CONSOLIDATED FINANCIAL STATEMENTS

WEEDMD INC.

(Formerly Aumento Capital V Corporation)

December 31, 2017 and 2016

(Expressed in Canadian Dollars)

WeedMD Inc.
(Formerly Aumento Capital V Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

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RSM

INDEPENDENT AUDITORS' REPORT

To the Shareholders of WeedMD Inc. (formerly Aumento Capital V Corporation)

We have audited the accompanying consolidated financial statements of WeedMD Inc. (formerly Aumento Capital V Corporation) and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of WeedMD Inc. and its subsidiaries, as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
April 30, 2018

MANAGEMENT'S RESPONSIBILITY STATEMENT

The management of WeedMD Inc. is responsible for preparing the consolidated financial statements, the notes to the consolidated financial statements and other financial information contained in these financial statements.

Management prepares the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements are considered by management to present fairly the company's financial position and results of operations.

The management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the consolidated financial statements.

Bruce Dawson-Scully, Director
April 30, 2018

WeedMD Inc.

(Formerly Aumento Capital V Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,	Note		**2017**		2016
Assets					
Current:					
Cash and cash equivalents		**$**	**24,692,678**	$	6,687,223
Cash held in trust			**2,474**		67,753
Trade and other receivables			**30,962**		46,131
Prepaid expenses and deposits	5		**210,404**		33,897
Commodity tax receivable			**844,035**		261,461
Inventory	6		**2,694,133**		605,490
Biological assets	6		**360,089**		598,755
			28,834,775		8,300,710
Deposit on property	5,18		**5,892,350**		-
Plant and equipment	7		**4,878,062**		1,752,261
Total assets		**$**	**39,605,187**	$	10,052,971
Liabilities					
Current:					
Accounts payable and accrued liabilities		**$**	**2,875,383**	$	579,193
Unearned revenue			**245,585**		-
			3,120,968		579,193
Unsecured Convertible Debentures	8		**11,351,671**		6,390,951
Total liabilities			**14,472,639**		6,970,144
Shareholders' equity					
Common shares	9		**34,029,538**		9,031,463
Warrants reserve	10		**3,794,703**		1,071,743
Conversion feature	8		**2,607,546**		181,217
Contributed surplus	11		**1,092,579**		385,000
Deficit			**(16,391,818)**		(7,586,596)
Total equity			**25,132,548**		3,082,827
Total liabilities and equity		**$**	**39,605,187**	$	10,052,971

See accompanying notes to consolidated financial statements

Approved:

Director *"Keith Merker"*
signed

Director *"Kevin McGovern"*
signed

WeedMD Inc.

(Formerly Aumento Capital V Corporation)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31,	Note	**2017**	2016
Sales		$ **1,451,062**	$ -
Cost of sales:			
Cost of goods sold		**272,835**	-
Production costs		**2,391,049**	802,961
Gross profit (loss) before changes in fair value		**(1,212,822)**	(802,961)
Fair value changes in biological assets included in inventory sold	6	**1,171,304**	-
Unrealized gain on changes in fair value of biological assets	6	**(2,634,024)**	(979,551)
Gross profit		**249,898**	176,590
General and administrative	13	**5,983,607**	1,706,135
Finance costs	14	**1,655,288**	458,218
Amortization	7	**23,797**	12,179
Listing expense	4	**1,465,666**	-
Interest revenue		**(73,238)**	(10,015)
		9,055,120	2,166,517
Loss before income tax recovery		**(8,805,222)**	(1,989,927)
Income tax recovery	12	**-**	-
Loss and comprehensive loss		**(8,805,222)**	(1,989,927)
Basic and diluted loss per share	15	**(0.15)**	(0.05)

See accompanying notes to consolidated financial statements

WeedMD Inc.

(Formerly Aumento Capital V Corporation)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Number of Shares	Share Capital	Warrants	Conversion Feature	Contributed Surplus	Deficit	Total
Balance, January 1, 2016		**34,459,583**	**$ 7,457,189**	**$ 746,000**	**$ -**	**$ -**	**$ (5,596,669)**	**$ 2,606,520**
Share issuance		2,268,990	1,701,742	-	-	-	-	1,701,742
Share issue cost		-	(127,468)	-	-	-	-	(127,468)
Conversion feature	8	-	-	-	181,217	-	-	181,217
Compensation options	11	-	-	-	-	385,000	-	385,000
Warrants issued in respect to convertible debentures	8	-	-	325,743	-	-	-	325,743
Net loss		-	-	-	-	-	(1,989,927)	(1,989,927)
Balance, December 31, 2016		**36,728,573**	**$ 9,031,463**	**$ 1,071,743**	**$ 181,217**	**$ 385,000**	**$ (7,586,596)**	**$ 3,082,827**
Conversion of debentures	8(a)	10,133,328	7,781,217	-	(181,217)	-	-	7,600,000
Increase in shares due to share split 1:1.25	4	11,715,477	-	-	-	-	-	-
Fair value of equity issued in reverse takeover	4	1,939,682	1,163,809	506,000	-	56,711	-	1,726,520
Share issuance	9(f),(i)	1,241,667	1,048,750	-	-	-	-	1,048,750
Share issue cost	9	-	(1,785)	-	-	-	-	(1,785)
Share based compensation	11	-	-	-	-	1,021,110	-	1,021,110
Share issue on compensation options exercise	9,11	616,000	700,700	-	-	(269,500)	-	431,200
Share issue on warrants exercise	9	12,532,864	10,674,640	(550,366)	-	-	-	10,124,274
Share issue on option exercise	9	323,400	314,738	-	-	(100,742)	-	213,996
Share issuance for deposit on property	9(g)	3,000,000	3,299,341	-	-	-	-	3,299,341
Share issuance for branding agreement	9(h)	19,231	16,665	-	-	-	-	16,665
Conversion feature	8	-	-	-	2,607,546	-	-	2,607,546
Warrant issuance for deposit on property	10(d)	-	-	2,593,009	-	-	-	2,593,009
Broker warrants issued for Unsecured Convertible Debentures	8(b),10	-	-	174,317	-	-	-	174,317
Net loss		-	-	-	-	-	(8,805,222)	(8,805,222)
Balance, December 31, 2017		**78,250,222**	**$ 34,029,538**	**$ 3,794,703**	**$ 2,607,546**	**$ 1,092,579**	**$ (16,391,818)**	**$ 25,132,548**

See accompanying notes to consolidated financial statements

WeedMD Inc.

(Formerly Aumento Capital V Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,	Note		2017		2016
Cash flows provided by (used in):					
Operating					
Loss		**$**	**(8,805,222)**	$	(1,989,927)
Adjustments for:					
Amortization	7		**366,103**		165,030
Share based compensation			**1,994,860**		456,751
Fair value of shares issued in Qualifying Transaction	4		**1,163,809**		-
Fair value of stock options granted in Qualifying Transaction	4		**56,669**		-
Warrants granted for Qualifying Transaction	4		**506,000**		-
Shares for services for Qualifying Transaction	4		**75,000**		-
Shares issued for branding agreement	9		**16,665**		-
Accretion and interest expense	14		**1,654,838**		436,228
Fair value changes in biological assets included in inventory sold			**1,171,304**		-
Unrealized gain on changes in fair value of biological assets and inventory			**(2,634,024)**		(979,551)
		$	**(4,433,998)**	$	(1,911,469)
Change in non-cash working capital	16		**1,447,070**		(190,567)
			(2,986,928)		(2,102,036)
Investing					
Loans receivable collections			**39,200**		286,619
Acquisition of plant and equipment	7		**(3,569,085)**		(313,505)
			(3,529,885)		(26,886)
Financing					
Proceeds from loans and borrowings, net of issue costs	8		**13,884,395**		6,846,684
Proceeds from issuance of share capital, net of issue costs	9		**-**		1,117,521
Proceeds from exercise of warrants	10		**10,126,283**		-
Proceeds from exercise of stock options	11(e)		**213,996**		-
Proceeds from exercise of compensation options	11(f)		**431,200**		-
Interest paid	8,14		**(196,650)**		-
Cash issue costs	9		**(1,785)**		(58,090)
			24,457,439		7,906,115
Increase in cash			**17,940,626**		5,777,193
Foreign exchange			**(450)**		18,214
Cash, beginning of year			**6,754,976**		959,569
Cash, end of year		**$**	**24,695,152**	$	6,754,976
Cash and cash equivalents		**$**	**24,692,678**	$	6,687,223
Cash held in trust			**2,474**		67,753
		$	**24,695,152**	**$**	**6,754,976**

See Note 21 for non-cash transactions

See accompanying notes to the consolidated financial statements

1. Nature of Operations

WeedMD Inc., formerly Aumento Capital V Corporation ("Aumento"), is a publicly listed company on the TSX Venture Exchange ("TSXV") that trades under the ticker symbol "WMD". The registered and head office of the Company is located at 250 Elm Street, Aylmer, Ontario, N5H 2M8.

The consolidated financial statements of WeedMD Inc. as at December 31, 2017 are comprised of WeedMD Inc. and its wholly-owned subsidiaries: WeedMD Rx Inc. ("WeedMD Rx"), WeedMD Rx Ltd. and WMD Ventures Inc. (collectively, "WeedMD" or the "Company"). WeedMD Rx Ltd. and WMD Ventures Inc. are currently dormant.

WeedMD Rx was incorporated on March 26, 2013 under the Canada Business Corporations Act as 8472106 Canada Inc. On January 7, 2014, the Company filed its articles of amendment, changed its name to WeedMD Rx Inc. and commenced operations. On April 22, 2016, WeedMD was licensed to produce cannabis under the federal Access to Cannabis for Medical Purposes Regulations ("ACMPR"). As per Health Canada's customary practice at that time, the initial license had a one-year term and was for production only. Subsequent to securing this license, the Company commenced operations and successfully ramped up production, with its first plants being harvested in October of 2016. As a next step, WeedMD satisfied Health Canada that its growing processes resulted in finished product that met the strict quality control standards and the Good Production Practices ("GPP") set out in the ACMPR. On April 28, 2017, the Company's license was renewed for a one-year term and amended to add the activity of sale of dried cannabis and the sale of live cannabis plants. Under the amended license, the amount of cannabis that WeedMD is permitted to produce and store is limited only by the capacity of the vault that it has built at its facility. This capacity is based upon the security level of the vault, as per Health Canada standards. As the Company has a highly secure level 10 vault, this limit is $150 million. On June 16, 2017 the Company's license was extended to April 24, 2020.

On June 16, 2017 WeedMD received a further amendment to its license allowing for the production of cannabis oil. Subsequent to this event, the Company successfully produced, packaged and tested several batches of oil. On October 5, 2017, Health Canada performed an inspection related to WeedMD's application for the license amendment to allow for the sale of cannabis oil and was subsequently granted a license to sell cannabis oil on December 1, 2017.

WeedMD currently operates a 25,620 sq. ft. former Imperial Tobacco facility in Aylmer, Ontario, which it has retrofitted into a secure cannabis production facility with an annual production capacity in excess of 1,500 kg. During the year ended December 31, 2017, the Company commenced the retrofit of a 217,800 sq. ft. greenhouse ("Greenhouse Expansion"). Pursuant to the ACMPR, WeedMD has a license to produce and sell both dried medical cannabis and oil, as well as starting materials for those patients choosing to 'grow their own' and to other Licensed Producers. All of its assets and operations are located in Canada.

On April 13, 2017, the Company completed a transaction by way of a three-cornered amalgamation (the "Amalgamation") among WeedMD Rx, Aumento, and a wholly-owned subsidiary of Aumento (the "Transaction"). The Transaction resulted in the acquisition by Aumento of all the issued and outstanding securities in the capital of WeedMD Rx, which became a wholly-owned subsidiary of the Company. As part of the Transaction, Aumento changed its name from "Aumento Capital V Corporation" to "WeedMD Inc." Pursuant to the Transaction, the shareholders of WeedMD Rx were issued 1.25 common shares in the Company for each common share of WeedMD Rx registered in the names of such shareholders. Additionally, holders of WeedMD Rx options and warrants outstanding at the time of closing the Transaction also received equivalent instruments of the Company exercisable for or convertible into the Company's common shares.

2. Basis of preparation

a) Statement of Compliance:

These consolidated financial statements have been prepared in accordance with IFRS as adopted by the International Accounting Standards Board ("IASB") and their interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the Board of Directors for issue on April 30, 2018.

b) Basis of presentation:

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and biological assets, which are measured at fair value and inventory which is recorded at the lower of cost and net realizable value, as explained in the accounting policies set out in Note 3 (c), (d) and (o).

The functional currency of the Company and its subsidiaries is the Canadian Dollar, which is also the presentation currency of the consolidated financial statements.

Certain amounts on the Consolidated Statements of Financial Position and Consolidated Statements of Shareholders' Equity were disaggregated between equity accounts for the year ended December 31, 2017. For the year ended December 31, 2016, the Company has reclassified the equity accounts for comparability.

c) Basis of consolidation:

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. WeedMD Rx Inc. is a wholly-owned subsidiary of WeedMD. WMD Ventures Inc. and WeedMD Rx are 100% subsidiaries of WeedMD Rx Inc. and are currently dormant.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

d) Accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments include those related to the ability of the Company to continue as a going concern, the determination of when property, plant and equipment are available for use as well as their useful lives, valuation and recoverability of deferred taxes, and impairment of its financial and non-financial assets. The Company is subject to a number of risks and uncertainties associated with the going concern assumption and exercises judgment to assess the uncertainties relating to the determination of the Company's ability to continue as a going concern.

The most significant estimates and assumptions include those related to the inputs used in accounting for share-based payment transactions and in the valuation of warrants, including volatility, the fair value of financial instruments, valuation of net assets acquired in qualifying transaction (note 4), and the valuation of biological assets and inventory. In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plants. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost versus net realizable value. Management has determined that judgments, estimates and assumptions reflected in these consolidated financial statements are reasonable.

3. Significant Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments, which are readily convertible into a known amount of cash.

b) Plant and equipment

Plant and equipment is recorded at cost less accumulated amortization. The Company provides for amortization using the following methods at rates designed to amortize the cost of the plant and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Equipment	20%	Declining balance
Furniture and fixtures	20%	Declining balance
Leasehold improvements	Lesser of 5 years or term of lease	Straight-line
Security equipment	20%	Declining balance
Fence and signage	10%	Declining balance

The estimated residual value and useful lives of assets are reviewed by management annually at each reporting date and adjusted if necessary.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized. The Company did not capitalize any borrowing costs during the year.

c) Impairment of long-lived assets

The Company tests for impairment whenever there are indication of impairment exists long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment, an estimate of the asset's recoverable amount is calculated. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income for the period.

The Company has assessed the assets of its operating entities and has determined that there is no indication of impairment of its long-lived assets.

d) Biological Assets

Biological assets consisting of cannabis plants are measured at fair value less costs to sell up to the point of harvest. Determination of the fair values of the biological assets requires the Company to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to the level of effort required to bring the cannabis plants up to the point of harvest, costs to convert the harvested plants to finished goods, sales price, risk of loss and expected remaining future yields for the plants. The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventory. Unrealized gains or losses arising from changes in fair value less costs to sell during the year are included in the gross profit in the statement of loss and other comprehensive loss. Fair value changes in biological assets included in inventory sold are included in gross profit in the statement of loss and other comprehensive loss. Overhead costs pertaining to the production of biological assets are expensed as incurred and are included in production costs, in the consolidated statement of loss and comprehensive loss.

e) Inventory

Inventories of harvested finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less cost to sell at harvest, which becomes deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Overhead costs capitalized to inventory are expensed to cost of sales upon sale of inventory.

f) Revenue recognition

Revenue is recognized at the fair value consideration received or receivable. Revenue from the sale of goods is recognized when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. Significant risks and rewards are generally considered to be transferred when the Company has shipped the product to customers.

g) Share-based compensation

Where equity-settled share payments are awarded to management, employees and consultants, the fair value of the equity instruments at the date of grant is charged to the consolidated statement of loss and comprehensive loss. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of shares that eventually vest. Non-vesting conditions are factored into the fair value of the common shares (“Shares”) and/or options granted. The cumulative expense is not adjusted where a non-vesting condition is not satisfied. Where the terms and conditions are modified before they vest, any increase in the fair value of the Shares, measured immediately before and after the modification, is also charged to the consolidated statement of loss and comprehensive loss.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case they are measured at the fair value of the equity instruments granted. Amounts related to the issuance of Shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

h) Foreign currency translation

Transactions denominated in foreign currencies are initially recorded in the functional currency using exchange rates in effect at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates prevailing at the end of the reporting period. All exchange gains and losses are included in the statements of loss and comprehensive loss.

i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases. As of December 31, 2017 and 2016, the Company did not have any finance leases.

Operating leases payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

j) Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of Shares outstanding. Diluted loss per share is calculated in a similar manner, except that the weighted average number of Shares outstanding is increased to include potentially issuable Shares from the assumed exercise of Share purchase options and warrants, if dilutive. The diluted loss per share calculation excludes any potential conversion of options, warrants, and convertible debt that would increase earnings per share or decrease loss per share.

k) Compound financial instruments

Compound financial instruments issued by the Company comprise units that consist of unsecured convertible debentures and share purchase warrants. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, which consists of the conversion feature related to the convertible debentures and the share purchase warrants, is recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The equity component is allocated to the conversion feature and the Share purchase warrants based on their relative fair values. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Upon conversion, the liability component and conversion feature are reclassified to share capital.

l) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are measured at the amounts agreed upon by the parties.

m) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received net of tax. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

n) Warrants

In situations where the Company issues warrants, the fair value of warrants, as calculated as of the date of issue using the Black-Scholes pricing model, is included in the Company's warrants reserve.

o) Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

p) Income taxes

Income tax on the consolidated statement of loss and comprehensive loss for the periods presented comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable income; nor differences relating to investments to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of each financial reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance.

q) Financial instruments

The Company's financial instruments are comprised of the following:

Financial assets	Classification
Cash and cash equivalents	Loans and receivables
Cash held in trust	Loans and receivables
Trade and other receivables	Loans and receivables

Financial liabilities	Classification
Accounts payable and accrued liabilities	Other financial liabilities
Unsecured Convertible debentures	Other financial liabilities

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are derecognized when the obligations are discharged, cancelled or expired.

r) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the assets have been negatively impacted.

Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of loss and comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of loss and comprehensive loss for the period to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

s) Segments

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Throughout the years ended December 31, 2017 and December 31, 2016, the Company operated in one segment, the production and sale of medicinal cannabis in Canada.

t) Recently issued standards to be adopted in the future

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently evaluating the impact of the application of this standard.

IFRS 9, Financial Instruments (“IFRS 9”), was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace IAS 39. IFRS 9 covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the IASB also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as a carryover of requirements from IAS 39. In 2013, the IASB also incorporated new accounting requirements for hedging and introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. The effective date of this pronouncement has been set to be effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of the application of this standard.

IFRS 16, Leases (“IFRS 16”), was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will reflect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is currently evaluating the impact of the application of this standard.

4. Qualifying Transaction

On April 13, 2017, the Company completed the Qualifying Transaction (the "Transaction"), where the Company acquired all of the issued and outstanding securities in the capital of WeedMD Rx via the Amalgamation of a wholly-owned subsidiary of the Company with WeedMD Rx.

Pursuant to the Transaction, each WeedMD Rx shareholder received 1.25 Shares in the capital of the Company for each WeedMD Rx common share held, resulting in the issuance of an aggregate of 58,577,378 Shares of the Company to shareholders of WeedMD Rx. As part of the Transaction, warrants, compensation options and stock options of WeedMD Rx were replaced with Share purchase warrants, compensation options and stock options of the Company with adjustments to their exercise or conversion terms to reflect the exchange ratio for the WeedMD common shares under the Transaction, resulting in the issuance of: (i) Share purchase warrants exercisable to purchase up to 14,888,486 common shares at an exercise price of $0.80 per share; (ii) stock options exercisable to purchase up to 3,312,500 Shares at an exercise price of $0.60 per share; and (iii) 440,000 compensation options exercisable into units at an exercise price of $0.60 per unit, with each unit comprised of a Share and one half of one warrant, with each whole warrant exercisable into a Share at an exercise price of $0.80.

As part of the Transaction, the Company changed its name from "Aumento Capital V Corporation" to "WeedMD Inc."

Prior to the Transaction, Aumento Capital V Corporation was a Capital Pool Company (as defined under the policies of the TSXV, had not commenced commercial operations and had no assets other than cash. The Transaction constituted Aumento Capital V Corporation 's "Qualifying Transaction", as such term is defined in Policy 2.4 of the TSXV.

Following the completion of the Transaction (on a post-acquisition basis), the Company had a total of 60,517,060 Shares outstanding, as well as: (i) common share purchase warrants exercisable to purchase up to 14,888,486 Shares at an exercise price of $0.80 per share; (ii) stock options exercisable to purchase up to 3,497,332 Shares at exercise prices ranging from $0.60 - $0.80 per share; (iii) 440,000 compensation options exercisable into units at an exercise price of $0.60 per unit, with each unit comprised of a Share and one warrant, with each warrant exercisable into a Share at an exercise price of $0.80; and (iv) 1,125,000 Shares issuable to certain officers of the Company upon WeedMD receiving the Sales License (the "Compensation Shares").

As a result of the Transaction, 58,577,378 (post share split of 1:1.25) Shares were held by previous shareholders of WeedMD RX and 1,939,682 Shares were held by shareholders of Aumento. This resulted in WeedMD Rx shareholders owning 96.8% of the Company, and consequently, obtaining control of Aumento.

The substance of the Transaction is a reverse takeover. The Transaction does not constitute a business combination under IFRS 3, thus there is no goodwill recognized, and the difference between consideration and fair value of net assets acquired results in a listing expense.

WeedMD Rx was identified as the acquirer for accounting purposes, and Aumento, the legal parent, is the subsidiary for accounting purposes. Since WeedMD Rx is the acquirer, its assets, liabilities and operations since incorporation are consolidated, and since Aumento is the subsidiary, its operations have only been consolidated since the date of the reverse takeover.

At the time of the completion of the Transaction, an aggregate of 23,388,441 Shares were subject to escrow pursuant to TSXV escrow requirements (not including the Compensation Shares which also became subject to escrow upon issuance).

The fair value of the consideration issued for the net assets of Aumento Capital V Corporation and warrants issued on liquidity event is as follows:

Shares outstanding prior to share consolidation		1,939.682
Price per share	$	0.60
Fair value of shares	$	1,163,809
Other listing fees		176,323
Fair value of existing options of the Company		56,711
Sponsorship fees		75,000
Fair value of warrants issued on liquidity event (Note 10 (b))		506,000
Fair value of net assets, including cash of $535,246		(512,177)
Listing expense	$	1,465,666

The listing expense of $1,465,666 was recorded in the statement of loss and comprehensive loss.

5. Prepaid expenses and deposits

On November 21, 2017, the Company issued 3,000,000 Shares and 3,000,000 warrants as a non-refundable deposit pursuant to a purchase option agreement for the potential purchase of land and buildings leased for the Greenhouse Expansion (Note 18). The Shares and warrants were valued at $3,299,341 (Note 9(g)) and $2,593,009 respectively (Note 10(d)), for a total valuation of $5,982,350. The remaining balance of prepaid expenses and deposits of $210,404 represents prepaid operating expenses.

6. Biological Assets and Inventory

The Company's biological assets consists of cannabis plants.

The change in the carrying value of the Company's biological assets are as follows:

Carrying amount, January 1, 2016	**$ -**
Changes in fair value less costs to sell due to biological transformation	979,551
Transferred to inventory upon harvest	(380,796)
Carrying amount, December 31, 2016	**$ 598,755**
Changes in fair value less costs to sell due to biological transformation	2,634,024
Biological assets sold	(242,003)
Transferred to inventory upon harvest	(2,630,687)
Carrying amount, December 31, 2017	**$ 360,089**

All of the plants are to be harvested as agricultural produce or to be sold as live plants. All of the plants that are to be harvested are between one and thirteen weeks from harvest. Plants to be sold as live plants are zero to two weeks away from sale.

The Company classifies its fair value measurements by reference to the following fair value measurement hierarchy:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Biological assets are classified as level 3 in the fair value hierarchy. There have been no transfers between levels. The significant assumptions used in determining the fair value of cannabis plants are as follows:

- Wastage of plants based on their various stages;
- Yield by plant;
- Percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant;
- Selling price; and
- Percentage of costs incurred for each stage of plant growth was estimated.

The Company estimates harvest yields for the plants at various stages of growth. As of December 31, 2017, it is expected that the Company's biological assets that are to be harvested will yield approximately 228,883 grams (December 31, 2016: 171,981 grams), with selling prices ranging from $2.71 to $5.41 per gram (December 31, 2016: $3.50 to $8.00 per gram). The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. The Company performed a sensitivity analysis on the fair value of biological assets using the most sensitive input to the fair value methodology and notes that a 10% decrease or increase in selling prices would result in a $56,458 decrease or increase (December 31, 2016: $108,259 decrease or increase) in the fair value of the biological assets.

Inventory is comprised of harvested finished goods and harvested work-in-progress and is valued at the lower of cost and net realizable value. As at December 31, 2017 the Company had 700,496 grams of finished goods with a value of $2,656,245 (December 31, 2016 – 91,391 grams, $605,490), and 22,291 grams of work in progress inventory with a value of $36,532 (December 31, 2016 – nil, $nil).

7. Plant and Equipment

	Leasehold improvements	Security equipment	Equipment	Furniture and fixtures	Fence and signage	Total
Cost						
Balance, January 1, 2016	$ 1,149,235	$ 320,358	$ 104,039	$ 76,782	$ 6,981	$ 1,657,395
Additions	157,137	21,292	134,416	660	-	313,505
Balance, December 31, 2016	1,306,372	341,650	238,455	77,442	6,981	1,970,900
Additions	3,062,339	180,304	314,506	7,510	4,426	3,569,085
Balance, December 31, 2017	$ 4,368,711	$ 521,954	$ 552,961	$ 84,952	$ 11,407	$ 5,539,985
Accumulated amortization						
Balance, January 1, 2016	$ -	$ -	$ -	$ (17,613)	$ -	$ (17,613)
Amortization	(130,637)	(34,229)	(23,847)	(11,965)	(349)	(201,027)
Balance, December 31, 2016	(130,637)	(34,229)	(23,847)	(29,578)	(349)	(218,640)
Amortization	(269,924)	(85,017)	(76,663)	(10,887)	(792)	(443,283)
Balance, December 31, 2017	$ (400,561)	$ (119,246)	$ (100,510)	$ (40,465)	$ (1,141)	$ (661,923)
Net book value, December 31, 2016	$ 1,175,735	$ 307,421	$ 214,608	$ 47,864	$ 6,632	$ 1,752,261
Net book value, December 31, 2017	$ 3,968,150	$ 402,708	$ 452,451	$ 44,487	$ 10,266	$ 4,878,062

Total amortization for the year ended December 31, 2017 was $443,283 (2016 - $201,027), of which $77,180 (2016 - $35,997) has been capitalized in inventory, $342,306 (2016 - $152,851) is included within production costs, and $23,797 (2016 - $12,179) is included in amortization expense.

As at December 31, 2017, leasehold improvements with a carrying value of $2,758,780, were not yet available for use. As such, the cost of the assets has been capitalized but not yet amortized.

8. Convertible Debentures

	Debentures	Warrants (Contributed surplus)	Conversion Feature	Total
Issuance - November 8, 2016	$ 7,003,731	$ 383,128	$ 213,141	$ 7,600,000
Less: Issuance Costs:				
Cash commissions	(694,214)	(37,976)	(21,126)	(753,316)
Compensation Options	(354,794)	(19,408)	(10,798)	(385,000)
Total, net of issuance costs	5,954,723	325,744	181,217	6,461,684
Accrued Interest on Debentures	110,356	-	-	110,356
Accretion of Debentures	325,872	-	-	325,872
Balance, December 31, 2016	**$ 6,390,951**	**$ 325,744**	**$ 181,217**	**$ 6,897,912**
Accrued Interest on Debentures	266,520	-	-	266,520
Accretion of debentures	942,529	-	-	942,529
Conversion of debentures	(7,600,000)	(325,744)	(181,217)	(8,106,961)
Balance of 2016 issuance	-	-	-	-
Issuance – November 2, 2017	12,147,121	-	2,852,879	15,000,000
Less: Issuance Costs:				
Cash commisions and transaction costs	(903,426)	-	(212,179)	(1,115,605)
Fair value of compensation warrants	(141,163)	-	(33,154)	(174,317)
Total, net of issuance costs	11,102,532	-	2,607,546	13,710,078
Accretion of debentures	249,139	-	-	249,139
Accrued Interest	196,650	-	-	196,650
Cash payment of interest	(196,650)	-	-	(196,650)
Balance, December 31, 2017	**$ 11,351,671**	**$ -**	**$ 2,607,546**	**$ 13,959,217**

a) *2016 convertible debentures:*

On November 8, 2016, WeedMD closed a $7,600,000 convertible debenture unit financing (the "Convertible Debenture Financing") with a syndicate of agents (the "Agents"). Pursuant to the Convertible Debenture Financing, WeedMD issued 7,600 units (the "Units"), with each Unit comprised of one debenture (a "Debenture") with a principal amount of $1,000 and a term of six months, and 1,333 Share purchase warrants (the "Warrants").

The Debentures were to mature on May 8, 2017 and accrue interest at a rate of 10% per annum; provided such interest would only be paid in the event WeedMD failed to complete a Liquidity Event. A “Liquidity Event” was defined as a transaction by way of a plan of arrangement, amalgamation, reverse take-over, qualifying transaction, or any other business combination or other similar transaction pursuant to which the Shares of WeedMD would be listed on the TSXV, the Canadian Securities Exchange or any other exchange as mutually agreed upon by WeedMD and the Agents. In the event of a pending Liquidity Event, the principal amount of the Debentures were convertible at the election of the holders at a conversion ratio of 1,333 Shares of WeedMD per $1,000 principal amount of Debentures (conversion price of $0.75 per share). All Debentures that remained outstanding immediately prior to the Liquidity Event were automatically converted by the Company into Shares of the Company and in no event were holders of Debentures entitled on the completion of a Liquidity Event to be repaid the principal amount of the Debentures in cash. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the Debentures assuming a market interest rate of 30% which was the estimated rate for the Debentures without the equity component (conversion feature and warrants). The effective interest rate of the Debenture after reflecting issuance costs was 62%.

A total of 10,130,800 warrants were issued and the warrants are exercisable into 10,130,800 Shares of WeedMD at an exercise price of $1.00 per share for a period of two years from the completion of a Liquidity Event by WeedMD (Note 10(a)). The value of the warrants and the conversion feature attached to the Debentures were recognized as the difference between the value of the Units and the fair value of the liability component of the Debentures.

The relative fair values of the warrants and the conversion feature, $383,128 and $213,141, respectively, were determined at the time of issue based on the Black-Scholes option pricing model. The warrant value was determined using the following assumptions in the Black-Scholes option pricing model: (i) share price $0.75, (ii) dividend yield 0%, (iii) expected volatility 101%, (iv) risk free interest rate of 0.58%, (v) expected forfeiture rate 0%, and (vi) an expected life of two years. The conversion feature value was determined using the following assumptions in the Black-Scholes option pricing model: (i) share price $0.75, (ii) dividend yield 0%, (iii) expected volatility 92%, (iv) risk free rate of 0.58%, (v) expected forfeiture rate 0%, and (vi) an expected life of six months.

On April 13, 2017, upon completion of the Liquidity Event, the Debentures were fully converted into 10,133,328 Shares of the Company (Note 9) and no interest was required to be paid.

In connection with the Convertible Debenture Financing, the Company paid cash commissions of $753,316 and issued 352,000 compensation options to the Agents which are convertible into units for a period of two years following the liquidity event at an exercise price of $0.75 per unit, with each unit comprised of one Share and one Share purchase warrant, each warrant convertible into a Share for a period of two years at an exercise price of $1.00 per share. The fair value of the compensation warrants was estimated at $385,000 with reference to the Black-Scholes pricing model (Note 11). The fair value of the compensation options is included in the Company's contributed surplus. The cash transaction costs and compensation warrants are directly attributable transaction costs and have been allocated to the liability and equity components in proportion to their initial carrying amounts.

b) *2017 convertible debentures:*

On November 2, 2017 the Company closed a private placement of 15,000 convertible unsecured debentures (the "Unsecured Convertible Debentures") at a price per Unsecured Convertible Debenture of $1,000 for gross proceeds of $15,000,000 (the "Offering") with a syndicate of underwriters led by Eight Capital and including Haywood Securities Inc. and Mackie Research Capital Corporation (together with Eight Capital, the "Underwriters").

The Unsecured Convertible Debentures bear interest at a rate of 8.0% per annum from the date of issue, payable semi-annually in arrears on June 30 and December 31 of each year. The Unsecured Convertible Debentures have a maturity date of November 1, 2019 (the "Maturity Date").

The Unsecured Convertible Debentures will be convertible at the option of the holder into Shares of the Company at any time prior to the close of business on the Maturity Date at a conversion price of $1.20 per Share (the "Conversion Price"). At any time after March 3, 2018, the Company may force the conversion of all of the principal amount of the then outstanding Unsecured Convertible Debentures at the Conversion Price on 30 days prior written notice should the (1) daily volume weighted average trading price of the Shares be greater than $2.00, for any 10 consecutive trading days, and (2) the volume traded during each weighted average price day is not less than 50,000 Shares.

Upon the occurrence of a Change of Control, the holders of the Unsecured Convertible Debentures shall, in their sole discretion, have the right to require the Company to either: (i) purchase the Unsecured Convertible Debentures at 100% of the principal amount thereof plus unpaid interest to the date of the Initial Debentures are so repurchased (the "Change of Control Purchase Option"); (ii) if the Change of Control results in a new issuer, convert the Unsecured Convertible Debentures into a replacement debenture of the new issuer in the aggregate principal amount of 101% of the principal amount of the Unsecured Convertible Debentures; or (iii) convert the Unsecured Convertible Debentures at the Conversion Price. If 90% or more of the principal amount of all Debentures outstanding on the date the Company provides notice of a Change of Control have been surrendered for purchase pursuant to the Change of Control Purchase Option, the Company has the right to redeem all the remaining outstanding initial Unsecured Convertible Debentures at the same price.

The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the Unsecured Convertible Debentures assuming a market interest rate of 20%, which was the estimated rate for the Unsecured Convertible Debentures without the equity component of the conversion feature. The effective interest rate of the Unsecured Convertible Debentures after reflecting issuance costs was 25%. The difference between the discounted cash flows for the Unsecured Convertible Debentures and the gross proceeds is recognized as the value of the conversion feature.

The Company also issued to the Underwriters 375,000 compensation warrants with a fair value of $174,317. Each compensation warrant is exercisable into one Share at an exercise price of $1.20 per share for a period of up to 24 months following the close of the Offering (Note 10(c)). The Company paid $1,115,605 in cash for transaction and commission costs. The cash transaction costs and compensation warrants are directly attributable transaction costs and have been allocated to the liability and conversion feature components in proportion to their initial carrying amounts.

9. Share Capital

Authorized
Unlimited common shares

	Note	Number of Shares	Amount
Balance as at January 1, 2016		**34,459,583**	**$7,457,189**
Private placement one (May 30, 2016)	9(a)	588,999	441,749
Private placement two (September 19, 2016)	9(b)	1,070,990	803,242
Share-based Compensation 2016	9(c)	200,000	150,000
Shares issued for services	9(d)	89,001	66,751
Shares issued for services	9(e)	320,000	240,000
		36,728,573	**9,158,931**
Less: share issue costs			(127,468)
Balance as at December 31, 2016		**36,728,573**	**9,031,463**
Conversion of debentures	8(a)	10,133,328	7,781,217
Balance before completion of Qualifying Transaction		**46,861,901**	**16,812,680**
Shares split 1:1.25	4	11,715,477	-
Fair value of shares issued in reverse take over	4	1,939,682	1,163,809
Shares issued for services	9(f),(i)	1,241,667	1,048,750
Shares issued for convertible debenture warrants exercise	10(a)	11,674,735	9,792,984
Shares issued for 2016 debenture financing warrants exercise	10	858,129	881,656
Shares issued for broker compensation option exercise	10,11	616,000	700,700
Shares issued for stock option exercise	11	323,400	314,738
Shares issued as down payment to the Greenhouse Expansion	9(g)	3,000,000	3,299,341
Shares issued for branding agreement	9(h)	19,231	16,665
		78,250,222	**34,031,323**
Less: share issue costs			(1,785)
Balance as at December 31, 2017		**78,250,222**	**$34,029,538**

a) On May 30, 2016, the Company closed a private placement equity financing of $441,749 and issued 588,999 Shares at a price of $0.75 per share.

b) On September 19, 2016, the Company closed a private placement equity financing of $803,242 and issued 1,070,990 Shares at a price of $0.75 per share.

c) On September 20, 2016, the Company issued 200,000 Shares as debt settlement of consultant fees to third parties at a fair value of $0.75 per share.

d) On September 20, 2016, the Company issued 89,001 Shares in exchange for services at a fair value of $0.75 per share.

e) On October 9, 2016, the Company engaged a consulting firm for their services to be rendered over a period of 12 months. The debt arising from this transaction of $240,000 was settled through issuance of 320,000 Shares at a fair value of $0.75 per share.

f) On April 26, 2017, the Company issued 116,667 Shares at a price of $0.60 per share for services.

(i) On June 14, 2017, the Company issued 1,125,000 compensation shares at a price of $0.87 per share to its key management personnel.

g) On November 21, 2017, the Company entered into a purchase option agreement for the potential purchase of the land and buildings leased for the Greenhouse Expansion. The Company issued 3,000,000 Shares from treasury as down payment at a price of $1.56 per share, with the Shares subject to four-month regulatory hold in addition to a 36-month lock-up and leak-out agreement with monthly releases. A discount for trading restrictions has been applied for the Shares, 19% applied to Shares released within twelve months, 34% for twenty-four months, and 44% for three years. The resulting fair value of the Shares is $3,299,341. The Company also issued 3,000,000 share purchase warrants, with each warrant exercisable into a common share of the Company at an exercise price $1.56 per share for a period of five years (Note 10). The fair value of the property to be received is not reliably measured, thus the transaction has been measured by reference to the fair value of equity instruments granted.

h) On November 15, 2017, WeedMD and TS BrandCo Holdings Inc. (“Tokyo Smoke”), signed a definitive five year agreement whereby WeedMD will distribute two strains of cannabis under the VdP brand in Canada. There are two successive automatic renewal terms of one year each.

   In connection with the agreement, the Company has agreed to issue to Tokyo Smoke 76,923 Shares of the Company to be distributed in tranches, of which the first tranche of 19,231 Shares of the Company have been issued with the remaining tranches to be distributed throughout the following fiscal year.

   In addition, the Company has agreed to issue to Tokyo Smoke 50,000 warrants with an exercise price of $1.49 per common share of the Company exercisable for two years, of which 25,000 warrants will vest and be exercisable upon the cumulative shipments of 150 kilograms of dried cannabis (or the equivalent amount of cannabis oil), and the other 25,000 warrants will vest and be exercisable upon the cumulative shipments of 300 kilograms of dried cannabis (or the equivalent amount of cannabis oil). For the year end December 31, 2017, no warrants have vested.

   The Company will guarantee Tokyo Smoke minimum commission amounts for each year of the 5 year contract: (i) $50,000 for year 2, (ii) $125,000 for year 3, (iii) $250,000 for year 4, and (iv) and for year 5 and for any subsequent years, the amount shall be equal to the greater of: (a) the agreed minimum Commission amount for the immediately preceding year; or (b) the actual amount of commission earned by Tokyo Smoke in the immediately preceding year less 10% (collectively the “Minimum Commission”). If the actual commission for Tokyo Smoke in any of the years falls below the Minimum Commission, WeedMD will be required to pay to Tokyo Smoke the difference to meet the requirements of the Minimum Commission.

   After the second year of the contract, Tokyo Smoke shall issue Class C common shares to WeedMD on the basis of $0.10 of equity in the capital of Tokyo Smoke for each commission dollar over the applicable yearly Minimum Commission throughout the term of the contract, to a maximum of $300,000 in Class C common shares. The deemed price per Class C common share shall be equal to the greater of: (i) $7.10; (ii) and the price per security issued under any arm’s length financing completed by Tokyo Smoke after November 15, 2017. In the event WeedMD is not listed on the TSX Venture Exchange or is prohibited from holding Tokyo Smoke common shares, the parties agree to negotiate in good faith an alternative.

10. Warrants

	Note	Number of Warrants	Exercise Price
Balance as at January 1, 2016			
Warrants issued (November 8, 2016)	10(a)	10,130,800	$ 1.00
Balance as at December 31, 2016		10,130,800	
Increase in warrants due to share split 1:1.25	4	2,532,700	
Warrants issued (April 13, 2017)	10(b)	2,224,986	$ 0.80
Broker warrants issued (November 2, 2017)	8,10(c)	375,000	$ 1.20
Greenhouse Expansion warrants issued	9(g),10(d)	3,000,000	$ 1.56
Debenture warrants exercised	10(a),9	(11,674,735)	
Broker compensation warrants issued	11(f)	308,000	$ 0.80
Broker compensation warrants exercised		(308,000)	
April 13, 2017 warrants exercised	9	(858,129)	
Warrant exercise, shares to be issued		(124,975)	
Balance as at December 31, 2017		5,605,647	

a) In connection with the Convertible Debenture Financing (Note 8(a)) closed on November 8, 2016, WeedMD issued 10,130,800 warrants, exercisable into 10,130,800 Shares of WeedMD at an exercise price of $1.00 per share for a period of two years from the completion of a Liquidity Event by WeedMD. The fair value of the warrants was initially estimated as $383,128 with reference to the Black-Scholes pricing model.

On December 5, 2017, the Company announced an acceleration of expiry date of the above warrants to January 8, 2018 as the 20 consecutive trading days volume weighted average price was greater than $1.20 as of December 4, 2017.

In the year ended December 31, 2017, 9,339,791 warrants were exercised at the exercise ratio of 1:1.25 defined by the Qualifying Transaction, representing 11,674,735 Shares issued and proceeds of $9,439,771, which includes $98,880 for Shares to be issued.

b) On April 13, 2017, in conjunction with the Transaction (Note 4) the Company issued 2,224,986 warrants to various parties that participated in the Debentures financing (Note 8), with exercise price of $0.80 and for a period of two years following the date of issuance. The fair value of the warrants was estimated as $506,000 with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 85.18%; (iii) risk-free rate of 0.74%; (iv) unit price of $0.60; (v) forfeiture rate of 0; (vi) expected life of two years. Expected volatility is based on the historical volatility of other companies that the Company considers comparable.

c) On November 2, 2017, in connection with the Company's Unsecured Convertible Debenture, the Company issued to the Underwriters 375,000 compensation warrants (Note 8(b)). Each compensation warrant is exercisable into one Share at the Conversion Price ($1.20) for a period of 24 months following the closing of the Offering. The fair value of the warrants was estimated as $174,317 with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 82.21%; (iii) risk-free rate of 1.43%; (iv) unit price of $1.20; (v) forfeiture rate of 0; (vi) expected life of two years. Expected volatility is based on the historical volatility of other companies that the Company considers comparable.

d) Pursuant to a purchase option agreement the Company entered into on November 22, 2017 to acquire the land and buildings leased for the Greenhouse Expansion, the Company issued 3,000,000 share purchase warrants, with each warrant exercisable into a Share of the Company at an exercise price $1.56 per share for a period of five years. The fair value of the property to be received is not reliably measured, thus the transaction has been measured by reference to the fair value of equity instruments granted. The fair value of the warrants was estimated to be $2,593,009 with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 95.11%; (iii) risk-free rate of 1.03%; (iv) unit price of $1.56; (v) forfeiture rate of 0; (vi) expected life of five years.

e) Shares issued upon exercise of warrants had a fair value of $2.09 at the time of exercise.

Warrant pricing models require the input of subjective assumptions and changes in the input assumptions can materially affect their fair value estimated. Expected volatility is based on the historical volatility of other companies that the Company considers comparable. The expected life in years represents the period of time that warrants issued are expected to be outstanding. The risk-free rate was based on the zero-coupon government of Canada bonds with a remaining term equal to the expected life of the warrants. The Company used the same assumptions to calculate options (Note 11).

11. Contributed Surplus

Balance as at January 1, 2016	**$ -**
Broker compensation options (November 8, 2016)	385,000
Balance as at December 31, 2016	**385,000**
Stock options issued and vested	1,021,110
Fair value stock options RTO	56,711
Compensation options exercised	(269,500)
Stock options exercised	(100,742)
Balance as at December 31, 2017	**$1,092,579**

In connection with the Convertible Debenture Financing in 2016, the Company issued 352,000 compensation options to the Agents which are convertible into units for a period of two years following the Liquidity Event at an exercise price of $0.75 per unit, with each unit comprised of one Share and one common share purchase warrant, each warrant convertible into a Share for a period of two years at an exercise price of $1.00 per share. The fair value of the compensation options was estimated as $385,000 with reference to the Black-Scholes pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%, (iii) risk-free rate of 0.70%, (iv) unit price of $1.23; (v) forfeiture rate of 0; (vi) expected life of two years.

Stock options

The Corporation has established a stock option plan for its directors, officers, employees and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding Shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

At December 31, 2017, 3,818,432 Shares have been reserved for stock options as follows:

Exercise Price	Number of options outstanding	Number of options exercisable	Weighted average remaining life (years)	Weighted average Exercise price
$ 0.60	132,000	132,000	1.28	
$ 0.60	61,432	61,432	1.28	
$ 0.60	3,000,000	2,357,681	3.29	
$ 0.80	312,500	265,625	1.28	
$ 0.70	200,000	200,000	1.71	
$ 0.86	112,500	112,500	1.56	
	3,818,432	2,997,238	2.96	$ 0.66

As at December 31, 2017, the Company's outstanding stock options consists the following:

	Note	Number of options	Fair Value	Exercise price
Balance as at January 1, 2016		**-**	**$ -**	
Broker compensation options granted		352,000	385,000	
Balance as at December 31, 2016		**352,000**	**$ 385,000**	**$0.60**
Increase in broker compensation options due to share split 1:1.25		88,000		
Stock options granted in reverse takeover	4	184,832	56,711	
Stock options granted	11(a)	3,000,000	789,413	0.60
Stock options granted	11(b)	312,500	60,393	0.80
Stock options granted	11(c)	400,000	125,671	0.70
Stock options granted	11(d)	112,500	45,633	0.86
Stock options exercised	11(e)	(323,400)	(100,742)	
Broker compensation options exercised	11(f)	(308,000)	(269,500)	
Balance as at December 31, 2017		**3,818,432**	**$ 1,092,579**	

a) On April 14, 2017, the Company granted 3,000,000 stock options to management, employees, directors and consultants of the Company. The fair value of the Options has been estimated using the Black-Scholes warrant pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 75.45%; (iii) risk-free interest rate of 0.94%; (iv) share price of $0.60; forfeiture rate of nil; and (v) expected life of 48 months. Expected volatility is based on the historical volatility of other companies that the Company considers comparable. 2,143,574 of the options granted vested immediately, and 856,426 of the options vest over 24 months. The Company has recorded the fair value of the options granted as $1,004,478, of which $789,413 has been recorded as share-based compensation expense in the year ended December 31, 2017.

b) On April 14, 2017, the Company granted 312,500 options to consultants. The fair value of the Options has been estimated using the Black-Scholes warrant pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 85.17%; (iii) risk-free interest rate of 0.74%; (iv) share price of $0.60; forfeiture rate of nil; and (v) expected life of 24 months. Expected volatility is based on the historical volatility of other companies that the Company considers comparable. 250,000 of the options granted vested immediately, and 62,500 of the options vest over 24 months. The total fair value of the options is $71,050, of which $60,393 has been recorded as share-based compensation expense in the year ended December 31, 2017.

c) On September 17, 2017, the Company granted 400,000 options to consultants. The fair value of services received is not reliably measured, and thus the value of the services have been measured by reference to the fair value of equity issued. The fair value of the Options has been estimated using the Black-Scholes warrant pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 78.86%; (iii) risk-free interest rate of 1.73%; (iv) share price of $0.72; forfeiture rate of nil; and (v) expected life of 60 months. Expected volatility is based on the historical volatility of other companies that the Company considers comparable. Pursuant to the stock options agreement, 50% of the 400,000 options will be vested when the stock price reaches a weighted average price of $1.20; the remaining 50% of the 400,000 options will be vested when 50% of the total outstanding warrants of the company, or 7,443,243 warrants get exercised. The vesting condition was realized during the year and the Company has recorded the fair value of $125,671 of the options granted as share-based compensation expense in the year ended December 31, 2017.

d) On July 23, 2017, the Company granted 112,500 options to consultants. The fair value of the Options has been estimated using the Black-Scholes warrant pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 78.10%; (iii) risk-free interest rate of 1.73%; (iv) share price of $0.91; forfeiture rate of nil; and (v) expected life of 60 months. Expected volatility is based on the historical volatility of other companies that the Company considers comparable. The Options vest immediately and the Company has recorded the fair value $45,633 of the options granted as share-based compensation expense in the year ended December 31, 2017

e) In the year ended December 31, 2017, a total of 323,400 stock options were exercised for 323,400 Shares (Note 9) with $213,996 proceeds received. Shares issued upon exercise of options had a fair value of $2.32 at the time of exercise.

f) In the year ended December 31, 2017, 308,000 broker compensation options were exercised into one Share and one Share purchase warrant exercisable into 308,000 Shares. The share purchase warrants were issued and exercised on the same date. Total proceeds for the exercise of the broker compensation options and resulting warrants was $431,200.

12. Income Taxes

Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax expense in the consolidated financial statements:

	2017	2016
Loss for the year before income taxes	**$ (8,805,222)**	$ (1,989,927)
Statutory rate	**26.50%**	26.50%
Expected income tax recovery	**$ (2,333,384)**	$ (527,331)
Non-deductible expenses	**1,069,813**	(104,231)
Temporary differences and other	**(301,834)**	(210,013)
Change in deferred tax assets not recognized	**1,565,405**	841,575
Income tax expense	**$ -**	$ -

Deferred Income Taxes

	2017	**2016**
Deferred tax assets (liabilities)		
Non-capital loss carry forwards	**$ 3,557,905**	$ 1,527,868
Biological assets and inventory	**(627,063)**	$ -
Share issue costs	**381,867**	204,788
Others	**43,181**	57,830
Total deferred income tax assets	**$ 3,355,890**	$ 1,790,486
Deferred income tax assets not recognized	**(3,355,890)**	(1,790,486)
Net deferred income tax assets	**$ -**	$ -

Loss Carry Forwards

As at December 31, 2017 the Company has non-capital tax loss carry forwards of $13,426,057 expiring as follows:

2034	$ 1,797,948
2035	3,441,193
2036	2,609,245
2037	5,577,671
	$ 13,426,057

13. General and Administrative Expenses

For the year ended December 31,		2017		2016
Salaries and benefits	$	**1,436,436**	$	509,735
Share based compensation		**1,021,110**		456,751
Shares issued for services		**973,750**		-
Consulting fees		**443,412**		492,446
Rent and occupancy costs		**206,079**		128,173
Office and administration		**897,349**		214,411
Professional fees		**287,958**		106,842
Travel and accomodation		**237,414**		76,246
Selling, Marketing and Promotion		**412,638**		28,282
Research and development		**67,461**		-
	$	**5,983,607**	$	2,012,886

14. Finance Costs

For the year ended December 31,		2017		2016
Accretion expense	$	**1,191,668**	$	325,872
Non-cash interest expense		**266,520**		110,356
Interest paid in cash		**196,650**		-
Foreign exchange loss		**450**		21,990
	$	**1,655,288**	$	458,218

15. Earnings per Share

For the year ended December 31,		2017		2016
Basic and Diluted Earnings per Share:				
Profit attributable to holders of Shares	$	**(8,805,222)**	$	(1,989,927)
Weighted average number of Shares outstanding		**57,114,020**		42,574,458
		(0.15)		(0.05)

16. Change in Non-cash Operating Working Capital

		December 31, 2017		December 31, 2016
Trade and other receivables	$	**(24,031)**	$	15,313
Prepaid expenses and deposits		**(176,507)**		(11,505)
Inventory		**(311,593)**		(188,697)
Commodity tax receivable		**(582,574)**		(154,460)
Unearned revenue		**245,585**		-
Accounts payable and accrued liabilities		**2,296,190**		148,782
	$	**1,416,108**	$	(190,567)

17. Related Party Transactions

The Company's key management includes CEO, CFO, CSO, Directors and the Secretary of the Board. Transactions with related parties include:

- Salaries and service fee;
- Loans payable without bearing interest and due at demand; and
- Loans receivable with interest rate as the prime rate per annum +1.5% and due at demand.

The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing (except promissory notes), unsecured and with no fixed repayment terms.

The balances outstanding are as follows:

		December 31, 2017		December 31, 2016
Accounts payable and accrued liabilities	**$**	**77,399**	$	58,772
Interest receivable		**-**		6,016
Loans receivable		**-**		39,200
	$	**77,399**	$	103,988

For the years ended December 31, 2017 and 2016, total remuneration/service fees paid, and interest paid to the key management is as follows:

		December 31, 2017		December 31, 2016
Interest paid to related parties	**$**	**(222)**	$	(8,240)
Share based compensation		**1,602,363**		-
Salaries		**418,615**		331,121
Bonus		**255,000**		-
Rental		**22,777**		-
Fees		**163,994**		170,000
	$	**2,462,527**	$	492,881

1,125,000 compensation shares and 1,862,500 stock options were issued in the year ended December 31, 2017 with fair value of $978,750 and $623,613 recorded in share-based compensation respectively (2016: Nil) to certain key management personnel.

18. Commitments

a) The Company leases the Aylmer Facility, for a term of 5 years starting May 1, 2014 for a base rent of $16,013 per month plus applicable taxes. The Company has an option to extend the lease for an additional 3 terms of 5 years each. In addition, the Company has an option to purchase the property for $1,500,000 anytime during the term of the lease. Subsequent to the year ended December 31, 2017, the Company exercised the option to purchase the Aylmer Facility (Note 22 (g)).

b) On November 21, 2017, the Company entered a lease for the Greenhouse Expansion, for a term of 2 years for a base rent of $1.00 for the first acre with an option to lease an additional 13 acres for $180,000 per annum per acre. The company has the option to extend the lease for an additional 10 terms of one year each. As at December 31, 2017, the Company was leasing 5 acres.

On November 21, 2017, the Company entered into a purchase option agreement, which gives the Company the option to purchase a 98-acre property, including the property leased for the Greenhouse Expansion on November 21, 2017. The purchase price was composed of (1) 3,000,000 Shares and 3,000,000 warrants of the Company issued on November 21, 2017; (2) $7,000,000 in milestone payments to accrue over 36 months from the agreement date upon reaching mutually agreed-upon operating and performance milestones; and (3) $15,600,000 balance to be paid on closing. The milestone payments will be paid with a combination of cash and a vendor-take-back mortgage, and the vendor has the option to accept up to $5,000,000 of the milestone payment in Shares. The option is exercisable for five years from the agreement date, with an option to extend for an additional five years for a $1,000,000 extension fee.

Upon signing the purchase option agreement, the Company issued 3,000,000 Shares and 3,000,000 warrants as a deposit (Note 5), valued at $5,892,350.

The lease commitment schedule is outlined in the below table:

Within 1 year	$	972,146
Within 2 years		746,201
Within 3 years		-
Within 4 years		-
Within 5 years		-
	$	1,718,347

c) On November 15, 2017, WeedMD and Tokyo Smoke signed a definitive five year agreement under which the Company has agreed to issue warrants and commission, and the Company may be entitled to receive equity in the capital of Tokyo Smoke (Note 9(h)).

19. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of convertible debt approximates carrying value as cash flows are discounted using a market rate of interest.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: credit risk, foreign exchange risk, liquidity risk and cash flow risk.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is not exposed to any significant credit risk other than loans receivable. Cash is generally invested in cash accounts held in Canadian chartered banks and in short-term GICs. The Company's loans receivable were collected in full during the year. Management believes the risk of loss associated with these assets to be remote. Management believes that the credit risk concentration with respect to financial instruments included in assets has been reduced to the extent presently practicable.

(d) Foreign exchange risk

The Company is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer or lender, or that an obligation in a foreign currency was made to the Company to a supplier or partner, is different at the time of settlement than it was at time that the obligation was determined. The Company reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Company. The Company did not have any hedges at the time that the financial statements were issued. The Company does not utilize financial instruments to manage its foreign exchange risk. In the opinion of management, the foreign exchange risk exposure to the Company is low and is not material. As at December 31, 2017 and 2016, the Company held cash and cash held in trust in US dollars of $9,005 (CAD $11,930) and $34,544 (CAD $46,421), respectively.

(e) Liquidity risk

The Company does have a liquidity risk in the accounts payable and accrued liabilities of $686,434 which are due within one year. Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate working capital to repay trade creditors as they become due. In the opinion of management, the liquidity risk exposure to the Company is low.

(f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. In the opinion of management, the cash flow risk exposure to the Company is low.

20. Capital Management

The Company includes equity, comprised of Shares, warrant reserve, contributed surplus and deficit, in the definition of capital. The Company's objectives when managing capital are as follows:

(i) To safeguard the Company's assets and ensure the Company's ability to continue as a going concern; and

(ii) To raise sufficient capital to achieve the ongoing business objectives including funding of future growth opportunities and meeting its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on general economic conditions, the Company's short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of Shares. In order to achieve its objectives, the Company expects to spend its working capital, when applicable, and raise additional funds as required.

The Company does not have any externally imposed capital requirements.

21. Non-cash transactions

For the year ended December 31,	Note		2017		2016
Non-cash deposit on property	5	$	**5,892,350**	$	-
Non-cash conversion of debentures	8		**7,781,217**		-
		$	**13,673,567**	$	-

22. Subsequent Events

a) Exercise of warrants

Subsequent to the year ended December 31, 2017, the Company issued 2,476,102 Shares from the exercise of warrants at a weighted average exercise price of $0.82per share for net proceeds of $2,032,481.

b) Exercise of options

Subsequent to the year ended December 31, 2017, the Company issued 342,416 Shares from the exercise of options at a weighted average exercise price of $0.71 per share for net proceeds of $243,700.

c) Financing

On January 11, 2018, the Company closed a short form prospectus offering with a total of 16,046,511 units of the Company ("Units") sold at a price of $2.15 per Unit (the "Issue Price") for aggregate gross proceeds of $34,500,000 (the "Offering").

Each Unit consists of one Share of the Company and one-half of one Share purchase warrant (each whole warrant a “Warrant”). Each Warrant entitles the holder thereof to purchase one Share at an exercise price of $2.90, until January 11, 2020, with early acceleration in the event the weighted average price of the Shares on the TSXV is equal to or greater than $4.20 for any 20 consecutive trading days.

As consideration for its services, the Underwriters received a cash commission equal to 6% of the gross proceeds of the Offering. The Company also issued a total of 470,890 compensation options to the Underwriters. Each compensation option is exercisable into one Unit at the Issue Price until January 11, 2020.

The Company intends to use the net proceeds of the Offering to expand its lease footprint and retrofitting plans and operations at its 14-acre Greenhouse Expansion, to purchase and further develop the Aylmer Facility, to pursue potential strategic domestic and international opportunities and for working capital and general corporate purposes.

d) Stock Options Granted

On January 12, 2018, the Company granted 3,013,000 stock options to its directors, officers, employees, and consultants. Each option is exercisable into one common share at an exercise price of $2.36, until January 12, 2023.

e) Joint Venture with Phivida Holdings Inc.

On February 8, 2018, WeedMD signed a non-binding letter of intent with Phivida Holdings Inc. to form a joint venture for the purpose of manufacturing and selling cannabis-based consumer packaged goods in Canada. Phivida and WeedMD shall each equally own and control 45% of the Venture Co. in the form of Class A Common Shares, with two minority interest investors owning 6.67% and 3.33% respectively, in the form of Class B Special Shares. Phivida and WeedMD shall each loan the joint venture $375,000 in the form of a shareholder loan, and shall each contribute $1,000,000 in the form of share equity as additional working capital for the joint venture.

f) Partnership with Technion-Israel Institute of Technology

On February 14, 2017, the Company joined the Cannabis Database Project led by the Technion-Israel Institute of Technology. Together, the Company and the Cannabis Database Project will be collaborating in the research of cannabinoid and terpenoid profiles of 25 of the Company's cannabis strains. This data will be added to an international database that correlates pharmacological effects used to determine the most effective cannabis treatments - strains, dose, and route of administration - for clinical purposes.

g) Purchase of property

On March 5, 2018, the Company purchased the land and building of the Aylmer Facility for $1,500,000.

h) Conversion of debentures

On March 8, 2018, 8% senior unsecured convertible debentures in the aggregate principal amount of $4,000,000 were converted into 3,333,332 Shares at a conversion price of $1.20 per Share.

On April 17, 2018, 8% senior unsecured convertible debentures in the aggregate principal amount of $1,000,000 were converted into 833,333 Shares at a conversion price of $1.20 per Share.

i) Investment in Scorpion Resources Inc.

On March 14, 2018, the Company purchased 1,666,667 common shares of Scorpion Resources Inc., to be renamed Blockstrain Technology Corp. ("Blockstrain"), for a total subscription price of $500,000. Blockstrain delivers a secure and immutable blockchain platform to establish global certainty for cannabis strains and their ownership.

j) Investment in Snipp Interactive Inc.

On March 16, 2018, the Company purchased 2,500,000 common shares of Snipp Interactive Inc. for a total subscription price of $250,000.

k) Merger

On April 19, 2018, the Company entered into a definitive agreement (the “Arrangement Agreement”) to merge with Hiku Brands Company Ltd. (“Hiku”) (the “Transaction”). The Transaction combines two highly-complementary businesses and creates a vertically integrated company. Upon completion of the Transaction, existing Hiku and WeedMD Rx shareholders will own approximately 51.75% and 48.25% of the combined company, respectively, on a fully-diluted basis. Upon closing of the Transaction, it is anticipated that the common shares of the pro forma resulting entity will be listed on the TSXV pending the required approvals.

The Transaction will be carried out by way of a plan of arrangement of WeedMD under the *Business Corporations Act* (Ontario), pursuant to which the Company shareholders will receive 1.4185 Hiku common shares (each, a “Hiku Share”) in exchange (the “Exchange Ratio”) for each Share of the Company (a “WeedMD Share”). In addition, each outstanding option and warrant to purchase a WeedMD Share will be exchanged for an option or warrant, as applicable, to purchase a Hiku Share, based upon the Exchange Ratio. Assuming no convertible securities of WeedMD are exercised prior to the completion of the Transaction, Hiku will issue approximately 142 million Hiku Shares in exchange for the WeedMD Shares to be exchanged pursuant to the Transaction.

The Transaction will be subject to the approval of at least 66 2/3% of the votes by holders of WeedMD Shares at the annual and special meeting of WeedMD shareholders to be held on June 22, 2018.