FINCANNA CAPITAL CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the nine months ended
January 31, 2018

FINCANNA CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

		January 31, 2018		April 30, 2017
ASSETS				
Current				
Cash	$	2,674,111	$	27,990
Subscriptions receivable		-		225,000
GST receivable		76,753		10,553
Prepaid expenses (Note 5)		968,902		-
		3,719,766		263,543
Non-current				
Investment in Profit Sharing Arrangement (Note 6)		758,478		-
Loan (Note 6)		6,200,704		1,140,300
		6,959,182		1,140,300
	$	10,678,948	$	1,403,843
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	81,507	$	91,685
Shareholders' equity				
Share capital (Note 7)		20,559,363		1,773,930
Reserves (Note 7)		2,957,503		63,552
Deficit		(12,919,425)		(525,324)
		10,597,441		1,312,158
	$	10,678,948	$	1,403,843

Nature and continuance of operations (Note 1)
Commitment (Note 6)
Subsequent events (Note 12)

Approved and authorized by the Board on April 19, 2018.

"Andriyko Herchak" Director *"Jeffery Tindale"* Director

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

FINCANNA CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended January 31, 2018	Nine months ended January 31, 2018	From incorporation on November 28, 2016 to January 31, 2017
REVENUES			
Interest income from Loan	$ 479,200	$ 479,200	$ -
	479,200	479,200	-
EXPENSES			
Consulting fees (Note 8)	201,207	401,657	51,440
Management fees (Note 8)	112,500	359,167	43,300
Marketing and investor relations	865,287	1,097,226	1,280
Office and miscellaneous	51,321	89,319	2,694
Professional fees	223,235	601,574	70,161
Share-based payments (Notes 7(e), 8(e))	1,315,227	2,022,143	-
Transfer agent and filing fees	867	867	-
Travel and accommodation	13,244	70,377	2,142
	(2,782,888)	(4,642,330)	(171,017)
OTHER INCOME (EXPENSES)			
Finance income (Note 6)	382,575	-	-
Foreign exchange (Note 6)	(189,536)	(342,573)	-
Listing expense (Note 4)	(7,888,398)	(7,888,398)	-
	(7,695,359)	(8,230,971)	-
Loss and comprehensive loss for the period	$ (9,999,047)	$ (12,394,101)	$ (171,017)
Basic and diluted loss per common share	**$ (0.22)**	**$ (0.37)**	**$ (0.03)**
Weighted average number of common shares outstanding – basic and diluted	**46,235,885**	**33,472,144**	**6,757,943**

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

FINCANNA CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)
AS AT

	Share Capital (Note 7)				
	Shares	Amount	Reserves	Deficit	Total
Balance, November 28, 2016	1	$ 1	$ -	$ -	$ 1
Private placements	11,791,664	1,768,750	-	-	1,768,750
Share issue costs – cash	-	(132,730)	-	-	(132,730)
Share issue costs – finders' warrants	-	(63,552)	63,552	-	-
Loss and comprehensive loss for the period	-	-	-	(171,017)	(171,017)
Balance, January 31, 2017	11,791,665	1,572,469	63,552	(171,017)	1,465,004

Balance, April 30, 2017	13,291,665	1,773,930	63,552	(525,324)	1,312,158
Private placements	29,331,098	11,652,223	-	-	11,652,223
Shares issued – limited recourse loan	1,900,000	-	-	-	-
Return to treasury – limited recourse loan	(400,000)	-	-	-	-
Share-based payments - vesting of shares in limited recourse loans	-	180,000	-	-	180,000
Shares of Astar Minerals (Note 4)	21,595,334	7,558,367	781,168	-	8,339,535
Warrants exercised	2,901,177	870,354	-	-	870,354
Share issued for services	70,000	21,000	-	-	21,000
Shares issued for finder's fee	150,000	-	-	-	-
Share issue costs – cash	-	(1,225,871)	-	-	(1,225,871)
Share issue costs – finders' warrants	-	(270,640)	270,640	-	-
Share-based payments – options	-	-	1,842,143	-	1,842,143
Loss and comprehensive loss for the period	-	-	-	(12,394,101)	(12,394,101)
Balance, January 31, 2018	68,839,274	$ 20,559,363	$ 2,957,503	$ (12,919,425)	$ 10,597,441

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

FINCANNA CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

		Nine months ended January 31, 2018		From incorporation on November 28, 2016 to January 31, 2017
OPERATING ACTIVITIES				
Loss and comprehensive loss	$	(12,394,101)	$	(171,017)
Items not involving cash:				
Interest income on loan		(479,200)		-
Shares issued for services – consulting fees		21,000		-
Finance expense on loan (Note 6)		-		-
Foreign exchange on loan (Note 6)		320,655		-
Listing expense related to reverse acquisition (Note 4)		7,888,398		-
Share-based payments		2,022,143		-
Changes in non-cash working capital items:				
GST receivable		(66,200)		(8,162)
Prepaid expenses		(945,535)		(20,000)
Accounts payable and accrued liabilities		(14,856)		21,592
Cash used in operating activities		(3,647,696)		(177,587)
INVESTING ACTIVITIES				
Loan funds advanced		(5,660,337)		(1,288,065)
Cash received on reverse acquisition (Note 4)		432,448		-
Cash used in investing activities		(5,227,889)		(1,288,065)
FINANCING ACTIVITIES				
Proceeds from private placements		11,877,223		1,768,750
Warrants exercised		870,354		-
Share issue costs		(1,225,871)		(132,730)
Cash provided by financing activities		11,521,706		1,636,020
Change in cash for the period		2,646,121		170,368
Cash, beginning of period		27,990		-
Cash, end of period	$	2,674,111	$	170,368

Significant non-cash transactions:				
Fair value of finders' warrants issued	$	270,640	$	63,552
Shares issued relating to limited recourse loans	$	450,000	$	-
Fair value of shares issued on completion of Transaction (Note 4)	$	7,558,367	$	-
Reclassification of loan to Investment Profit Sharing Arrangement	$	758,478	$	-
Fair value of shares issued for finder's fee	$	75,000	$	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

FinCanna Capital Corp. (the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on November 28, 2016, under the name 1098119 B.C. Ltd., and changed its name to Coachella Cannabis Corp. on the same date, and further to FinCanna Capital Corp. on May 12, 2017. The Company's head office address is at Suite 550 – 800 West Pender Street, Vancouver, BC V6C 2V6 and its registered and records office address is 595 Burrard St, Suite 2600, Vancouver, British Columbia, Canada, V7X 1L3. The Company's principal business activity has been seeking of investment opportunities in the medical cannabis sector in the United States.

The Company and Astar Minerals Ltd., ("Astar") entered into an Arrangement Agreement on July 11, 2017, pursuant to which Astar acquired all of the issued and outstanding common shares of the Company in exchange for 44,742,763 common shares of Astar, on a one to one basis. In addition, each outstanding option and/or warrant to acquire the Company's common shares became exercisable for one common share of Astar (the "Transaction"). The Transaction was carried out by way of a plan of arrangement (the "Agreement"), pursuant to which the Company became a wholly-owned subsidiary of Astar (Note 4). As a result of the Transaction, Astar, as the "Resulting Issuer," continued on with the business of the Company under the name "FinCanna Capital Corp."

As contemplated by the Agreement, Astar's common shares were delisted of Astar from the TSX Venture Exchange ("TSX-V"). On December 22, 2017, the Company completed the Transaction and the common shares of the Resulting Issuer were listed on the Canadian Securities Exchange ("CSE") and began trading on December 29, 2017 under the symbol "CALI".

The Company has advanced funds to Cultivation Technologies Inc. ("CTI") (Note 6), a company pursuing the construction of a medical marijuana manufacturing and testing facility. CTI has been granted local permits that allow for the construction of the project and permit CTI to conduct on-site cannabis operations, subject to regulatory requirements. Subsequent to amendments to the laws of the State of California with respect to cultivating marijuana that took effect on January 1, 2018, CTI has applied for and received a Temporary State License which will remain in effect until such time as a Permanent State License can be obtained. The Permanent State License will then be subject to renewal on an annual basis. Presently, this industry is illegal under United States federal law. CTI has, and intends to adhere strictly to the state statutes in its operation.

While marijuana and CBD-infused products are legal under the laws of several U.S. States (with vastly differing restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. At the present time, the distinction between "medical marijuana" and "recreational marijuana" does not exist under U.S. federal law, if one is illegal, both are illegal. Despite the marijuana laws in the State of California, marijuana is illegal under federal law. The federal government is not prosecuting businesses that are operating in compliance with their state and local laws and regulations, however, if the federal government did change their position, it would have a significant impact on the Company's financial position and results of operations.

Historically the Company has funded its operations through the issuance of equity. In the near future it is anticipated that the Company will continue to rely on the issuance of equity to fund its operations. There are no assurances that the Company will be successful in continuing to complete such financings to fund operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

The Company's continuing operations are dependent upon its ability to identify, evaluate, and negotiate agreements to acquire royalty interests in material assets or businesses, and to finance these activities through the issuances of additional debt or equity securities. To date, the Company has not earned revenues, and has an accumulated deficit. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS 34"), "Interim Financial Reporting" using accounting policies consistent with "IFRS" as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are presented in Canadian dollars, unless otherwise stated, which is also the functional currency of the Company.

Critical accounting estimates, judgements and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of these financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of judgment considered by management are as follows:

Going concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

The information about significant areas of estimation uncertainty considered by management are as follows:

Fair value of stock options and finders' warrants

The fair value of share-based payments including the grant of stock options, and the fair value of compensatory finders' warrants are estimated using the Black-Scholes option pricing model. There are a number of estimates used in the calculation, such as forfeiture rates, expected life, and share price volatility which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

Impairment of loan, and Investment in Profit Sharing Arrangement

At the end of each financial reporting period, the carrying amounts of the Company's loan, and investment in profit sharing arrangement, are reviewed to determine whether there are any indications that they have suffered an impairment loss. Both amounts are comprised of advances to Cultivation Technologies Inc. As this stage, the Company considers such factors as external market research and data, property acquisition, permitting, and construction progress, amongst other factors. Where indications of impairment exist, the recoverable amount is estimated in order to determine the extent of the impairment, if any.

2. BASIS OF PREPARATION (continued)

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the period ended January 31, 2018 are not necessarily indicative of the results that may be expected for the period ending April 30, 2018.

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of these condensed consolidated financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Critical accounting estimates, judgments and assumptions are made by management and may result in a material adjustment to the carrying amounts of assets and/or liabilities within the next financial year and are disclosed in Note 2 of the Company's annual audited financial statements for the period ended April 30, 2017. There have been no changes to the Company's critical accounting estimates, judgments and assumptions during the nine months ended January 31, 2018.

4. REVERSE ACQUISITION

As described in Note 1, on December 22, 2017, the Company and Astar completed a Transaction which constituted a Reverse acquisition.

As a result of the Transaction, the shareholders of the Company obtained control of the combined entity by obtaining control of the voting power of the combined entity and the resulting power to govern the financial and operating policies of the combined entities. The Transaction constitutes a reverse acquisition of Astar by the Company and has been accounted for a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based payments* and IFRS 3, *Business combinations.* As Astar did not qualify for a business according to the definition in IFRS 3, this reverse acquisition does not constitute a business combination; rather it is treated as an issuance of shares by the Company for the net assets of Astar and its listing status with the Company as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the transition as it does not constitute a business.

For accounting purposes, the Company was treated as the accounting parent company (legal subsidiary) and Astar has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As the Company was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Astar results of operations have been included from December 22, 2017.

(Unaudited - Expressed in Canadian Dollars)

4. REVERSE ACQUISITION (continued)

Net assets of Astar acquired:		
Cash	$	432,448
Prepaid expenses		23,367
Trade payable and accrued liabilities		(4,678)
Net assets acquired	$	451,137

Consideration provided in reverse acquisition of Astar:		
Fair value of 21,595,334 common shares at $0.35 per share [(1)]	$	7,558,367
Transaction costs – non-cash [(2)]		781,168
Total consideration paid	$	8,339,535

(1) The transaction was measured at the fair value of the shares that FinCanna would have to issue to shareholders of Astar, to give shareholders of Astar the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of FinCanna acquiring Astar.

(2) Non-cash transaction costs include the following:
- The fair value of the 498,667 finders' warrants (Note 7), assumed from Astar of $113,398;
- The fair value of the 3,427,666 warrants (Note 7) assumed from Astar of $667,770.

The excess of the total consideration paid for the net assets of Astar amounted to $7,888,398, which was recorded as a listing expense.

5. PREPAID EXPENSES

		January 31, 2018		April 30, 2017
Advisory fees	$	120,359	$	-
Insurance		17,500		-
Investor relations & marketing		831,043		-
Total prepaid expenses	$	968,902	$	-

(Unaudited - Expressed in Canadian Dollars)

6. LOAN

On December 27, 2016, the Company advanced $1,320,180 (USD $977,913), and a further $5,660,337 (USD $4,615,903) through to January 31, 2018, (the "Funding Loan"), to Cultivation Technologies, Inc. ("CTI"), a company based in California, to purchase land in Coachella, California (the "Property") for the development of a cannabis manufacturing and testing facility on the Property (the "Coachella Facility"). Subsequent tranches of the Funding Loan were used by CTI to fund an interim extraction facility for medical cannabis (the "Interim Facility") on the Property, the securing of an additional power commitment for the Property and for general corporate working capital. The Funding Loan is secured by a Deed of Trust to the Company providing the Company with a first position security interest in the Property.

At January 31, 2018, the carrying value of the Funding Loan is as follows:

	January 31, 2018	April 30, 2017
Opening	$ 1,140,300	$ -
Additions	5,660,337	1,320,180
Finance expense [1]	-	(198,380)
Interest income	479,200	-
Foreign exchange	(320,655)	18,500
Investment in Profit Sharing Arrangement (Interim Extraction Facility)	(758,478)	-
Ending	$ 6,200,704	$ 1,140,300

[1] During the period ended April 30, 2017, the Funding Loan was discounted to present value using a 12% discount rate which the Company considered to be an appropriate reflection of current market rates of interest for a financial instrument with similar risk characteristics. The resulting discount was recorded within finance expense which also included accretion of $3,500.

The Funding Loan was amended during the period ended January 31, 2018 as follows:

Date of Amendment	**Principal**	**Interest rate**	**Repayment Terms**
April 20, 2017	No change	10%	Sixteen quarterly instalments (principal, plus interest in arrears). Repayments estimated to commence on August 31, 2018 (further amended).
January 12, 2018 (supersedes a September 29, 2017, amendment)	Up to USD $5,342,251 [2]	20%	Matures on January 12, 2023. Accrued interest on the Funding Loan will be payable monthly starting June 30, 2018 ("Loan Repayment Date"). The Company will also receive additional payments based on revenue and free cash flow of CTI if certain conditions are met.

[2] Balance includes accrued interest to January 12, 2018. As at January 31, 2018, the principal had been partially advanced, see table below.

(Unaudited - Expressed in Canadian Dollars)

6. LOAN (continued)

Investment in Profit Sharing Arrangement and Interim Extraction Facility

In exchange for forgiving $758,478 ($617,000 USD) of the Funding Loan, CTI granted the Company the right to receive from CTI 50% of the profits derived from the Interim Facility, which will accrue from October 1, 2017, and become payable in June 2018, and thereafter payable monthly, for as long as the Interim Facility is in operation (the "Interim Extraction Payments").

As at January 31, 2018, the Company has accrued or received $nil in Interim Extraction Payments (April 30, 2017 - $nil).

Details of the Funding Loan are as follows:

	January 31, 2018 (CAD)	January 31, 2018 (USD)	April 30, 2017 (CAD)	April 30, 2017 (USD)
Principal [(3)]	$ 6,145,151	$ 4,998,903	$ 1,338,680	$ 1,000,000
Interest [(3)]	55,553	45,191	29,620	22,087
Total	$ 6,200,704	$ 5,044,094	$ 1,368,300	$ 1,022,087

[(3)] Pursuant to the Funding Agreement amendment on January 12, 2018 (the "Amendment"), $225,267 of accrued interest income now makes up part of the principal balance. An additional $55,553 represents interest income accrued subsequent to the Amendment, and a further $198,380 was also recognized as interest income pursuant to the Amendment. During the period ended April 30, 2017, accrued interest income was recorded as an offset within finance expense.

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at January 31, 2018, the authorized share capital of the Company is an unlimited number of shares, without par value.

b) Issued share capital

As at January 31, 2018, the Company had 68,839,274 common shares outstanding. During the period ended January 31, 2018, the Company had the following transactions:

i. On May 26, 2017, the Company completed a private placement financing of 8,694,333 common shares at $0.30 per share, for gross proceeds of $2,608,300. Additionally, the Company issued 695,547 finders' warrants in connection with this financing. Refer to Note 7 (d) for fair value information.

ii. On May 29, 2017, the Company completed a private placement financing of 1,615,000 common shares at $0.30 per share, for gross proceeds of $484,500. Additionally, the Company issued 104,000 finders' warrants in connection with this financing. Refer to Note 7 (d) for fair value information.

iii. On June 13, 2017, the Company completed a private placement financing of 4,757,299 common shares at $0.30 per share, for gross proceeds of $1,427,190. The Company also issued 241,600 finders' warrants in connection with this financing. Refer to Note 7 (d) for fair value information. In addition, the Company issued 70,000 common shares with a fair value of $21,000, to a Director of the Company for consulting services.

    In connection with this offering, on July 5, 2017, the Company issued 1,900,000 common shares at $0.30 per share, for a total fair value of $570,000, to certain officers of the Company subject to a limited recourse shareholder loan. Refer to Note 8 (c) for vesting terms.

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

On November 23, 2017, the VP Corporate Development left the Company and the 400,000 common shares issued (of which 80,000 had vested) under the limited recourse shareholder loan were returned to treasury and cancelled. The shareholder loan relating to those shares was also extinguished.

In accordance with *IAS 33, Earnings per share,* although eligible for voting, the unvested 900,000 common shares issued that are subject to the limited recourse shareholder loan, are not included in the calculation of weighted average number of shares in the loss per share measure. See Note 8 for vesting details.

Limited recourse shareholder loans	Common shares issued	Vested
Andriyko Herchak, CEO	800,000	320,000
Robert Scott, CFO	700,000	280,000

iv. On December 22, 2017, the Company and Astar completed the Transaction (Note 1 and Note 4).

v. On December 22, 2017, the Company completed brokered and non-brokered private placements whereby it issued at total of 14,264,466 units with one-half of one share purchase warrants at $0.50 per share for gross proceeds of $7,132,233. Each warrant shall be exercisable into one common share of the Company at an exercise price of $0.75 for a period of two years.

In connection with the brokered portion of the private placement, the Company issued 420,000 finders' warrants exercisable into one common share of the Company at an exercise price of $0.50 until December 22, 2018. With respect to the non-brokered portion of the private placement, the Company issued 412,000 finders' warrants exercisable into one common share of the Company at an exercise price of $0.75 until either November 21, 2019, or December 22, 2019. In addition, the Company issued 150,000 common shares with a fair value of $75,000 as a finder's fee recorded as share issue costs.

vi. During the period ending January 31, 2018, a total of 2,901,177 warrants were exercised for gross proceeds of $870,354.

In connection with the financings completed during the period ended January 31, 2018, the Company incurred cash share issue costs including finders' fees, legal, and other fees of $1,225,871, and non-cash share issue costs relating to the fair value of finders' warrants and finders' warrants of $270,640 (Note 7 (d)).

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (continued)

c) Reserves

The following is a summary of changes in reserves:

	Stock Options	Warrants	Total
Balance, November 28, 2016	$ -	$ -	$ -
Finders' warrants	-	63,552	-
Balance, April 30, 2017	-	63,552	63,552
Share-based payments	1,842,143	-	1,842,143
Warrants assumed from RTO	-	781,168	781,168
Finders' warrants	-	270,640	270,640
Balance, January 31, 2018	$ 1,842,143	$ 1,115,360	$ 2,957,503

d) Warrants

Details of share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at April 30, 2017	14,175,530	$ 0.30
Exercised	(2,901,177)	0.30
Assumed from RTO – unit warrants (Note 4)	3,427,666	0.30
Assumed from RTO – finders' warrants (Note 4)	498,667	0.20
Issued – finders' warrants	1,873,147	0.44
Issued – unit warrants	7,132,233	0.75
Outstanding as at January 31, 2018	24,206,066	$ 0.44

As at January 31, 2018, the outstanding share purchase warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date
420,000	$ 0.20	December 22, 2018
394,800	$ 0.75	November 21, 2019
7,149,433	$ 0.75	December 22, 2019
11,040,652	$ 0.30	December 23, 2019
2,985,333	$ 0.30	January 4, 2020
498,667	$ 0.20	January 4, 2020
1,112,632	$ 0.30	January 12, 2020
355,070	$ 0.30	May 26, 2020
104,000	$ 0.30	May 29, 2020
145,479	$ 0.30	June 13, 2020
24,206,066		

The weighted average remaining contractual life for the warrants at January 31, 2018, is 1.91 years.

The following weighted average assumptions using the Black Scholes option pricing model were used for the valuation of the finders' warrants issued and warrants assumed from RTO during the period ended January 31, 2018.

	January 31, 2018
Risk-free interest rate	1.44%
Expected life	2.04 years
Annualized volatility	100%
Dividend rate	0%

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

e) Stock Options

On July 4, 2017, the Company's board of directors approved a Stock Option Plan. The Company may grant options to employees, directors, officers, and consultants. The maximum number of options that may be granted under the plan is 10% of the issued and outstanding common shares. The exercise price may not be less than the market value of the common shares as determined by the board of directors. Stock options are subject to vesting requirements, and terms, as determined by the board of directors.

Details of stock option activity are as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at April 30, 2017	-	-
Granted	6,000,000	$ 0.41
Outstanding as at January 31, 2018	6,000,000	$ 0.41
Exercisable as at January 31, 2018	6,000,000	$ 0.41

The fair value of options vested during the period ended January 31, 2018, was $1,842,113. The fair value of the stock options granted was calculated using the Black-Scholes option pricing model using the following weighted average assumptions:

	January 31, 2018
Risk-free interest rate	1.44%
Expected life	5 years
Annualized volatility	100%
Dividend rate	0%

As at January 31, 2018, the outstanding stock options were as follows:

Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date
2,650,000	$ 0.30	July 6, 2022
3,350,000	$ 0.50	December 27, 2022

8. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

Remuneration attributed to key management personnel during the period ended January 31, 2018, can be summarized as follows:

a) The Company incurred management fees of $359,167 to companies controlled by officers of the Company (2017 - $43,300).

8. RELATED PARTY TRANSACTIONS (continued)

b) The Company incurred consulting fees relating to corporate development of $136,667 to officers of the Company (2017 – Nil).

c) The Company issued 1,900,000 common shares at $0.30 per share for a total fair value of $570,000, to certain officers of the Company pursuant to limited recourse shareholder loans (Note 7). The common shares vest 20% immediately with the remainder vesting evenly on January 5, 2018, July 5, 2018, January 5, 2019, and July 5, 2019.

The VP Corporate Development left the Company and the common shares issued (400,000, of which 80,000 had vested) under the limited recourse shareholder loan were returned to treasury and cancelled. The shareholder loan relating to those shares was also extinguished.

$180,000 was recorded as share-based payments, during period ended January 31, 2018, representing the vesting of the limited recourse loan shares. The remaining unvested balance is recorded as a reduction in share capital and will be amortized into profit or loss in accordance with the vesting terms.

d) The Company issued 70,000 common shares with a fair value of $21,000, as compensation for consulting services rendered by a Director of the Company.

e) The Company incurred share-based payment expense pursuant to stock options granted and vested in the amount of $721,506.

As at January 31, 2018, $20,000 (2017 - $6,013) was owed to a member of management for management fees (within accounts payable and accrued liabilities).

9. FINANCIAL INSTRUMENTS

Fair value

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

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

Cash is carried at fair value using a Level 1 fair value measurement. The recorded values of subscriptions receivable, GST receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturities which is the amount presented on the statements of financial position. The carrying value of the loan also approximates its fair value as the loan bears a market rate of interest.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, GST receivable, Investment in Profit Sharing Arrangement, and loan. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to GST receivable which is due from the Government of Canada, is minimal. The Company's credit risk with respect to the Investment in Profit Sharing Arrangement, and loan, is equal to its carrying value.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2018, the Company had a working capital balance of $3,638,259 and requires additional debt or equity financing to meet its obligations in connection with the loan (Note 6).

9. FINANCIAL INSTRUMENTS (continued)

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 price risk.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant. The interest rate earned on the loan is fixed, as such the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, Investment in Profit Sharing Arrangement, and loan, and accounts payable and accrued liabilities, denominated in United States dollars. A 10% fluctuation between the Canadian dollar against the United States dollar would impact profit or loss by approximately $397,000.

c) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

10. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at January 31, 2018, the Company's shareholders' equity was $7,966,291 and there was no long-term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the period.

11. SEGMENT INFORMATION

The Company operates in one reportable segment, being funding of companies operating in the cannabis sector located in the United States. The Company's Investment in Profit Sharing Arrangement, and loan, represent amounts advanced to CTI (Note 6), a company located in the United States.

12. SUBSEQUENT EVENTS

The following events occurred subsequent to January 31, 2018:

a) The Company advanced an additional $1,219,515 (USD $950,000) to CTI.

b) On February 6, 2018, the Company entered into a royalty agreement with Green Compliance, Inc. (“Green Compliance”).

Under the Royalty Agreement, the Company will fund US$3,000,000 in tranches by September 15, 2018. In return, the Company will receive a perpetual royalty equal to 10% of consolidated gross revenues of Green Compliance, subject to certain buy-back options.

c) On February 15, 2018, the Company signed a binding term sheet with Gram Co Holdings LLC (“Gram Co”), subject to due diligence by the Company.

Under the term sheet, the Company would fund US$3,000,000 in tranches. In return, the Company will receive a tiered corporate royalty, adjusted based on revenue levels, ranging from 14% to 7.5% of Gram Co’s revenues.

d) On February 21, 2018, the Company announced its intention to raise up to $5,000,000 by way of a non-brokered private placement of up to 7,142,857 units (the “Units”) at a price of $0.70 per Unit (the “Private Placement”). Each Unit will consist of one common share of FinCanna and one-half of one common share purchase warrant. Each full warrant will be exercisable to acquire one common share of the Company at an exercise price of $1.05 for 24 months from the date of the closing of the Private Placement. The common share purchase warrants will be subject to acceleration at FinCanna’s discretion in the event its common shares trade on the Canadian Securities Exchange on a volume weighted average price (“VWAP”) basis of $1.40 or more for a period of ten consecutive trading days.

The Company agreed (i) to pay a cash finder’s fee of 8% of the aggregate proceeds raised from subscriptions arranged by certain finders and (ii) to issue warrants equal to 8% of the aggregate Units subscribed for pursuant to the subscriptions arranged by such finders. Each warrant shall be exercisable for one common share at a price of $1.05 for a period of 12 months following the closing date of the Private Placement.

On April 5, 2018, the Company closed the first tranche of the private placement announced on February 21, 2018. The Company issued 3,829,944 Units at a price of $0.70 per unit for gross proceeds of $2,680,960. All securities issued will be subject to a four-month hold period expiring on August 6, 2018.

On April 13, 2018, the Company closed the second and final tranche of the private placement announced on February 21, 2018. The Company issued an additional 802,725 Units at a price of $0.70 per unit for gross proceeds of $561,907. All securities issued in the second tranche will be subject to a four-month hold period with expiring on August 11, 2018.

Upon closing of this second and final tranche the Company closed on a total of $3,242,867.