018, to expire three years after grant date. The options will vest as follows:
  - 5,000 to vest six months from the employees start date ("April 9, 2018")
  - 5,000 to vest twelve months from the employees start date
  - 5,000 to vest eighteen months from the employees start date
  - 5,000 to vest twenty-four months from the employees start dateThe fair value of the options at grant date was \$22,458, of which \$5,656 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 175,000 options to an employee to purchase shares at \$2.20 per share on March 29, 2018, to expire two years after grant date. The options will vest as follows:
  - 25,000 to vest three, six, nine and twelve months from grant dateThe fair value of the options at grant date was \$43,835, of which \$15,362 was recorded in the period ended August 31, 2018 based on vesting periods.

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### 12. SHARE CAPITAL (continued)

#### e) Incentive Stock Options (continued)

- 20,000 options to an employee to purchase shares at \$2.16 per share on March 29, 2018, to expire three years after grant date. The options will vest as follows:
  - 5,000 to vest six months from the employees start date (“April 9, 2018”)
  - 5,000 to vest twelve months from the employees start date
  - 5,000 to vest eighteen months from the employees start date
  - 5,000 to vest twenty-four months from the employees start dateThe fair value of the options at grant date was \$18,642, of which \$4,886 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 100,000 options to a Director to purchase shares at \$2.10 per share on April 27, 2018, to expire two years after grant date. The options will vest as follows:
  - 25,000 to vest at three, six, nine and twelve months from date of grantThe fair value of the options at grant date was \$79,186, of which \$33,965 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 100,000 options to a consultant to purchase shares at \$1.75 per share on April 27, 2018, to expire two years after grant date. The options will vest as follows:
  - 25,000 to vest immediately
  - 25,000 to vest at three, six, and nine months after grant dated.The fair value of the options at grant date was \$78,847, of which \$28,851 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 100,000 options to a Director to purchase shares at \$1.71 per share on May 1, 2018, to expire three years after grant date. The options will vest as follows:
  - 25,000 to vest at six, twelve, eighteen and twenty-four months from date of grant.The fair value of the options at grant date was \$97,239, of which \$25,415 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 150,000 options to a consultant to purchase shares at \$1.52 per share on May 29, 2018, to expire three years after grant date. The options will vest as follows:
  - 37,500 to vest six months from the date of grant
  - 37,500 to vest twelve months from the date of grant
  - 37,500 to vest eighteen months from the date of grant
  - 37,500 to vest twenty-four months from the date of grantThe fair value of the options at grant date was \$105,338, of which \$27,531 was recorded in the period ended August 31, 2018 based on vesting periods.
  
- 15,000 options to a consultant to purchase shares at \$1.52 per share on May 29, 2018, to expire three years after grant date. The options will vest as follows:
  - 5,000 to vest six months from the date of grant
  - 5,000 to vest twelve months from the date of grant
  - 5,000 to vest eighteen months from the date of grantThe fair value of the options at grant date was \$10,533, of which \$3,229 was recorded in the period ended August 31, 2018 based on vesting periods.



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### 12. SHARE CAPITAL (continued)

#### e) Incentive Stock Options (continued)

Weighted-average assumptions used in the option-pricing model are as follows:

	2019	2018
Risk-free interest rate	2.05-2.08%	0.70-1.79%
Expected life	2-5 years	1-5 years
Expected volatility	87-118%	68-84%
Forfeiture rate	0.0%	0.0%
Dividend rate	0.0%	0.0%

A summary of the changes in the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price
<b>Balance, May 31, 2017</b>	<b>5,850,000</b>	<b>\$0.11</b>
Granted	4,235,000	\$1.47
Cancelled	(215,000)	(\$3.30)
Exercised	(3,187,500)	(\$0.10)
<b>Balance May 31, 2018</b>	<b>6,682,500</b>	<b>\$0.87</b>
Granted	650,000	\$1.31
<b>Balance August 31, 2018</b>	<b>7,332,500</b>	<b>\$0.91</b>

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### 12. SHARE CAPITAL (continued)

#### e) Incentive Stock Options (continued)

The following table summarizes the Company's stock options outstanding and exercisable at May 31, 2018:

NUMBER OF OPTIONS OUTSTANDING	NOTE	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE	EXPIRY DATE
62,500	1	62,500	0.20	February 8, 2019
100,000	2	25,000	1.75	April 27, 2019
2,000,000	3	1,000,000	0.20	April 28, 2019
900,000	2	900,000	0.05	November 17, 2020
1,000,000	3	500,000	0.23	June 1, 2019
200,000	4	200,000	0.48	August 8, 2019
250,000	5	25,000	0.45	Up to December 5, 2022
175,000	1	43,750	2.20	March 29, 2020
100,000	1	25,000	2.10	April 27, 2020
15,000	11	-	1.52	May 20, 2020
75,000	6	-	2.88	Up to September 20, 2020
300,000	7	-	2.67	December 6, 2020
85,000	6	-	2.64	March 29, 2021
140,000	8	28,000	3.37	Up to June 2, 2021
170,000	6	-	2.16	April 10, 2021
100,000	6	-	1.71	May 1, 2021
60,000	9	30,000	3.37	Up to Dec 18, 2019
150,000	6	-	1.52	May 29, 2021
800,000	10	-	1.98	Up to Feb 26, 2024
10,000	12	-	1.55	July 20, 2023
40,000	13	-	1.94	June 11, 2021
100,000	6	-	1.32	August 1, 2021
500,000	14	250,000	1.25	August 22, 2020
<b>7,332,500</b>		<b>3,129,250</b>		

- vested as follows: 25% after each 3-month anniversary.
- vested as follows: 25% immediately and 25% after each 3-month anniversary.
- vested as follows: 12.5% after each 3-month anniversary and 25% after 21 months.
- balance of 200,000 options have contingent vesting on attaining a financing of \$2.5M.
- vested as follows: 10% after each 6-month anniversary - expire 1 year after vesting date'
- vested as follows: 25% after each 6-month anniversary.
- vested as follows: 25% after each 9-month anniversary
- vested as follows: 10% immediately and 10% after each 3-month anniversary - expire 1 year after vesting date.
- vested as follows: 25% after each 3-month anniversary - expire 1 year after vesting date.
- vested as follows: 200,000 after 12 months and remaining balance vesting equally over each 3-month anniversary - expire 2 years after vesting date.
- vested as follows: 1/3 after each 6-month anniversary date
- vested as follows: 25% after 12 month anniversary and 12.5% every 6 months subsequently
- vested as follow: when Health Canada grants CannaCanada or the Company approval for sale and distribution from the Weedon facility.
- vested as follows: 250,000 immediately, 50,000 every three months effective October 1, 2018

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 13. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its subsidiaries, directly or indirectly. Key management personnel include the Company's directors and executive officers.

The aggregate value of transactions relating to key management personnel were as follows:

	<b>THREE MONTHS ENDED</b>	
	<b>AUGUST 31</b>	<b>AUGUST 31</b>
	<b>2018</b>	<b>2017</b>
Salaries or Management Fees to Executive Chairman	\$ 46,154	\$ 31,250
Salaries or Management Fees to a Director and General Counsel	27,692	7,500
Salaries to a Director and CEO	46,154	31,250
Salaries to CFO	51,923	-
Salaries or Management Fees to a Director and CMO	27,692	-
Salaries to CSO	19,154	-
Consulting Fees to Corporate Secretary	4,500	4,500
Consulting Fees to a Company controlled by former CFO	-	15,000
Management or Consulting Fees to a Company controlled by a former director and financial advisor	-	1,500
Management Fees to a former Director and CEO	-	7,500
Management Fees to a former Director and COO	-	3,000
<b>Total salaries, benefits, consulting and management fees</b>	<b>\$ 223,269</b>	<b>\$ 101,500</b>
Stock-based compensation	335,202	74,071
<b>Total salaries and other short-term benefits</b>	<b>\$ 558,471</b>	<b>\$ 175,571</b>

As at August 31, 2018, the Company had outstanding loans and advances to Rob Gietl, Director and CEO in the amount of \$73,892 (May 31, 2018: \$80,396 ) for share purchases and tax deductions for options exercised. During the quarter, \$6,504, was repaid.

The loans and advances are non-interest bearing and are repayable on demand. The company holds shares as collateral for the outstanding balances.

As at August 31, 2018, \$45,887 (May 31, 2018: \$43,688) were owing to key management personnel for fees and expenses and the amounts were included in due to related parties. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 13. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Name		As at August 31, 2018 Fees, and Expenses Payable	As at May 31, 2018 Fees, and Expenses Payable
Erick Factor	Director and Executive Chairman	\$ 21,903	\$ 24,185
Ian Ramage	Director and General Counsel	\$ 3,056	\$ -
Rob Gietl		\$ 4,273	\$ -
Robin Linden	Director and CMO	\$ 6,617	\$ -
Charith Adkar	CSO	\$ 2,111	\$ 1,835
Sheryl Dhillon	Corporate Secretary	\$ 1,575	\$ 1,592
Craig Lennox	CFO	\$ 6,352	\$ 16,076
		<b>\$ 45,887</b>	<b>\$ 43,688</b>

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition. The Company does not have any externally imposed capital requirements to which it is subject.

As at August 31, 2018, the Company had capital resources consisting of cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company's investment policy is to invest excess cash in investment instruments at high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company's ability to continue as a going concern is dependent upon successful completion of additional financing, continuing support of creditors and its ability to attain profitable operations.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 15. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's exploration activities, and limited exposure to credit and market risks. There were no changes to the objectives or the process from the prior period.

The types of risk exposure and the way in which such exposures are managed are as follows:

a) Credit Risk

Credit risk primarily arises from the Company's cash and cash equivalents and amounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. Cash and cash equivalents are held as cash deposits or invested in guaranteed investment certificates with various maturity dates. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank and the investment grade of the guaranteed investment certificates. Amounts receivable primarily consists of Trade Receivables and Goods and Services Tax (GST) credits.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of assets, liabilities and cash flows.

The Company's cash and cash equivalents are deposited in major banks or invested in guaranteed investment certificates, which are available on demand to fund the Company's operating costs and other financial demands.

c) Market Risk

The significant market risks to which the Company is exposed are currency and interest rate risk.

d) Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The majority of the Company's costs are incurred in Canada and are denominated in Canadian dollars. Foreign currency transactions are booked at historical cost in Canadian dollars.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 15. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (continued)

#### d) Currency Risk (Continued)

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

As at August 31, 2018 the Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	AUGUST 31 2018		MAY 31 2018	
Accounts payable	USD	\$35,368	USD	Nil
	EURO	\$ 1,200	EURO	Nil

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of \$2,107 (May 31, 2018 - \$Nil) in income/loss from operations.

#### e) Interest Rate Risk

The Company's policy is to invest excess cash in guaranteed investment certificates (GIC) at fixed or floating rates of interest and cash equivalents are to be maintained in floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. As at August 31, 2018, the Company held no interest-bearing deposits. As at May 31, 2018 the Company held \$3,500,000 in a redeemable GIC with interest accruing at 1.35%. Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates.

Currently, the Company believes that it is not exposed to significant interest, currency or credit risks arising from its financial instruments.

### 16. SUPPLEMENTAL CASH FLOW INFORMATION

	THREE MONTHS ENDED AUGUST 31	
	2018	2017
<b>Non-Cash Financing And Investing Activities</b>	\$	\$
Fair value of options exercised	(44,575)	-
Shares issues for HempMed contingent consideration	115,000	-

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 17. COMMITMENTS

The Company has entered into two long term lease agreements for properties to be used for Sublime Culture Inc. in Laval, Quebec; two long term lease agreements for properties to be used for a CBD manufacturing facility and a short-term lease for temporary office space in Toronto; and a long -term lease agreements for properties to be used for offices in Vancouver.

The five year commitment for these leases are documented in the annual audited financial statements for the years ended May 31, 2018 and 2017.

The acquisition of CannaCanada comprises a number of contingent consideration items that may be realized upon the attainment of certain milestones. If fully realized the Company has committed to issue a further 2,700,000 common shares (Note 9).

The acquisition of SublimeCulture Inc comprises a number of contingent consideration items that may be realized upon the attainment of certain milestones. If fully realized the Company has committed to issue a further 350,000 common shares (Note 9).

The Company entered into a partnership agreement with Sherbrooke College to develop a training program. The Company's funding obligations under the contract are \$124,000 – \$62,000 on signing and \$62,000 within 6 months of signing the contract. The Company signed the contract and paid the initial payment of \$62,000.

### 18. SUBSEQUENT EVENTS

The following events occurred subsequent to August 31, 2018:

- i) The Company announced the closing of a non-brokered private placement of 5,885,972 units for gross proceeds of \$5,297,375. Each unit is comprised of one common share and one non-transferable share purchase warrant with each warrant exercisable into one additional common share at a price of \$1.50 for a period of two years. The securities issued are subject to a four month and one day hold period under securities law. Finders' fees totalling \$188,450 were paid on the financing.
- ii) The Company issued 304,250 shares for the exercise of warrants at \$1.00 per share for gross proceeds of \$304,250.
- iii) The Company issued 250,000 shares to consultants for handling, processing and communications with Health Canada of the Sublime license application. An additional 500,000 shares will be issued on receiving a cultivation licence and a further 250,000 shares will be issued on receiving a sales license.
- iv) The Company issued 10,000 shares to an employee pursuant to an employment agreement at a deemed price of \$1.19 as at the date of the award.

# MYM NUTRACEUTICALS INC.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED AUGUST 31, 2018

(Expressed in Canadian Dollars)  
(Unaudited)

### 18. SUBSEQUENT EVENTS (Continued)

- v) On October 10, 2018 the Company announced that it has filed a final short form base shelf prospectus dated October 9, 2018 (the "**Base Shelf Prospectus**") with the securities commissions in each of the Provinces of Canada, other than Quebec. The shelf prospectus filings allow MYM to make offerings of common shares, warrants, subscription receipts, units or debt securities, or a combination thereof, up to an aggregate total of CDN\$50 million during the 25-month period that the Base Shelf Prospectus remains effective. Such securities may be offered in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in one or more shelf prospectus supplement(s). Information regarding the use of proceeds from a sale of such securities will be included in the applicable prospectus supplement.

On October 18, 2018 the Company announced that it has established an at-the-market equity distribution program ("**ATM Program**") that allows the Company to issue common shares from treasury ("**Common Shares**"), through GMP Securities L.P., as agent (the "**Agent**"), to the public from time to time at the Company's discretion, at the prevailing market price when sold through the Canadian Securities Exchange ("**CSE**") or on any other existing trading market for the Common Shares in Canada. Sales of Common Shares under the ATM Program will be made pursuant to the terms of an equity distribution agreement dated October 17, 2018 ("**Equity Distribution Agreement**") between the Company and the Agent. Sales of Common Shares will be made through "at-the-market distributions", as defined in National Instrument 44-102 – *Shelf Distributions*, on the CSE or on any other existing trading market for the Common Shares in Canada. The Common Shares will be distributed at the prevailing market prices at the time of sale and, as a result, prices may vary among purchasers and during the period of distribution. Sale of Common Shares under the ATM Program are being made pursuant to a prospectus supplement dated October 17, 2018 (the "**Prospectus Supplement**") to the **Base Shelf Prospectus**. The Company intends to use the net proceeds from the ATM Program, if any, to fund ongoing operations, capital expenditures and potential future acquisitions or investments.

- vi) The Company granted to a new director 3,000,000 options to purchase shares with an exercise price of \$1.10 per share. The options will vest 250,000 immediately and 250,000 every three months thereafter. The grant includes an acceleration clause to vest all options immediately should the director secure financing totalling \$75 million or more with specific exclusions for activities already under way. The acceleration clause will also be invoked in the event a strategic partnership is entered into between the Company and an unrelated third party with specific exclusions.