FORM 2A

LISTING STATEMENT

SEPTEMBER 28, 2018

Cautionary Statement Regarding Forward-Looking Information

This Listing Statement and the documents incorporated into this Listing Statement contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this Listing Statement or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases, or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Issuer; statements relating to the business and future activities of the Issuer after the date of this Listing Statement; market position, ability to compete and future financial or operating performance of the Issuer after the date of this Listing Statement; statements based on the audited and unaudited financial statements of Canntab and the Issuer included as Schedules to this Listing Statement; anticipated developments in operations; the future demand for the Issuer's products; the results of development of products and the timing thereof; the timing and amount of estimated capital expenditure in respect of the business of the Issuer; operating expenditures; success of marketing activities; estimated budgets; currency fluctuations; requirements for additional capital; government regulation; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Issuer's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in Sections 6 and 17 of this Listing Statement.

The list of risk factors set out in this Listing Statement is not exhaustive of the factors that may affect any forward-looking statements of the Issuer. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Listing Statement generally and certain economic and business factors, some of which may be beyond the control of the Issuer. In addition, recent unprecedented events in the world economy and global financial and credit markets have resulted in high market and commodity volatility and a contraction in debt and equity markets, which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Issuer's securityholders should not place undue reliance on forward-looking statements.

1. Table of Contents

1.1 Include a table of contents with the following headings:

2. Corporate Structure

2.1 Corporate Name and Head and Registered Office

The full corporate name of the Issuer is Canntab Therapeutics Limited. The head and registered office of the Issuer is located at 1 Adelaide Street East. Suite 801, Toronto, Ontario M5C 2V9. The Issuer is a reporting issuer in the Provinces of Alberta, British Columbia, Manitoba and Ontario.

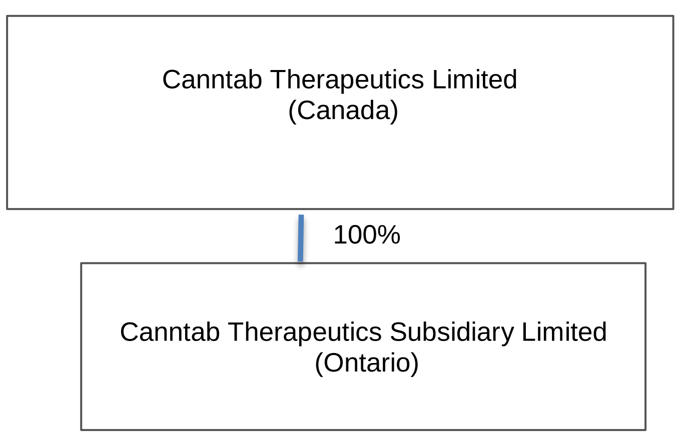
2.2 Jurisdiction of Incorporation

The Issuer

The Issuer was incorporated pursuant to the Canada Business Corporations Act as Telferscot Resources Inc. on May 31, 2010. On August 6, 2010, the Issuer amended its articles to add restrictions on the transfer of shares and to allow directors to appoint one or more director, to hold office for a term expiring not later than the close of the next annual general meeting and not to exceed one-third of the number of directors elected at the previous annual general meeting of shareholders. On December 17, 2010, the Issuer amended its articles to subdivide its common shares. On September 25, 2013, the Issuer amalgamated with 8549150 Canada Inc. The Issuer filed articles of amendment effective April 11, 2018, consolidating its shares on a 200 for 1 basis and changing its name from “Telferscot Resources Inc.” to “Canntab Therapeutics Limited” following receipt of shareholder approval thereof at the annual and special meeting of shareholders of the Issuer held on March 22, 2018.

2.3 Inter-corporate Relationships

The current corporate organization chart for the Issuer is as follows:



2.4 Fundamental Change

The Issuer is not requalifying following a fundamental change or an acquisition, amalgamation, merger, reorganization or arrangement.

2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

This section is not applicable.

3. General Development of the Business

3.1 General Development of the Business

A general description of the business can be found in Appendix “B”

3.2 Significant Acquisitions and Dispositions

See Appendix “B” for this disclosure

3.3 Trends, Commitments, Events or Uncertainties

See Appendix “B” for a discussion of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

4 Narrative Description of the Business

See Appendix “B” for a narrative description of the business in addition to what is included below.

4.1 General

Canntab is a Canadian Cannabis Oral dosage formulation company based in Markham Ontario, engaged in the research and development of therapeutic formulations of cannabinoids. Canntab was established in 2016 based on innovative technologies developed and licenced from CMAX Technologies Inc. Canntab has developed in-house technology to deliver standardized medical cannabis extract from selective strains in a solid extended release pharmaceutical dosage. Its product, XR tablets, delivers cannabinoids through the blood stream and is available in different dosages for extended time release. The formulation and prototype has been developed by the management team.

The Extended Release Tablet ("**XR**" or the "**XR Tablet**") is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems. These challenges include, but not limited to:

- accuracy of dosing,
- onset times,
- duration of action,
- bioavailability,
- discreetness of consumption,
- ease of spoilage; and
- the reduction of side effects;

and are all directly addressed by the unique formulation of the XR Tablet. The XR Tablet is designed to contain THC, CBD, or a combination of THC/CBD (depending on the composition of the medicine), permitting it to meet the demands of a broader patient base than the current synthetic-THC based pills in the market today.

Intellectual property underpins the value of XR Tablets in the form of four international patent applications already filed. Canntab is rapidly moving toward the commercialization phase by partnering with a best-in-class licensed producer of medicinal cannabis in Canada and gearing up for its first series of pre-clinical trials.

While the XR Tablet is not currently approved under Canada's ACMPR, it is fundamentally similar to room temperature oil inside gel capsules, which have been approved under the ACMPR. The XR Tablets use pharmaceutical grade excipients, all approved by Health Canada, and, pursuant to Canntab's License and Collaboration Agreement with Emblem, Canntab and Emblem intend to present the similarities of the XR Tablet to existing room temperature oils in order to facilitate the process of adding the XR Tablet to the approved list under the ACMPR. Canntab intends to provide Health Canada with the following in order to obtain approval of the XR Tablets:

i. a validated process for manufacturing tablets from cannabis oil;
ii. the results of various tests on the XR Tablet, including:
    i. disintegration testing;
    ii. API testing for conformity;
    iii. microbiological testing for safety; and
    iv. stability testing;
iii. manufacturing standard operating procedures, largely taken from those used in Emblem's licensed facility; and

iv. miscellaneous test and process data.

History

Canntab is a researcher, developer, and prospective manufacturer of advanced Cannabinoid delivery systems that have been explicitly designed for the medical community. Canntab's objective is to have its products, that address the clear shortcomings of competing delivery methods, become the predominant solution for patients that require medical Cannabis to assuage their symptoms and provide relief. Canntab has developed a pool of patents that have been filed in both the United States and Canada that form the basis of its first product, the XR Tablet™, that it intends to manufacture and distribute in legal medical cannabis jurisdictions including: Canada, select states within the United States, Australia, and Germany, among others.

4.2 Asset Backed Securities

The Issuer does not have any asset-backed securities.

4.3 Mineral Projects

The Issuer does not have any mineral projects.

4.4 Issuers with Oil and Gas Operations

The Issuer does not have any oil and gas operations.

5. Selected Consolidated Financial Information

5.1 See Appendix "A" for disclosure on annual financial information

5.2 See Appendix "A" for disclosure on quarterly financial information

5.3 Dividend - No dividends on the common shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Company's Board of Directors after considering account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

5.4 Foreign GAAP

Not applicable.

6. Management's Discussion and Analysis

6.1 Annual MD&A

The Issuer's annual Management's Discussion and Analysis ("**MD&A**") for its most recent fiscal year ended May 31, 2018 has been posted and is accessible at www.sedar.com.

6.2 to 6.14 See Appendix "B" for disclosure

7. Market for Securities

The Issuer is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario, and its Common Shares are currently listed for trading on the CSE under the symbol "PILL".

8. Consolidated Capitalization

See Appendix "B" for details on the Issuers capitalization.

9. Options to Purchase Securities

See Appendix "B" for details on the Issuers options to purchase securities.

10. Description of the Securities

10.1 Description of the Securities

The Issuer is authorised to issue an unlimited number of Common Shares.

10.2 – 10.6 – Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A is applicable to the share structure of the Issuer.

10.7 Prior Sales of Common Shares

See Appendix "B"

11. Escrowed Securities

12. Principal Shareholders

To the knowledge of the directors and senior officers of the Issuer, upon completion of the Amalgamation, no person or company will beneficially own, directly or indirectly, or exercise control or direction over, shares of the Resulting Issuer carrying more than 10% of the voting rights attached to all outstanding shares of the Resulting Issuer, other than the following principal shareholders:

Name of Principal Shareholder	Number of Common Shares Held Following the Amalgamation Indirectly	Percentage of Outstanding Common Shares Following the Amalgamation
Jeff Renwick	3,038,000	12.02%
Standard Biochem Inc.(1)	800,000	3.16%
Richard Goldstein Family Trust(2)	3,038,000	12.02%
Richard Goldstein	800,000	3.27%

Notes:
(1) Standard Biochem Inc. is a company controlled by Jeff Renwick, Director and Chief Executive Officer of Canntab.
(2) A discretionary trust controlled by Richard Goldstein, Director, Chief Financial Officer of Canntab.

13 Directors and Officers

13.1 – 13.3, 13.5 – Directors and Officers

Resulting Issuer

The following table sets out the names, municipalities of residence, the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, and the offices held in the Resulting Issuer and the principal occupation of the directors and senior officers during the past five years is expected to be as follows:

Name & Municipality of Residence and Position	Present Occupation and Positions Held During the Last Five Years	Period served as Director/ Officer and when his/her term with the Resulting Issuer will expire	Number of Common Shares of the Resulting Issuer Beneficially Held	Percentage of Issued and Outstanding Common Shares of the Resulting Issuer
Jeff Renwick Toronto, Ontario Chief Executive Officer, Promoter	President of Standard Biochem Inc.	Proposed	3,838,000	15.18%

and Director				
Richard Goldstein Toronto, Ontario Director, Chief Financial Officer and Promoter	President of First Republic Capital Corporation	Proposed	3,838,000	15.18%
Vitor Fonseca Toronto, Ontario Director	Vice President and Treasurer of Romspen Investment Corporation	Proposed	0	0%
Barry M. Polisuk Toronto, Ontario Secretary and Director	Partner at Garfinkle Biderman LLP	Proposed	320,000	1.27%

13.4 Committees

The Issuer has one committee, the Audit Committee comprised of all directors, each of whom is financially literate in accordance with section 1.6 of NI 52-110.

13.6 Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Issuer, except as described below, none of the proposed directors or officers of the Resulting Issuer or any of their personal holding companies:

(a) is, as at the date of this Listing Statement, or has been, within ten years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, including the Issuer and Canntab, that:

- was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer of the company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is as at the date of this Listing Statement or has been within the 10 years before the date of this Listing Statement, a director or executive officer of any company, including the Issuer and Canntab, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

To the knowledge of the issuer, none of the proposed directors or officers or any of their personal holding companies has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

13.7, 13.8 Penalties or Sanctions

No director, officer, or promoter of the Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

13.9 – Personal Bankruptcies

No director, officer or promoter of the Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.10 Conflicts of Interest

The Board of Directors of the Issuer is required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer. If a conflict arises, any Director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of Directors.

To the best of the Issuer's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Issuer, its promoters, Directors, officers or other members of management of the Issuer except that certain of the Directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a Director, officer, promoter or member of management of the Issuer.

The Directors and officers of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by Directors of conflicts of interest and the Issuer will rely upon such laws in respect of any Directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its Directors and officers.

13.11 **Management**

Jeff Renwick, Age 50 (Chief Executive Officer and Director)

Mr Renwick was appointed Chief Executive Officer of Canntab on inception. Mr. Renwick is currently the President of Standard Biochem Inc., a private independent pharmaceutical consulting company. He is also the Managing Director of CMAX Technologies Inc. a private drug development and licensing company since November 2010. From June 2015 to May 2016 he was the Chief Scientific officer of Berkeley Biopharma Inc. Since February 2017 he is the on the Formulation Committee of Blue Ocean Nutrascience Inc. (TSX-BLE).

Richard Goldstein, Age 57 (Chief Financial Officer and Director)

Richard Goldstein, a Senior Investment Executive, is President of First Republic Capital Corporation, a licensed Exempt Market Dealer, specializing in equity and debt financings, M&A, and other financial advisory services. His firm is regulated by the Ontario Securities Commission. Richard is also President of CMAX Technologies Inc., a privately owned generic drug development company. Previously, Mr. Goldstein was responsible for the management of Suncor's (SU:NYSE) $200 million pension fund as Secretary of the Pension Fund Investment Committee (PFIC). Richard received his BComm from Concordia University in Management and International Business (1982) and his MBA in Finance (1984) from McMaster University.

Vitor Fonseca, Age 65 (Director)

Vitor Fonseca is Vice President and Treasurer of Romspen Investment Corporation where he is involved in all aspects of the company's financing and lending activities. With a portfolio of close to $2 billion Romspen is Canada's largest non-bank commercial real estate lender.

During his career, Vitor has held senior finance and operational positions in the real estate, private equity and service-oriented industries. He holds an MBA from the, Rotman School of Business at the University of Toronto, a CPA-CGA designation and is a member of the Institute of Corporate Directors.

Vitor was the chair of the audit committee of the board of Enwave Energy Corporation, one of the largest district energy companies in North America. He is currently the chair of the audit committee of Mission Ready Services, Inc. a niche manufacturer and service provider of specialized product lines to US military, law enforcement and first responder communities, listed on the TSX.

Barry M. Polisuk, Age 57 (Secretary and Director)

Mr. Polisuk has been a Partner of Garfinkle Biderman LLP since 1997, where he joined in 1995. He is a corporate and commercial lawyer focused on financings, corporate and commercial work, including securities. He acts for public and private companies, securities dealers and financial institutions on a number of public and private financings and commercial transactions. He was called to the Ontario bar in 1988. Mr. Polisuk holds a LL.B cum laude and a Quebec Civil Law Degree, both from the University of Ottawa and a B.A in Political Science from McGill University.

14. Capitalization

This section is not applicable to this filing.

15. Executive Compensation

See Appendix "A"

16. Indebtedness of Directors and Executive Officers

No director or officer, or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of Canntab was a director of Canntab or any associate of Canntab, is indebted to Canntab, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Canntab.

17. Risk Factors

See Appendix "B"

18. Promoters

The Issuer retained the services of Mackie Research Capital Corporation to act as financial advisor to the Company as well as the services of Hybrid Financial Limited to assist the Company with Investor Relations.

Mackie Research will provide a number of services to Canntab, including, but not limited to, capital markets advisory, financial and operational analysis, and recommendations on strategic growth objectives. They will be retained for an initial term of three months, continuing on a month-to-month basis thereafter. The Company can terminate the agreement at any time after the initial term, upon 15 days' notice.

As part of the compensation for its services, the Company will (i) pay a monthly, non-refundable work fee of $20,000 to Mackie Research; and (ii) grant 200,000 options (the "Mackie Options") to Mackie Research. Each Mackie Option entitles the holder thereof to purchase one common share in the capital of the Company ("Common Share") at an exercise price of $1.02 at any time up to 36 months following the date hereof. The Mackie Options are subject to a vesting schedule, with 100,000 Mackie Options vesting immediately and the balance of 100,000 Mackie Options vesting if the daily volume weighted average trading price of the Common Shares is greater than $1.25 for 20 consecutive trading days within six months of issuance.

Hybrid will be assisting the Company in speaking to, and answering questions from, the many investment advisors in touch with the Company on a regular basis. Hybrid will be retained for an initial term of three months, continuing on a month-to-month basis thereafter. The Company can terminate the agreement at any time after the initial term, upon 15 days' notice.

As part of the compensation for its services, the Company will (i) pay a monthly fee of $14,000 to Hybrid; and (ii) grant 250,000 options (the "Hybrid Options") to Hybrid. Each Hybrid Option entitles the holder thereof to purchase one Common Share at an exercise price of $1.02 at any time up to five years following the date hereof. The Hybrid Options are subject to a vesting schedule, with 1/4 of the Hybrid Options vesting on each of December 12, 2018, March 12, 2019, June 12, 2019 and September 12, 2019.

19. Legal Proceedings

19.1 Legal Proceedings

There are no legal proceedings material to the Issuer to which the Issuer is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Issuer to be contemplated.

19.2 Regulatory Actions

The Issuer is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Resulting Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. Interest of Management and Others in Material Transactions

Other than as disclosed herein, no director or executive officer of the Issuer or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class of the Issuer's outstanding voting securities, or an associate or affiliate of any such persons or companies, has any material interest, direct or indirect, in any transaction within the three years preceding the date of this document, or any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary.

See Appendix "B" for further details.

21. Auditors, Transfer Agents and Registrars

21.1 Auditor

The auditor of Canntab is the firm of MNP LLP, located at 111 Richmond Street West Suite 300 Toronto, ON M5H 2G4; they were appointed on April 20, 2016.

21.2 Registrar and Transfer Agent

The registrar and transfer agent of the Issuer's Common Shares is Capital Transfer Agency Inc. 401 - 121 Richmond St. West, Toronto ON M5H 2K1

22. Material Contracts

See Appendix "B"

23 Interest of Experts

Except as set out below, as of the date of this Listing Statement, none of the aforementioned persons or their respective partners or employees and no person whose profession or business gives authority to a statement made by such person who is named in this Listing Statement:

(a) beneficially owns, directly or indirectly, any securities of the Issuer or their Associates and Affiliates; or

(b) is or is expected to be elected, appointed or employed as a senior officer, director or employee of the Issuer or of an Associate or Affiliate of the Issuer.

Partner and associates of Garfinkle Biderman LLP, beneficially will own 320,000 Common Shares of the Issuer on a post-Amalgamation basis, and Barry M. Polisuk, Partner of Garfinkle Biderman LLP is a Director and the Secretary of Canntab and is a proposed Director and the Secretary of the Resulting Issuer.

24. Other Material Facts

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Issuer and their securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and their respective securities.

25. Financial Statements

Financial Statements for the year ended May 31, 2018 are attached as Appendix “A”

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Canntab Therapeutics Limited hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Canntab Therapeutics Limited. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto

this 28 day of September, 2018.

"Jeff Renwick" (signed)	*"Richard Goldstein" (signed)*
Chief Executive Officer	Chief Financial Officer

APPENDIX “A”
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2018

CANNTAB THERAPEUTICS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2018 AND 2017

(Stated in $CAD)

Independent Auditors' Report

To the Shareholders of Canntab Therapeutics Limited:

We have audited the accompanying consolidated financial statements of Canntab Therapeutics Limited, which comprise the consolidated balance sheets as at May 31, 2018 and 2017, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended May 31, 2018 and 2017 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 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 auditors' judgment, 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 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 Canntab Therapeutics Limited as at May 31, 2018 and May 31, 2017 and its financial performance and its cash flows for the years ended May 31, 2018 and 2017 in accordance with International Financial Reporting Standards.

MNP LLP

September 28, 2018
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

CANNTAB THERAPEUTICS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2018 AND 2017
(Stated in $CAD)

	2018	2017
ASSETS		
Current:		
Cash and cash equivalents (Note 6)	**$ 4,217,850**	$ 958,620
Accounts receivable (Note 7)	**170,021**	40,696
Prepaid expenses	**75,648**	-
	4,463,519	999,316
Long term:		
Equipment (Note 8)	**159,843**	98,958
Intangible assets (Note 9)	**125,696**	39,000
	$ 4,749,058	$ 1,137,274
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 10)	**$ 273,559**	$ 98,719
Current portion of deferred revenue (Note 11)	**39,999**	-
	313,558	98,719
Long term:		
Deferred revenue (Note 11)	**133,334**	-
	446,892	98,719
SHAREHOLDERS' EQUITY		
Common shares (Note 12)	**6,516,681**	1,400,107
Contributed surplus	**1,310,150**	754,700
Accumulated deficit	**(3,524,665)**	(1,116,252)
	4,302,166	1,038,555
	$ 4,749,058	$ 1,137,274

Commitment (Note 17(b))

Subsequent events (Note 20)

The accompanying notes form an integral part of these consolidated financial statements

Approved on behalf of the Board:

"Richard Goldstein" Director *"Vitor Fonseca"* Director

CANNTAB THERAPEUTICS LIMITED
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
YEARS ENDED MAY 31, 2018 AND 2017
(Stated in $CAD)

	2018	2017
Revenue		
License fees	$ **26,667**	$ -
Interest income	**15,011**	313
	41,678	313
Expenses		
Consulting fees	**517,799**	211,143
Professional fees	**162,988**	54,100
Employee compensation and benefits	**158,587**	15,841
Research and development	**140,732**	40,685
Advertising and promotion	**126,346**	-
Occupancy costs	**120,000**	84,000
General and administrative	**109,618**	27,581
Share based compensation (Note 13(e))	**319,938**	681,600
Depreciation of equipment (Note 8)	**45,298**	615
Amortization of intangible assets (Note 9)	**6,184**	1,000
	1,707,490	1,116,565
Loss from operations before undernoted items	**(1,665,812)**	(1,116,252)
Listing costs (Note 5(g)(iii))	**(742,601)**	-
Net loss and comprehensive loss	**$ (2,408,413)**	$ (1,116,252)
Basic loss per share (Note 12(f))	**$ (0.11)**	$ (0.07)

The accompanying notes form an integral part of these consolidated financial statements

CANNTAB THERAPEUTICS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED MAY 31, 2018 AND 2017
(Stated in $CAD)

	Note	Common shares Number	Common shares Amount	Contributed surplus	Accumulated deficit	Total
As at May 31, 2016		**3,300,000**	**$ 60,207**	**$ -**	**$ -**	**$ 60,207**
Private placements and share issuances	**12(b)**	1,413,000	1,339,900	73,100	-	1,413,000
Special warrants issued	**14(a)**	-	-	272,640	-	272,640
Net loss and comprehensive loss		-	-	-	(1,116,252)	(1,116,252)
Share based compensation	**13(a)**	-	-	408,960	-	408,960
As at May 31, 2017		**4,713,000**	**1,400,107**	**754,700**	**(1,116,252)**	**1,038,555**
Proceeds on private placement	**12(c)**	1,251,914	4,772,144	235,512	-	5,007,656
Share issue costs	**12(d)(iv)**	-	(480,615)	-	-	(480,615)
Shares deemed issued in connection with RTO	**12(d)(ii)**	625,045	625,045	-	-	625,045
Elimination of Canntab shares	**12(d)**	(5,964,914)	(6,172,251)	-	-	(6,172,251)
Shares issued to Canntab shareholders in connection with RTO	**12(d)**	23,859,656	6,172,251	-	-	6,172,251
Proceeds from exercise of options and special warrants	**12(e)**	800,000	200,000	-	-	200,000
Net loss and comprehensive loss		-	-	-	(2,408,413)	(2,408,413)
Share based compensation	**13(c)**	-	-	319,938	-	319,938
As at May 31, 2018		**25,284,701**	**$ 6,516,681**	**$ 1,310,150**	**$ (3,524,665)**	**$ 4,302,166**

The accompanying notes form an integral part of these consolidated financial statements

CANNTAB THERAPEUTICS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2018 AND 2017
(Stated in $CAD)

	2018	2017
Operating activities		
Net loss and comprehensive loss	**$ (2,408,413)**	$ (1,116,252)
Add (deduct) items not affecting cash		
Depreciation of equipment	**45,298**	615
Amortization of intangible assets	**6,184**	1,000
Share based compensation	**319,938**	681,600
Non-cash listing costs	**660,293**	-
	(1,376,700)	(433,037)
Change in non-cash working capital items		
Accounts receivable	**(129,324)**	19,510
Prepaid expenses	**(75,648)**	-
Accounts payable and accrued liabilities	**139,591**	58,720
Deferred revenue	**173,333**	-
	(1,268,748)	(354,807)
Investing activities		
Purchase of intangible assets	**(92,880)**	-
Purchase of equipment	**(106,183)**	(99,573)
	(199,063)	(99,573)
Financing activities		
Proceeds from issuance of common shares	**5,007,656**	1,413,000
Share issue costs	**(480,615)**	-
Proceeds on exercise of stock options and special warrants	**200,000**	-
	4,727,041	1,413,000
Change in cash and cash equivalents	**3,259,230**	958,620
Cash and cash equivalents, beginning of year	**958,620**	-
Cash and cash equivalents, end of year	**$ 4,217,850**	$ 958,620

The accompanying notes form an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS

Canntab Therapeutics Limited ("Canntab" or the "Company") was incorporated on April 20, 2016 under the Canada Business Corporations Act, with its head office located at 223 Riviera Drive, Markham, Ontario. It is a public company that trades on the Canadian Securities Exchange ("CSE") under the symbol "PILL". The Company is a Canadian cannabis oral dosage formulation company engaged in the research and development of advanced pharmaceutical grade formulations of cannabinoids. It has developed in-house technology to deliver standardized medical cannabis extract from selective strains in a variety of extended/sustained release pharmaceutical dosages for therapeutic use.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They were authorized for issuance by the Board of Directors on September 27, 2018.

The consolidated financial statements are prepared on the historical cost basis. Unless otherwise stated, the consolidated financial statements are presented in Canadian dollars. That is the Company's functional and presentation currency as (i) the Company is based in Canada, (ii) the majority of its operating costs are denominated in Canadian dollars, and (iii) all its financing is obtained through Canadian dollar private placements.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Canntab Therapeutics Subsidiary Limited. A subsidiary is an entity controlled by the Company. Control exists when the Company has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed when necessary to align them with the policies applied by the Company in these consolidated financial statements. All intercompany balances, income and expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in full.

(c) Cash and cash equivalents

The Company considers highly liquid investments that are readily convertible into known amounts of cash (including GIC's cashable with no penalty) and not subject to significant risk of change in value to be cash equivalents.

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(d) **Foreign currency translation**

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each reporting date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are recognized in profit and loss.

(e) **Financial instruments**

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other financial liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in profit and loss during the period.

Held to maturity assets, loans and receivables, and other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	**Classification**
Cash and cash equivalents	FVTPL
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(e) **Financial instruments, continued**

Other financial liabilities

Financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities and are measured at amortized cost using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

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 investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments, or
- Probability that the borrower will enter bankruptcy or financial 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 profit or loss.

(f) **Equipment**

Equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is computed using the following annual rates and methods which reflect the estimated useful life of the assets as follows:

- Production equipment - 20% declining balance
- Furniture and fixtures - 20% diminishing balance
- Computer hardware - 30% declining balance

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(g) **Intangible assets**

Intangible assets are recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization commences when the intangible asset is available for use and for patented assets is computed on a straight-line basis over the estimated useful life.

Intangible assets with finite lives are amortized over their useful economic lives as follows:

- ♦ License agreement - 20 years
- ♦ Patent costs - 10 years

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit and loss when the asset is derecognized.

(h) **Deferred revenue**

Advance payments received for use of the Company's assets are initially recorded in deferred revenue. The revenue is recognized on a straight-line basis in net earnings over the period of use.

(i) **Equity**

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The Company accounts for warrants using the Black-Scholes pricing model at the date of issuance. The value of the warrants at the date of issuance is included in contributed surplus.

(j) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is shown net of sales returns and discounts. It is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(k) Research and development costs

Research costs are charged to operations as incurred. Research costs consist primarily of consulting expenses and materials related to the design, testing, and manufacture of the various components of the Company's cannabis product line. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to or has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets. Other development expenditure is recognized in the statement of operations as incurred.

(l) Share based compensation

The Company has a stock option plan for directors, officers and employees. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over each tranche's vesting period, based on the number of awards expected to vest, with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly, with any impact being recognized immediately.

The proceeds from the exercise of stock options or warrants are recognized in share capital upon exercise at the exercise price paid by the holder, and the fair value attributed to these options or warrants is transferred from contributed surplus to share capital.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the common share purchase warrants and stock options issued.

(m) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(m) **Income taxes, continued**

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Company follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The amount of future tax assets recognized is limited to the amount, if any, that is considered to be more likely than not to be realized.

(n) **Loss per share**

Basic loss per share amounts are calculated by dividing consolidated net loss for the reporting period attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the consolidated net loss attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. Diluted loss per share amounts are not presented if their inclusion would be anti-dilutive.

(o) **Provisions and contingencies**

A provision is recognized 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.

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

(p) **Critical accounting estimates and judgements**

The preparation of these consolidated financial statements requires management to make estimates and judgements about the future that affect the amounts recorded in the consolidated financial statements. These estimates and judgements are based on the Company's experience and management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates and judgements.

Areas where estimates are significant to these consolidated financial statements are as follows:

- ♦ Stock option and warrant fair values utilize estimates made by management in determining the appropriate input variables in the Black-Scholes valuation model.
- ♦ The carrying value of intangible assets that are included in the statements of financial position are based on management assessments of the recoverable amount of the asset.
- ♦ Amortization of capital and intangible assets is dependent upon estimates of useful lives based on management's judgment.
- ♦ Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.
- ♦ The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(q) **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statements of earnings on a straight-line basis over the period the asset is used under the lease. Leases under which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Payments on finance leases are allocated to the liability and expense so as to recognize a constant rate of interest on the remaining balance of the liability. Assets acquired under finance leases are amortized over their useful lives.

3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

(a) **IAS 7 "Statement of Cash Flow"** has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted effective January 1, 2017 and their adoption did not have a significant impact on these consolidated financial statements.

(b) **IAS 12 "Income Taxes"** was amended by the IASB in January 2016 to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted effective January 1, 2017 and their adoption did not have a significant impact on these consolidated financial statements.

4. NEW AND REVISED IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

As at the date of authorization of these consolidated financial statements, the IASB has issued the following new or revised standards which are not yet effective:

(a) **IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities"** was issued by the IASB in July 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The Company is currently evaluating the impact on its financial statements upon adoption of this standard, but does not expect the impact of IFRS 9 on the consolidated financial statements to be material.

4. NEW AND REVISED IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED, CONTINUED

(b) **IFRS 15 "Revenue from Contracts with Customers"** was issued by the IASB in May 2014, which replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and IFRIC 13 – Customer Loyalty Programs ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact on its financial statements upon adoption of this standard, but does not expect the impact of IFRS 15 on the consolidated financial statements to be material.

(c) **IFRS 16 "Leases"** was issued by the IASB in January 2016 and will ultimately replace IAS 17, "Leases" and related interpretations. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

(d) **IFRIC 23 "Uncertainty Over Income Tax Treatments"** was issued in June 2017 and is effective for years beginning on or after January 1, 2019, to be applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

5. REVERSE TAKEOVER TRANSACTION ("RTO")

On November 27, 2017, the Company announced the signing of a binding Letter of Intent ("LOI") with Telferscot Resources Limited ("Telferscot" or the "Issuer") under which Telferscot would acquire the issued and outstanding shares of the Company, effectively resulting in a reverse takeover of Telferscot by Canntab. The mechanics of the transaction were as follows:

(a) On January 12, 2018, the Issuer, Canntab, the and 2611780 Ontario Inc. ("Numco") entered into an amalgamation agreement (the "Amalgamation Agreement"), pursuant to which the parties completed a business combination by way of a three-cornered amalgamation (the "Amalgamation") under the Business Corporations Act (Ontario). Under the terms of the Amalgamation Agreement, Canntab amalgamated with Numco and carries on the existing business of Canntab as a wholly owned operating subsidiary of the Issuer, which filed Articles of Amendment to change its name to Canntab Therapeutics Limited (the "Resulting Issuer").

5. **REVERSE TAKEOVER TRANSACTION ("RTO"), CONTINUED**

(b) Prior to the Amalgamation, the Issuer consolidated its common shares on the basis of one post-consolidated common share for each 200 pre-consolidation common shares (the "Consolidation").

(c) Pursuant to the terms of the Amalgamation Agreement, each shareholder of Canntab received four (4) common shares (a "Common Share") of the Issuer for every one (1) common share of Canntab held by such shareholder (the "Exchange Ratio"). In addition, each holder of a stock option or warrant of Canntab received an equal number of replacement stock options, special warrants and broker compensation warrants of the Issuer, as applicable.

(d) In connection with the Amalgamation, Canntab completed a private placement of 1,251,914 subscription receipts ("Subscription Receipt") at a price of $4.00 per Subscription Receipt for gross proceeds of $5,007,656 on December 19, 2017 and December 29, 2017 (the "Offering"). Immediately prior to the closing of the Amalgamation, each Subscription Receipt converted, with no additional consideration or action by the holder, to one common share of Canntab (each a "Canntab Share"), which were subsequently exchanged for four common shares of the Resulting Issuer pursuant to the terms of the Amalgamation Agreement.

(e) Immediately prior to the Amalgamation, Canntab had outstanding 4,713,000 common shares, 470,000 stock options, 300,000 special warrants and 80,250 broker compensation warrants.

(f) As a result of the transaction, there were an aggregate of 24,484,701 common shares issued and outstanding on April 16, 2018 as follows:

  (i) former shareholders of Canntab exchanging their former 4,713,000 Canntab shares (on a 1 for 4 basis) for 18,852,000 common shares of the Resulting Issuer, representing approximately 77.00% of the total common shares of the Resulting Issuer;

  (ii) former subscription receipt holders exchanging their former 1,251,914 subscription receipts (on a 1 for 4 basis) for 5,007,656 common shares of the Resulting Issuer, representing approximately 20.45% of the outstanding common shares of the Resulting Issuer; and

  (iii) original shareholders of the Issuer exchanging their former 125,009,000 Telferscot shares (on a 200 for 1 basis) for 625,045 common shares of the Resulting Issuer, representing approximately 2.55% of the Resulting Issuer.

(g) For accounting purposes, the reverse takeover transaction has been recorded in the Company's records as follows:

  (i) Although the transaction resulted in Canntab legally becoming a wholly-owned subsidiary of Telferscot, the transaction constituted a reverse takeover of Telferscot and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payments. As Telferscot did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction did not constitute a business combination. It has been treated as an issuance of shares by Canntab for the net monetary liabilities of Telferscot.

5. REVERSE TAKEOVER TRANSACTION ("RTO"), CONTINUED

(ii) The transaction therefore has been accounted for as a capital transaction, with Canntab being identified as the accounting acquirer and the equity consideration measured at fair value. The resulting consolidated statement of financial position has been presented as a continuance of Canntab operations and comparative figures presented in the consolidated financial statements after the reverse acquisition are those of Canntab. The results of operations, cash flows and the assets and liabilities of Telferscot have been included in these consolidated financial statements since April 16, 2018, the acquisition date.

(iii) The consideration paid by Canntab to acquire Telferscot has been measured on the basis of the fair value of the equity instruments issued by Canntab, considering the price per share of recent private placements. The fair value of the 625,045 Resulting Issuer shares issued to the original owners of Telferscot, using the $1.00 valuation implicit in the Subscription Receipt *(see note 5(d))*, resulted in a fair value assigned to the acquisition of $625,045. In accordance with IFRS 2, any excess of the fair value of the equity instruments issued by Canntab over the value of the net monetary liabilities of Telferscot has been expensed as listing costs, as outlined below:

Fair value of consideration issued:	
Deemed issuance of 625,045 common shares to former shareholders of Telferscot at $1.00 per share (Note 12(d)(iii))	**$ 625,045**
Net liabilities assumed:	
Loan payable by Telferscot to Canntab	(35,248)
Listing costs:	
Excess applied to transaction costs	660,293
Legal fees	82,308
	$ 742,601

6. CASH AND CASH EQUIVALENTS

	2018	2017
Cash (bank overdraft)	**$ (18,629)**	$ 78,243
Short-term investment certificate	**3,500,000**	800,000
Cash in Company lawyer's trust account	**736,479**	80,377
	$ 4,217,850	$ 958,620

The short-term investment certificate bears interest at 1.50% per annum, comes due on April 16, 2019 and is cashable at any time in whole or in part with no penalty. The cash in the Company lawyer's trust account is unrestricted and represents the remaining funds remaining from the April, 2018 financing *(see note 12(c))* yet to be remitted to the Company.

7. ACCOUNTS RECEIVABLE

Accounts receivable consists largely of refundable HST ITC's.

8. **EQUIPMENT**

	Production equipment	Furniture and fixtures	Computer hardware	Total
Cost				
As at May 31, 2016	$ -	$ -	$ -	$ -
Additions	99,573	-	-	99,573
As at May 31, 2017	**99,573**	**-**	**-**	**99,573**
Additions	92,592	6,334	7,257	106,183
As at May 31, 2018	**$ 192,165**	**$ 6,334**	**$ 7,257**	**$ 205,756**
Accumulated depreciation				
As at May 31, 2016	$ -	$ -	$ -	$ -
Depreciation	615	-	-	615
As at May 31, 2017	**615**	**-**	**-**	**615**
Depreciation	43,577	633	1,088	45,298
As at May 31, 2018	**$ 44,192**	**$ 633**	**$ 1,088**	**$ 45,913**
Net book value				
As at May 31, 2017	**$ 98,958**	**$ -**	**$ -**	**$ 98,958**
As at May 31, 2018	**$ 147,973**	**$ 5,701**	**$ 6,169**	**$ 159,843**

9. **INTANGIBLE ASSETS**

	License agreements	Patent costs	Total
Cost			
As at May 31, 2016	$ -	$ -	$ -
Additions (Note 17(c))	40,000	-	40,000
As at May 31, 2017	**40,000**	**-**	**40,000**
Additions	20,000	72,880	92,880
As at May 31, 2018	**$ 60,000**	**$ 72,880**	**$ 132,880**
Accumulated amortization			
As at May 31, 2016	$ -	$ -	$ -
Amortization	1,000	-	1,000
As at May 31, 2017	**1,000**	**-**	**1,000**
Amortization	2,500	3,684	6,184
As at May 31, 2018	**$ 3,500**	**$ 3,684**	**$ 7,184**
Net book value			
As at May 31, 2017	**$ 39,000**	**$ -**	**$ 39,000**
As at May 31, 2018	**$ 56,500**	**$ 69,196**	**$ 125,696**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade accounts payable	$ 215,259	$ 91,119
Accrued liabilities	58,300	7,600
	$ 273,559	$ 98,719

11. DEFERRED REVENUE

(a) On October 3, 2017, the Company entered into an exclusive collaboration and license agreement ("the Agreement") with Emblem Corp. ("Emblem"). Under the agreement, Emblem and the Company will collaborate on the pre-clinical formulation, clinical development, regulatory approval, manufacturing and commercialization of the Company's patent-pending oral sustained release formulation for cannabinoids.

(b) The following is a brief summary of the salient terms of the License Agreement:

(i) The License Agreement is for an initial term of 5 years and shall be automatically renewed thereafter for renewal terms of one year each.
(ii) The License Agreement applies to proprietary the Company products being oral sustained release tablet formulations of cannabinoids (the "Product").
(iii) The Company shall have the sole right to manufacture the Product.
(iv) The raw materials (cannabis and cannabis oil) required to manufacture the Product shall be provided to the Company free of charge by the Licensed Producer.
(v) The Licensed Producer shall purchase the products manufactured by the Company at the Company's cost plus 15%.
(vi) The Licensed Producer is responsible for all regulatory costs to obtain the required approvals to sell the Product in Canada at the Licensed Producer's sole cost and expense.

(c) The Company will be entitled to the following milestone payments pursuant to the License Agreement:

(i) $200,000 non-refundable payment was received upon execution of the License Agreement. This has been recorded as deferred revenue and is being amortized over the initial contract term of 5 years. Of that balance, $26,667 has been recognized as licensing fee revenue on the statement of loss and comprehensive loss for the year ended May 31, 2018 (2017 - $Nil). Deferred revenue as at May 31, 2018 totals $173,333 (2017 - $Nil).

(ii) A further $200,000 is to be received within forty-five (45) days following the development extended-release cannabis tablets acceptable to the Licensed Producer acting reasonably-on the basis of in-vitro dissolution data, received in September, 2017 *(see note 20(d))*.

(iii) Another $200,000 is to be received within forty-five (45) days following reasonably acceptable results from a stability study and an in-vivo bio-availability study confirming the Product provides "extended release". This in vivo study will involve 12 people and blood sampling over 12 hours;

11. DEFERRED REVENUE, CONTINUED

(iv) Upon the Licensed Producer being approved by Health Canada to sell pharmaceutically acceptable formulations of each of the three extended-release cannabinoid tablet formulations (high HTC, balanced THC/CBD and high CBD), a further $200,000 is to be received for each of three formulations.

(d) The Company will be entitled to the following royalty payments pursuant to the License Agreement:

(i) 10% of the gross sales the Licensed Producer receives from sales of each Product in the territory on sales up to and including $15 million per year and 15% of gross sales on sales exceeding $15 million per year.
(ii) The Licensed Producer shall be the exclusive licensee in the territory providing that the Licensed Producer meets the following royalty payment thresholds:

- First 12 months following first commercial sale: $300,000.
- Second 12 months following first commercial sale: $1,200,000.
- Third 12 months following first commercial sale and all subsequent 12 month periods: $2,100,000.

(e) If any of these thresholds are not met then the Licensed Producer shall have the option of making up the difference between the royalty-based payments and the thresholds. If the thresholds are not met and the Licensed Producer does not at its sole discretion make up the difference between the royalty-based payments and the thresholds, then the license shall at the Company's sole option terminate or the Company may designate the Licensed Producer as a non-exclusive licensee of the patents and the licensed know-how. In either event the Company may thereafter itself sell the Products or otherwise exercise the patent and know-how rights without restriction or license any number of third parties to sell the Products or otherwise exercise the patent and know-how rights without restriction.

12. SHARE CAPITAL

Continuity schedules for each component of the Company's share capital and other equity instruments are disclosed in the consolidated statements of changes in shareholders' equity for the years ended May 31, 2018 and 2017. Descriptions of the changes in share capital are as follows:

(a) **Authorized share capital**

The Company is authorized to issue an unlimited number of common shares.

12. **SHARE CAPITAL, CONTINUED**

(b) **Private placements during the year ended May 31, 2017:**

During the year ended May 31, 2017, the Company completed a number of private placements resulting in the issuance of 1,413,000 common shares at $1.00 per share for gross proceeds of $1,413,000, as follows: 10,000 common shares on October 7, 2016, 40,000 common shares on October 21, 2016, 188,200 common shares on November 29, 2016, and 1,174,800 common shares on February 21, 2017. Broker compensation warrants issued on the February 21, 2017 placement valued at $73,100 were deducted from share capital *(see note 15(a))*.

(c) **Private placement during the year ended May 31, 2018:**

As described in note 5(d), Canntab completed a private placement of 1,251,914 subscription receipts ("Subscription Receipt") at a price of $4.00 per Subscription Receipt for gross proceeds of $5,007,656 on December 19, 2017 and December 29, 2017 (the "Offering"). Immediately prior to the closing of the Amalgamation, each Subscription Receipt converted, with no additional consideration or action by the holder, to one common share of the Company. Broker compensation warrants, issued on April 16, 2018 with the concurrent closing of the private placement and the RTO transaction, valued at $235,512 were deducted from share capital *(see note 15(b))*.

(d) **Reverse takeover transaction of Telferscot Resources Inc. (the "Issuer") by Canntab ("the Resulting Issuer"):**

As a result of the reverse takeover transaction described in note 5, the following share capital transactions transpired:

(i) former shareholders of Canntab exchanged their former 4,713,000 Canntab shares (on a 1 for 4 basis) for 18,852,000 common shares of the Resulting Issuer;

(ii) former subscription receipt holders exchanged their former 1,251,914 subscription receipts (on a 1 for 4 basis) for 5,007,656 common shares of the Resulting Issuer; and

(iii) original shareholders of the Issuer exchanged their former 125,009,000 Telferscot shares (on a 200 for 1 basis) for 625,045 common shares of the Resulting Issuer.

(iv) share issue costs of $480,615 were incurred related to the private placement, including corporate finance fees and commissions, legal and accounting fees.

(e) **Exercise of stock option and special warrants:**

During May, 2018, (i) 400,000 (post-RTO) stock options were exercised at $0.25 per option for gross cash proceeds of $100,000 *(see note 13(d))*, and (ii) 400,000 (post-RTO) special warrants were exercised at $0.25 per special warrant for gross cash proceeds of $100,000 *(see note 14(c))*, resulting in the issuance of 800,000 common shares.

12. **SHARE CAPITAL, CONTINUED**

(f) **Loss per share**

Basic loss per share is computed using the weighted average number of common shares outstanding. After giving retroactive effect to the 1 for 4 share exchange ratio noted above, the weighted average number of common shares outstanding for the year ended May 31, 2018 was 21,128,694 (May 31, 2017 - 15,000,424).

After giving retroactive effect to the 1 for 4 share exchange ratio noted above, as at May 31, 2018, the potentially dilutive equity instruments outstanding were (i) 1,910,000 stock options (2017 - 1,880,000), (ii) 800,000 special warrants (2017 - 1,200,000, and (iii) 671,544 broker compensation warrants (2017 - 321,000).

13. **STOCK OPTIONS**

On April 20, 2016, the Company's directors approved and adopted a stock option plan for directors, officers, employees and consultants. The aggregate number of shares that may be reserved for issuance under the plan cannot exceed 10% of the total outstanding shares issued.

Stock option activity during the years ended May 31, 2018 and 2017 was as follows:

	Year ended May 31, 2018		Year ended May 31, 2017	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding, beginning of year	1,880,000	$ 0.25	-	$ -
Grant of options (Note 13(a))	-	-	470,000	1.00
Retroactive effect to the 1 for 4 share exchange ratio under RTO (Note 13(b))	-	-	1,410,000	0.25
Grant of options (Note 13(c))	430,000	1.00	-	-
Exercised in May, 2018 (Note 13(d))	(400,000)	0.25	-	-
Outstanding, end of year	1,910,000	$ 0.42	1,880,000	$ 0.25

13. **STOCK OPTIONS, CONTINUED**

As at May 31, 2018, the issued and outstanding options to acquire common shares of the Company were as follows:

	Number of options				
Grant date	**Granted**	**Exercisable**	**Exercise price ($)**	**Remaining life**	**Expiry date**
February 21, 2017	1,480,000	1,480,000	0.25	3.73	February 21, 2022
April 18, 2018	430,000	329,999	1.00	2.89	April 18, 2021
	1,910,000	1,809,999	0.42	3.54	

(a) On February 21, 2017, 470,000 stock options were granted, exercisable at $1.00, expiring after 5 years, and vested fully immediately. Using the Black-Scholes option pricing model with the assumptions of (1) risk-free interest rate of 1.03%, (2) expected volatility of 150%, (3) expected life of 5 years, and (4) dividend yield of 0.0%, the fair value of the stock options issued was $408,960, which was expensed under share based compensation and credited to contributed surplus.

(b) As a result of the 1 for 4 share exchange ratio applied from the RTO transaction *(see note 5(f))* that closed on April 16, 2018, the 470,000 options outstanding on that date that were exercisable for $1.00 each converted to 1,880,000 options exercisable at $0.25 each.

(c) On April 18, 2018, 430,000 stock options were granted, exercisable at $1.00, expiring after 3 years, vesting as to either (i) immediately, (ii) 1/3 immediately and 1/3 per year thereafter, or (iii) 1/4 immediately and 1/4 per year thereafter. Using the Black-Scholes option pricing model with the assumptions of (1) risk-free interest rate of 2.02%, (2) expected volatility of 150%, (3) expected life of 3 years, and (4) dividend yield of 0.0%, the fair value of the stock options vesting in the year was $319,938.

(d) In May, 2018, 400,000 of the options granted on February 21, 2017 were exercised for $0.25 per option for gross proceeds of $100,000 *(see note 12(e))*.

(e) Share based compensation for the year ended May 31, 2018, from the recognized vesting of both stock options and special warrants, totalled $319,938 (2017 - $681,600) *(see notes 13 and 14)*.

14. SPECIAL WARRANTS

Special warrant activity during the years ended May 31, 2018 and 2017 was as follows:

	Year ended May 31, 2018		Year ended May 31, 2017	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding, beginning of year	1,200,000	$ 0.25	-	$ -
Grant of special warrants (Note 14(a))	-	-	300,000	1.00
Retroactive effect to the 1 for 4 share exchange ratio under RTO (Note 14(b))	-	-	900,000	0.25
Exercised in May, 2018 14(c))	(400,000)	0.25	-	-
Outstanding, end of year	800,000	$ 0.25	1,200,000	$ 0.25
Weighted-average remaining life		1.33		0.57

(a) On February 21, 2017, 300,000 special warrants were granted and fully vested during the year ended May 31, 2017. The fair value of the special warrants issued was $272,640, which was expensed under share based compensation and credited to contributed surplus. It was calculated with the Black-Scholes option pricing model using the assumptions of (1) risk-free interest rate of 1.03%, (2) expected volatility of 150%, (3) expected life of 5 years, and (4) dividend yield of 0.0%.

(b) As a result of the 1 for 4 share exchange ratio applied from the RTO transaction *(see note 5(d))* that closed on April 16, 2018, the 300,000 special warrants outstanding on that date that were exercisable for $1.00 each converted to 1,200,000 special warrants exercisable at $0.25 each.

(c) In May, 2018, 400,000 of the special warrants granted on February 21, 2017 were exercised for $0.25 per option for gross proceeds of $100,000 *(see note 12(e))*.

15. BROKER COMPENSATION WARRANTS

Broker compensation warrant activity during the years ended May 31, 2018 and 2017 was as follows:

	Year ended May 31, 2018		Year ended May 31, 2017	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding, beginning of year	321,000	$ 0.25	-	$ -
Issuance of broker compensation warrants on February 21, 2017 (Note 15(a))	-	-	80,250	1.00
Issuance of broker compensation warrants authorized on December 28, 2017 (Note 15(b))	87,636	4.00	-	-
Retroactive effect to the 1 for 4 share exchange ratio under RTO (Note 15(c))	262,908	1.00	240,750	0.25
Outstanding, end of year	671,544	$ 0.64	321,000	$ 0.25
Weighted-average remaining life		1.33		1.33

(a) On February 21, 2017, 80,250 broker compensation warrants were granted in connection with the February 21, 2017 financing *(see note 12(b))*. The broker compensation warrants were issued to an entity related to the Company by common management *(see note 17(e)(i))*. The broker compensation warrants granted fully vested during the year ended May 31, 2017. The fair value of the broker compensation warrants issued was $73,100, which was deducted from share capital and credited to contributed surplus. It was calculated with the Black-Scholes option pricing model using the assumptions of (1) risk-free interest rate of 1.03%, (2) expected volatility of 150%, (3) expected life of 2 years, and (4) dividend yield of 0.0%.

(b) On December 28, 2017, the Board of Directors authorized the issuance of 87,675 broker compensation warrants exercisable at $4.00 each in connection with the December, 2017 private placement *(see note 12(c))*. The broker compensation warrants were exercisable at $4.00 each, expired in 2 years and fully vested immediately. 87,636 broker compensation warrants were actually issued on April 16, 2018 with the concurrent closing of the private placement and the RTO transaction *(see note 5(d))*. The fair value of the broker compensation warrants issued was $235,512, which was deducted from share capital and credited to contributed surplus. It was calculated with the Black-Scholes option pricing model using the assumptions of (1) risk-free interest rate of 2.02%, (2) expected volatility of 150%, (3) expected life of 2 years, and (4) dividend yield of 0.0%.

15. **BROKER COMPENSATION WARRANTS, CONTINUED**

(c) As a result of the 1 for 4 share exchange ratio applied from the RTO transaction *(see note 5(d))* that closed on April 16, 2018, the 167,886 broker compensation warrants outstanding on that date converted to 671,544 broker compensation warrants.

16. **INCOME TAXES**

(a) **Income tax rate reconciliation:**

The reconciliation of the combined Canadian federal and provincial statutory income tax rates on the net loss for the years ended May 31, 2018 and 2017 is as follows:

	2018	2017
Net loss before recovery of income taxes	**$ (2,408,413)**	$ (1,116,252)
Statutory tax rates	**26.50%**	26.50%
Expected income tax recovery	**(638,229)**	(295,807)
Decrease (increase) resulting from:		
Non-deductible expenses	**283,446**	181,563
Other adjustments	**(25,473)**	-
Change in unrecognized deferred tax assets	**380,256**	114,244
Income tax expense	**$ -**	$ -

(b) **Deferred tax:**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Non-capital losses	**3,887,345**	431,110
Capital losses	**665,477**	-
Share issue costs	**384,492**	-
Other	**106,131**	-

16. **INCOME TAXES, CONTINUED**

The non-capital loss carry forwards expire as noted in the table below. The capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue will be fully amortized by 2022. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

2030	$	54,890
2031		283,504
2032		284,834
2033		238,914
2034		163,245
2035		161,841
2036		316,688
2037		819,555
2038		1,563,874
	$	3,887,345

17. **RELATED PARTY TRANSACTIONS AND BALANCES**

During the years ended May 31, 2018 and 2017, the Company had the following related party transactions.

(a) Under the terms of identical consulting contracts effective January, 2017, the Company incurred consulting fees of $240,000 during the year ended May 31, 2018 (2017 - $102,315) to two entities controlled by officers and directors of the company. Each contract has the following general provisions: (i) management services are billed at a rate of $10,000 per month, (ii) term is indefinite, (iii) can be terminated by the Company at any time with cause (iii) can be terminated by the Company at any time without cause by payment of 36 months of fees to the consultant, (iv) can be terminated by the consultant upon giving 45 days notice to the Company, and (v) upon any change of control, the consultant can elect to terminate the agreement and receive payment of 36 months of fees.

As at May 31, 2018, accounts payable and accrued liabilities included $4,907 (2017 - $31,603) owing to these two entities.

(b) The Company is related to CMAX Technologies Inc. by virtue of common control. During the year ended May 31, 2018, the Company paid rent of $120,000 (2017 - $84,000) to CMAX. The Company entered into a lease renewal agreement dated December 1, 2017 with CMAX under which it is obligated to 12 consecutive monthly rent payments of $10,000.

(c) During the year ended May 31, 2017, the Company paid $40,000 to enter into a licensing agreement with CMAX. The amount was capitalized as an intangible asset *(see note 9)*.

17. RELATED PARTY TRANSACTIONS AND BALANCES, CONTINUED

(d) During the year ended May 31, 2017, 1,880,000 (post-RTO) stock options valued at $408,960 were granted to directors and key management *(see note 13(a))* and 1,200,000 (post-RTO) special warrants valued at $272,640 were granted to key management *(see note 14(a))*, resulting in share based compensation for the year of $681,600. No such options or warrants were issued to related parties in the year ended May 31, 2018.

(e) During the years ended May 31, 2018 and 2017, an entity controlled by an officer and director received financing compensation from the Company, as follows:

(i) In connection with the February, 2017 financing, 321,000 (post-RTO) broker compensation warrants were granted. The fair value of $73,100 has been included in contributed surplus.

(ii) In connection with the April, 2018 financing, 169,684 (post-RTO) broker compensation warrants were granted. The fair value of $121,646 has been included in contributed surplus. Total cash payments of $269,836 were also made with respect to commissions of $169,683 and corporate finance fees of $100,153, and are included in share issue costs.

18. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair value of financial instruments

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term or demand nature of these balances. The Company's financial instruments are exposed to certain financial risks, as summarized below.

(a) Classification of financial instruments

The classification and measurement of the financial assets and liabilities, as well as their carrying amounts and fair values are as follows:

			2018		2017	
Assets/liabilities	**Category**	**Measurement**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
			$	**$**	$	$
Cash	FVTPL	Fair value	**4,217,850**	**4,217,850**	958,620	958,620
Accounts receivable	Loans and receivables	Amortized cost	**170,021**	**170,021**	40,696	40,696
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	**273,559**	**273,559**	98,719	98,719

18. FINANCIAL INSTRUMENTS AND RISK FACTORS, CONTINUED

(b) Credit risk

The Company's credit risk is primarily attributable to accounts receivable, which is comprised of refundable HST ITC's. Management believes that credit risk with respect to accounts receivable is minimal. Cash and cash equivalents consists of bank deposits, cashable short-term investment certificates and unrestricted funds held in the Company lawyer's trust account, all of which have been invested with a Canadian chartered bank, from which management believes the risk of loss to be remote. The Company has no material concentration of credit risk arising from operations. There has been no change in this risk exposure or how it is managed since the prior reporting period.

(c) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at May 31, 2018, the Company had working capital of $4,149,961 (2017 - $900,597and as such, is not exposed to any liquidity risk. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

(d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

(i) The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(ii) Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risks. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. As the Company's investments are short-term in nature, interest rate risk is remote.

19. CAPITAL DISCLOSURES

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The Company includes equity, comprised of share capital, contributed surplus and accumulated deficit, in its definition of capital.

The Company manages its capital structure and adjusts it in light of economic conditions. Upon approval from its Board of Directors, it will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the year ended May 31, 2017.

20. SUBSEQUENT EVENTS

(a) On July 9, 2018, the Company announced that it has entered into a definitive collaboration and profit sharing agreement (the "Agreement") with FSD Pharma Inc. (CSE: HUGE) ("FSD Pharma"), which, through its wholly-owned subsidiary FV Pharma Inc., is a licensed producer pursuant to the Access to Cannabis for Medical Purposes Regulations. Under the terms of the Agreement, FSD Pharma will assist Canntab to obtain a license to process and sell cannabis products pursuant to the Cannabis Act (the "License"). FSD Pharma will provide Canntab with up to 10,000 square feet of space at the FSD Facility (the "Canntab Premises"). Canntab will build and install, at its expense, its own manufacturing facility within the larger FSD Facility.

In consideration of FSD Pharma's services, Canntab will grant FSD Pharma certain royalty and profit sharing rights in connection with the sale of the Canntab products. Canntab will provide FSD Pharma with 50% of the profits that Canntab receives on any retail sales of Canntab Products through channels that are established by FSD Pharma and FSD Pharma will be entitled to retain 50% of the profits on FSD Pharma's sales of the Canntab products. In addition, Canntab shall pay a royalty to FSD equal to 3.5% of Canntab's sale price of all products manufactured and sold by Canntab from the Canntab Premises.

(b) On July 16, 2018, the Company issued 100,000 stock options to an outside consultant. Each option entitles the holder thereof to acquire one common share for a period of 3 years at an exercise price of $1.00 per common share. Of the 100,000 options, 50,000 vest immediately, and the remaining 50,000 will vest in one year, provided that the consultant is still providing services to the Company at that time.

(c) In September, 2017, the Company entered into agreements with arm's length companies as follows:

(i) A financial advisory firm to provide services including, but not limited to, capital markets advisory, financial and operational analysis, and recommendations on strategic growth objectives for a monthly fee of $20,000 and 200,000 stock options. Each option entitles the holder to purchase 1 common share of the Company at $1.02 per share at any time up to 36 months from the grant date. The agreement is for a minimum term of three months, continuing on a month-to-month basis thereafter, and can be terminated by the Company any time after the initial term upon 15 days' notice.

(ii) An investor relations firm for a monthly fee of $14,000 plus 250,000 stock options. Each option entitles the holder to purchase 1 common share of the Company at $1.02 per share at any time up to 5 years from the grant date. The agreement is for a minimum term of three months, continuing on a month-to-month basis thereafter, and can be terminated by the Company any time after the initial term upon 15 days' notice.

(d) In September, 2017, the Company received $200,000 upon reaching the second milestone under its agreement with Emblem Corp. *(see note 11(c)(ii))*.

(e) On September 18, 2018, the Company also announces that the Board of Directors has authorized the grant of 100,000 incentive stock options to certain employees and consultants. Each such option entitles the holder to acquire one common share for a period of 3 years at an exercise price of $1.22 per common share.

21. COMPARATIVE FIGURES

The consolidated statement of net loss and comprehensive loss for the year ended May 31, 2017 has been reclassified, where applicable, to conform to the presentation adopted in the current year.

SCHEDULE "B"
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

CANNTAB THERAPEUTICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

YEARS ENDED MAY 31, 2018 AND 2017

CANNTAB THERAPEUTICS LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS
YEARS ENDED MAY 31, 2018 AND 2017

The following management discussion and analysis ("MD&A") of Canntab Therapeutics Limited ("Canntab" or "the Company") provides a review of corporate developments, results of operations and financial position for the years ended May 31, 2018 and 2017 ("FY2018 and "FY2017" respectively). This discussion is prepared as of September 28, 2018 and should be read in conjunction with the consolidated financial statements and the accompanying notes for the years ended May 31, 2018 and 2017. Additional information relating to the Company is available on Canntab's SEDAR profile at www.sedar.com and the Company's website at www.canntab.ca. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares, (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

COMPANY OVERVIEW

Canntab was incorporated on April 20, 2016 under the Canada Business Corporations Act with its head office located at 223 Riviera Drive, Markham, Ontario, L3R 5J6. It is a public company that trades on the Canadian Securities Exchange ("CSE") under the symbol "PILL". The Company is a Canadian cannabis oral dosage formulation company engaged in the research and development of advanced pharmaceutical grade formulations of cannabinoids. It has developed in-house technology to deliver standardized medical cannabis extract from selective strains in a variety of extended/sustained release pharmaceutical dosages for therapeutic use.

The Extended Release Tablet ("XR" or the "XR Tablet") is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems. These challenges include, but are not limited to, accuracy of dosing, onset times, duration of action, bioavailability, discreetness of consumption, ease of spoilage and the reduction of side effects, and are all directly addressed by the unique formulation of the XR Tablet. The XR Tablet is designed to contain either THC, CBD, or a combination of THC/CBD (depending on the composition of the medicine), permitting it to meet the demands of a broader patient base than the current synthetic-THC based pills in the market today.

Intellectual property underpins the value of XR Tablets in the form of four international patent applications already filed. Canntab is rapidly moving toward the commercialization phase by partnering with a best-in-class licensed producer of medicinal cannabis in Canada and gearing up for its first series of pre-clinical trials.

FY2018 HIGHLIGHTS

Collaboration and licensing agreement with Emblem Corp. ("Emblem")

On October 3, 2017, the Company entered into an exclusive marketing and sale license agreement with Emblem Corp., a licensed producer for the Canadian market. Under the agreement, Emblem and Canntab will collaborate on the pre-clinical formulation, clinical development, regulatory approval, manufacturing and commercialization of the patent-pending oral sustained-release formulation for cannabinoids. The agreement grants Emblem the exclusive right in Canada to Canntab's patents and know-how for the purpose of developing, commercializing, using, selling, and offering the sustained-release product for sale under the Emblem brand.

Public listing on Canadian Securities Exchange ("CSE") in April, 2017

On January 12, 2018, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Telferscot Resources Inc. ("Telferscot" of the "Issuer") and 2611780 Ontario Inc. ("Numco"), pursuant to which the parties completed a business combination by way of a three-cornered amalgamation (the "Amalgamation") under the Business Corporations Act (Ontario). On April 16, 2018, Canntab amalgamated with Numco and carried on the existing business of Canntab as a wholly owned operating subsidiary of the Issuer, which filed Articles of Amendment to change its name to Canntab Therapeutics Limited (the "Resulting Issuer") (see "Reverse Takeover" section below).

Private placement financing

In connection with the Amalgamation, Canntab completed a private placement of 1,251,914 subscription receipts ("Subscription Receipt") at a price of $4.00 per Subscription Receipt for gross proceeds of $5,007,656 on December 19, 2017 and December 29, 2017 (the "Offering").

Intellectual property

Canntab's portfolio now includes 13 patent applications in Canada, the United States and internationally. These filings build on Canntab's growing intellectual property portfolio, which already included patent applications and trademark applications in the United States and Canada.

EMBLEM CORP.

On October 3, 2017, the Company entered into an exclusive marketing and sale license agreement with Emblem Corp., a Licensed Producer (the "Licensed Producer") for the Canadian market (the "License Agreement"). The following is a brief summary of the salient terms of the License Agreement: (i) the License Agreement is for an initial term of 5 years and shall be automatically renewed thereafter for renewal terms of one year each, (ii) the License Agreement applies to proprietary the Company products being oral sustained release tablet formulations of cannabinoids (the "Product"), (iii) the Company shall have the sole right to manufacture the Product, (iv) the raw materials (cannabis and cannabis oil) required to manufacture the product shall be provided to the Company free of charge by the Licensed Producer, and (v) the Licensed Producer shall purchase the products manufactured by the Company at the Company's cost plus 15%.

The Company will be entitled to the following milestone payments pursuant to the License Agreement: (i) $200,000 upon execution of the License Agreement, (ii) $200,000 within forty-five (45) days following the development extended-release cannabis tablets acceptable to the Licensed Producer acting reasonably-on the basis of in-vitro dissolution data, (iii) $200,000 within forty-five (45) days following reasonably acceptable results from a stability study and an in-vivo bio-availability study confirming the Product provides "extended release", and (iv) $200,000 each upon the Licensed Producer being approved to sell pharmaceutically acceptable formulations of each of the three extended-release cannabinoid tablet formulations (high HTC, balanced THC/CBD and high CBD) by Health Canada.

The Company will be entitled to the following royalty payments pursuant to the License Agreement:

- 10% of the gross sales the Licensed Producer receives from sales of each Product in the territory on sales up to and including $15 million per year and 15% of gross sales on sales exceeding $15 million per year.
- The Licensed Producer shall be the exclusive licensee in the territory providing that the Licensed Producer meets the following royalty payment thresholds: (i) first 12 months following first commercial sale: $300,000, (ii) second 12 months following first commercial sale: $1,200,000, and (iii) third 12 months following first commercial sale and all subsequent 12 month periods: $2,100,000.

REVERSE TAKEOVER

On April 16, 2018, under the terms of the Amalgamation Agreement referred to above, Canntab amalgamated with Numco and carries on the existing business of Canntab as a wholly owned operating subsidiary of the Issuer, which filed Articles of Amendment to change its name to Canntab Therapeutics Limited (the "Resulting Issuer"). Pursuant to the terms of the Amalgamation Agreement, each shareholder of Canntab received four common shares of the Issuer for every one common share of Canntab held by such shareholder (the "Exchange Ratio"). In addition, each holder of a stock option or warrant of Canntab received an equal number of replacement stock options, special warrants and broker compensation warrants of the Issuer, as applicable.

Although the transaction resulted in Canntab legally becoming a wholly-owned subsidiary of Telferscot, the transaction constituted a reverse takeover of Telferscot and has been accounted for as a reverse takeover transaction in accordance with guidance provided in IFRS 2 Share Based Payments. As Telferscot did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction did not constitute a business combination. It has been treated as an issuance of shares by Canntab for the net monetary assets of Telferscot.

The transaction therefore has been accounted for as a capital transaction, with Canntab being identified as the accounting acquirer and the equity consideration measured at fair value. The resulting consolidated balance sheet has been presented as a continuance of Canntab operations and comparative figures presented in the consolidated financial statements after the reverse acquisition are those of Canntab. The results of operations, cash flows and the assets and liabilities of Telferscot have been included in these consolidated financial statements since April 16, 2018, the acquisition date.

PATENTS AND TRADEMARKS

Canntab's portfolio now includes 13 patent applications in Canada, the United States and internationally. These filings build on Canntab's growing intellectual property portfolio, which already included patent and trademark applications in the United States and Canada. The new Canadian patent applications that were filed pertain to a variety of Canntab's innovative technologies related to oral dosage formulations of pharmaceutical cannabis, including Sustained Release Cannabinoid Formulations and Sustained Release Cannabinoid Pellets.

Previously filed applications relate to Immediate Release Cannabidiol Formulations; Modified-Release Multi-Layer Cannabinoid Formulations; Flash-Melt Cannabinoid Formulations; and Bi- layer Cannabinoid Tablets.

These patent applications are part of Canntab's continuing strategy to develop a comprehensive intellectual property portfolio which covers the company's technology and formulations related to pharmaceutical preparations which contain natural or synthetic cannabinoids. Canntab is currently developing a number of products which utilize this technology, which includes a variety of extended released tablets containing a mixture of THC (Tetrahydrocannabinol) and CBD (Cannabidiol) that may be helpful in the treatment of a number of ailments, such as sleep disorders, post-traumatic stress disorder (PTSD), social anxiety, addiction, arthritis, general pain, pain management and appetite loss associated with cancer treatments, and addiction treatment therapy of opioids and other painkillers.

Canntab is currently in the process of seeking approval from Health Canada for its extended release tablets and making batches of the tablets for third-party clinical trials in Canada. The company also plans to enter the United States market by obtaining a manufacturing and distributors license in certain US states.

SELECT FINANCIAL INFORMATION

	2018	2017	2016
	$	$	$
Cash and cash equivalents	**4,217,850**	958,620	-
Working capital	**4,149,961**	900,597	60,207
Shareholders' equity	**4,302,166**	1,038,555	60,207
Revenue	**41,678**	313	-
RTO transaction costs	**742,601**	-	-
Net loss and comprehensive loss	**(2,408,413)**	(1,116,252)	-
Loss per share	**(0.11)**	(0.07)	0.00

RESULTS OF OPERATIONS

Year ended May 31, 2018 compared to May 31, 2017

The Company had a net loss of $2,408,413 for FY2018 compared to $1,116,252 for FY2017.

As the Company is in its early stages, it does not have any ongoing recurring revenue streams. The only non-interest revenue recognized to date is the amortization of the first milestone payment of $200,000 (being the payment on execution of the License Agreement) of received from Emblem Corp. in the amount of $26,667 (FY2017 - $Nil).

As the Company has become more active operationally, it incurred operating expenses of $1,707,490 in FY2018 (FY2017 - $1,116,565, an increase of $590,925. Overall, most of the increase is due to the Company being operational for a full twelve months in FY2018 versus about eight months in FY2017. More specifically, the major components of the increase are as follows:

- Consulting fees in FY2018 of $517,799 compared to $211,143 in FY2017, an increase of $306,656 as more consultants were engaged for the start-up processes with respect to product development, marketing, etc.
- Professional fees in FY2018 of $162,987 compared to $54,100 in FY2017, an increase of $108,887 resulting from increased legal, audit and accounting fees.
- Employee compensation and benefits in FY2018 of $158,587 compared to $15,841 in FY2017, an increase of $142,746 as staff hired for traditional administrative roles.
- Research and development in FY2018 of $140,732 compared to $40,685 in FY2017, an increase of $100,047 as the Company seeks to expand and improve its product line.
- Marketing and promotion in FY2018 of $126,346 compared to $Nil in FY2017, the increase resulting from costs to improve market awareness by the investment community of the Company's business activities and strategy.
- Share based compensation, from the valuation of the stock options and special warrants granted to directors, officers, and consultants that vested during the respective periods, totalled $319,938 in FY2018 compared to $681,600 in FY2017, a decrease of $361,662, mostly relating to the valuation of special warrants issued in FY2017.

QUARTERLY PERFORMANCE

The following table highlights certain key quarterly financial highlights. Commentary on the selected highlights is included under "Results of Operations" and "Liquidity and Capital Resources".

	May-2018 2018 Q4 $	Feb-2018 2018 Q3 $	Nov-2017 2018 Q2 $	Aug-2017 2018 Q1 $	May-2017 2017 Q4 $	Feb-2017 2017 Q3 $	Nov-2016 2017 Q2 $	Aug-2016 2017 Q1 $
Balance sheet								
Cash	4,217,850	237,412	599,823	610,676	958,620	1,307,090	204,789	-
Working capital	4,149,959	217,321	579,663	672,574	900,597	1,308,191	206,958	60,207
Shareholders' equity	4,302,165	291,146	579,624	826,952	1,038,555	1,348,191	206,958	60,207
Income statement								
Revenues	23,712	9,660	7,623	683	313	-	-	-
Consulting fees	145,343	168,266	80,800	123,390	169,476	26,667	15,000	-
Share based compensation	319,938	-	-	-	-	681,600	-	-
Net loss and comprehensive loss	(1,661,006)	(288,478)	(247,328)	(211,602)	(309,763)	(775,247)	(31,242)	-

LIQUIDITY AND CAPITAL RESOURCES

The Company has not begun commercial sales of any of its products and accordingly, does not generate cash from operations. The Company finances its operating expenses and product development and research activities by raising capital from equity markets.

Working capital as at May 31, 2018 was $4,149,961 compared to $900,597 as at May 31, 2017. Cash and cash equivalents increased by $3,259,230 to $4,217,850 as at May 31, 2018 from $958,620 as at May 31, 2017. The increase was the net of (i) proceeds from the issuance of share capital and exercise of stock options and special warrants (net of share issue costs) during FY2018 of $4,727,041 (FY2017 - $1,413,000) less (ii) operating expenses of $1,707,490 (FY2017 - $1,116,565).

The Company completed a private placement of 1,251,914 subscription receipts ("Subscription Receipt") at a price of $4.00 per Subscription Receipt for gross proceeds of $5,007,656 on December 19, 2017 and December 29, 2017 (the "Offering"). Immediately prior to the closing of the Amalgamation (see "Reverse Takeover" section above), each Subscription Receipt converted, with no additional consideration or action by the holder, to one common share of the Company. Broker compensation warrants, issued on April 16, 2018 with the concurrent closing of the private placement and the RTO transaction, valued at $235,512 were deducted from share capital.

During May, 2018, (i) 400,000 (post-RTO) stock options were exercised at $0.25 per option for gross cash proceeds of $100,000, and (ii) 400,000 (post-RTO) special warrants were exercised at $0.25 per special warrant for gross cash proceeds of $100,000, resulting in the issuance of 800,000 common shares.

During FY2017, the Company completed a number of private placements resulting in the issuance of 1,413,000 common shares at $1.00 per share for gross proceeds of $1,413,000. Broker compensation warrants issued on February 21, 2017 valued at $73,100 were deducted from share capital.

CAPITALIZATION

The Company has common shares and other equity instruments outstanding at each reporting date as follows:

	September 28, 2018	May 31, 2018	May 31, 2017	Change in reporting period
Common shares	25,284,701	25,284,701	18,852,000	6,432,701
Stock options	2,010,000	1,910,000	1,880,000	30,000
Special warrants	800,000	800,000	1,200,000	(400,000)
Broker compensation warrants	671,544	671,544	321,000	350,544
Total equity instruments	28,766,245	28,666,245	22,253,000	6,413,245

Pursuant to the terms of the Amalgamation Agreement, each shareholder of Canntab received four (4) common shares (a "Common Share") of the Issuer for every one (1) common share of Canntab held by such shareholder (the "Exchange Ratio"). In addition, each holder of a stock option or warrant of Canntab received an equal number of replacement stock options, special warrants and broker compensation warrants of the Issuer, as applicable. Accordingly, the outstanding equity instruments previously reported as at May 31, 2017 have been restated by a factor of 4 to 1.

During FY2018, the Company issued 6,432,701 common shares as follows:

(a) 1,251,914 subscription receipts that converted to 5,007,656 common shares (after giving effect to the exchange ratio from the Amalgamation Agreement)
(b) 625,045 common shares to the shareholders of Telferscot as a result of the reverse takeover transaction
(c) 800,000 common shares from the exercise of 400,000 stock options and 400,000 special warrants

During FY2018, the outstanding stock options increased by a net of 30,000 as a result of:

(a) the grant of 430,000 options on April 18, 2018, exercisable at $1.00, expiring after 3 years, vesting as to either (i) immediately, (ii) 1/3 immediately and 1/3 per year thereafter, and (iii) 1/4 immediately and 1/4 per year thereafter
(b) the exercise of 400,000 stock options in May, 2018
(c) in July, 2018, the Company issued 100,000 stock options to an outside consultant, exercisable at $1.00, expiring after 3 years, vesting as to 50% immediately and 50% after one year

In connection with the subscription rights offering described above, the Board of Directors authorized the issuance of (pre-RTO) 87,675 broker compensation warrants exercisable at a (pre-RTO) value of $4.00 each in connection with the December, 2017 private placement. The broker compensation warrants are exercisable at a (post-RTO) value of $1.00 each, expire in 2 years and fully vested immediately. 350,544 post-RTO (87,636 pre-RTO) broker compensation warrants were actually issued on April 16, 2018 with the concurrent closing of the private placement and the RTO transaction.

RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended May 31, 2018 and 2017, the Company had the following related party transactions, including (i) compensation of key current and/or former management personnel and directors, and (ii) transactions with entities related to and/or controlled by officers and/or directors, as follows:

(a) During the year ended May 31, 2018, the Company incurred consulting fees of $240,000 (2017 - $102,315) to two entities controlled by officers and directors of the company. As at May 31, 2018, accounts payable and accrued liabilities included $4,907 (2017 - $31,603) owing to these two entities.

(b) The Company is related to CMAX Technologies Inc. by virtue of common control. During the year ended May 31, 2018, the Company paid rent of $120,000 (2017 - $84,000) to CMAX. The Company also entered into a lease agreement dated December 1, 2017 under which it is obligated to 12 consecutive monthly rent payments of $10,000.

(c) During the year ended May 31, 2017, the Company paid $40,000 to enter into a licensing agreement with CMAX. The amount was capitalized as an intangible asset.

(d) During the year ended May 31, 2017, 1,880,000 (post-RTO) stock options valued at $408,960 were granted to directors and key management and 1,200,000 (post-RTO) special warrants valued at $272,640 were granted to key management, resulting in share based compensation for the year of $681,600. No such options or warrants were issued to related parties in the year ended May 31, 2018.

(e) During the years ended May 31, 2018 and 2017, an entity controlled by an officer and director received financing compensation from the Company, as follows:

   (i) In connection with the February, 2017 financing, 321,000 (post-RTO) broker compensation warrants were granted. The fair value of $73,100 has been included in contributed surplus.
   (ii) In connection with the subscription receipts financing that closed in April, 2018 financing, total cash payments of $269,836 were also made with respect to commissions of $169,683 and corporate finance fees of $100,153. 169,684 (post-RTO) broker compensation warrants were also granted, for which the fair value of $121,646 has been included in contributed surplus.

SUBSEQUENT EVENTS

FSD Pharma agreement

On September 18, 2018, the Company announced that it has entered into a definitive collaboration and profit sharing agreement (the "Agreement") with FSD Pharma Inc. (CSE: HUGE) ("FSD Pharma"), which, through its wholly-owned subsidiary FV Pharma Inc., is a licensed producer pursuant to the Access to Cannabis for Medical Purposes Regulations. Under the terms of the Agreement, FSD Pharma will assist Canntab to obtain a license to process and sell cannabis products pursuant to the Cannabis Act (the "License"). FSD Pharma will provide Canntab with up to 10,000 square feet of space at the FSD Facility (the "Canntab Premises"). Canntab will build and install, at its expense, its own manufacturing facility within the larger FSD Facility.

In consideration of FSD Pharma's services, Canntab will grant FSD Pharma certain royalty and profit sharing rights in connection with the sale of the Canntab products. Canntab will provide FSD Pharma with 50% of the profits that Canntab receives on any retail sales of Canntab Products through channels that are established by FSD Pharma and FSD Pharma will be entitled to retain 50% of the profits on FSD Pharma's sales of the Canntab products. In addition, Canntab shall pay a royalty to FSD equal to 3.5% of Canntab's sale price of all products manufactured and sold by Canntab from the Canntab Premises.

Stock options

On July 16, 2018, the Company issued 100,000 stock options to an outside consultant. Each option entitles the holder thereof to acquire one common share for a period of 3 years at an exercise price of $1.00 per common share. Of the 100,000 options, 50,000 vest immediately, and the remaining 50,000 will vest in one year, provided that the consultant is still providing services to the Company at that time.

On September 18, 2018, the Company also announces that the Board of Directors has authorized the grant of 100,000 incentive stock options to certain employees and consultants. Each such option entitles the holder to acquire one common share for a period of 3 years at an exercise price of $1.22 per common share.

Advisory agreements

In September, 2017, the Company entered into agreements with arm's length companies as follows:

(a) A financial advisory firm to provide services including, but not limited to, capital markets advisory, financial and operational analysis, and recommendations on strategic growth objectives for a monthly fee of $20,000 and 200,000 stock options. Each option entitles the holder to purchase 1 common share of the Company at $1.02 per share at any time up to 36 months from the grant date. The agreement is for a minimum term of three months, continuing on a month-to-month basis thereafter, and can be terminated by the Company any time after the initial term upon 15 days' notice.

(b) An investor relations firm for a monthly fee of $14,000 plus 250,000 stock options. Each option entitles the holder to purchase 1 common share of the Company at $1.02 per share at any time up to 5 years from the grant date. The agreement is for a minimum term of three months, continuing on a month-to-month basis thereafter, and can be terminated by the Company any time after the initial term upon 15 days' notice.

Emblem contract

In September, 2017, the Company received $200,000 upon reaching the second milestone under its agreement with Emblem Corp.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

IAS 7 "Statement of Cash Flow" has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted effective January 1, 2017 and their adoption did not have a significant impact on these consolidated financial statements.

IAS 12 "Income Taxes" was amended by the IASB in January 2016 to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The new amendments were adopted effective January 1, 2017 and their adoption did not have a significant impact on these consolidated financial statements.

NEW AND REVISED IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities" was issued by the IASB in July 2014 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The Company is currently evaluating the impact on its financial statements upon adoption of this standard, but does not expect the impact of IFRS 9 on the consolidated financial statements to be material.

IFRS 15 "Revenue from Contracts with Customers" was issued by the IASB in May 2014, which replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and IFRIC 13 – Customer Loyalty Programs ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact on its financial statements upon adoption of this standard, but does not expect the impact of IFRS 15 on the consolidated financial statements to be material.

IFRS 16 "Leases" was issued by the IASB in January 2016 and will ultimately replace IAS 17, "Leases" and related interpretations. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

IFRIC 23 "Uncertainty Over Income Tax Treatments" was issued in June 2017 and is effective for years beginning on or after January 1, 2019, to be applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to develop its resources properties so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

RISKS AND UNCERTAINTIES

An investment in the Company involves significant risks and must be considered speculative due to the nature of the Company's business. Investors should carefully consider the risks and uncertainties described below. This list of risks and uncertainties below is not exhaustive. Furthermore, additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect its business.

Risks related to the Company's business

The Company has a history of operating losses, albeit short, but may never achieve profitability in the future. The Company is an early stage product development company, and accordingly, it has not yet generated any revenues.

The Company expects to be involved in research and development to create several oral cannabis products and then performing extensive trial testing and conducting research studies with such products prior to determining their commercial viability. This process may take several years and require significant financial resources without revenue. The Company expects these expenses to result in continuing operating losses for the foreseeable future.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on the Company's business, financial condition and results of operations.

Protection of patents and trademarks

The Company's success will depend in part upon its ability to obtain maintain current patents and trademarks (as well as successfully file future patents and trademarks) for its current and future product lines. Obtaining such patent and trademark protection can be costly and the outcome of any application for such can be unpredictable. In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent and trademark protection, thereby affecting the development and commercial value of the Company's technology and products.

Regulatory proceedings, investigations and audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require The Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Insurance and uninsurable risk

The Company may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position. The Company currently maintains no insurance other than director and officer liability insurance. The Company may, however, acquire insurance in the future to protect against certain risks in such amounts as management considers reasonable. While it may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. Even after acquiring insurance, such insurance may not cover all the potential risks associated with product liability. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Product liability

As a cannabis oral dosage formulation company engaged in the research and development of advanced pharmaceutical grade formulations of cannabinoids designed to be ingested by humans, the Company, upon commercial launch, faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company. This scenario could prevent or inhibit the commercialization of the Company's potential products. To date, there have been no product related issues.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand. At this time, there is no outstanding litigation against the Company.

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. In its efforts to achieve its objectives, the Company will compete with other companies that may have greater resources, faster execution to market, and potentially superior products.

Conflicts of interest

The Company's directors and officers may currently be involved, or become involved, in other business ventures that could compete with its products and services. Business opportunities for the Company may create circumstances in which outside interests of directors and officers conflict with the interests of the Company. Directors and officers are required to act in good faith and in a manner that benefits the Company.

It is possible, however, that directors and officers may owe similar consideration to another organization(s). If these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company, the Company will take the necessary steps to protect its interests.

Dependence on key personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Financial liquidity

The Company has not yet generated meaningful revenue and will likely operate at a loss until its first product gets to market. It may require additional financing in order to execute its business plan. Its ability to secure required financing will depend in part upon on investor perception of the ability to create a successful business. Capital market conditions and other factors beyond the Company's control may also play important roles in its ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts felt required, or unavailable on acceptable terms, the Company may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Costs of maintaining a public listing

As a result of obtaining a public listing, the Company will incur greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Share price volatility and speculative nature of share ownership

The Company is listed for trading on the CSE, resulting in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Company may significantly influence the price at which shares trade, and the volatility of the share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of our shares.

Sentiment toward cannabis stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of the Company's shares. The Company is a relatively young company that is not generating revenue and does not possess significant cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed or maintained for the Company's shares.

Risks relating to the Company's common stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations. A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

Limited operating history

The Company has not generated significant profits or revenues in the periods covered by its most recent financial statements, and as a result, has only a very limited operating history upon which its business and future prospects may be evaluated. The Company is therefore subject to many of the risks common to early-stage enterprises, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There is no assurance that The Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Lack of operational liquidity

The expenses of the Company will be funded from cash on hand from the remaining proceeds of the previous offerings. Once such cash has been expended, the Company will be required to seek additional financing. There is no guarantee that any debt or additional equity or equity related offering of securities will be available on terms acceptable to the Company or available at all or that it will be able to locate or sell mineral resources in a timely or profitable manner.

Resignation of key personnel

The success of the Company is highly dependent on the services of certain management personnel. The loss of the services of such personnel if not replaced, could have a material adverse effect on the business operations. The Company does not currently have key-person insurance on these individuals.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the existing shareholders.

Dividends

No dividends on the common shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Company's Board of Directors after considering account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

Financial market turmoil

Global financial market and economic conditions can pose a significant threat to economic growth in almost all sectors and economies, causing a decline in consumer and business confidence, a reduction in credit availability and a dampening in business and household spending.