# Interim condensed consolidated financial statements

MPX Bioceutical Corporation

(formerly The Canadian Bioceutical Corporation)

Three and six months ended September 30, 2017
(unaudited)

**Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements**

In accordance with National Instrument 51-102, the Corporation discloses that its external auditors have not reviewed the accompanying interim condensed consolidated financial statements of MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation).

# Contents

## MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation)
## Interim condensed consolidated statements of financial position (unaudited)
(in Canadian dollars)

| As at | September 30, 2017 | March 31, 2017 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash and cash equivalents | **$ 4,778,086** | $ 21,519,289 |
| Restricted cash | **-** | 133,220 |
| Accounts receivable (Note 5) | **861,122** | 764,672 |
| Inventory (Note 6) | **1,841,939** | 1,339,937 |
| Biological assets (Note 7) | **865,753** | 596,191 |
| Prepaid expenses | **348,751** | 181,190 |
| Right of first refusal | **187,200** | 199,830 |
| Due from related parties (Note 21) | **4,895,203** | - |
| Asset held for sale | **1,759,680** | 1,878,402 |
| | **15,537,734** | 26,612,731 |
| Non-current | | |
| Property, plant and equipment (Note 8) | **10,205,060** | 4,546,022 |
| Intangible assets (Note 9) | **35,938,092** | 28,514,977 |
| Goodwill (Note 10) | **12,823,477** | 12,857,390 |
| Deposits | **426,483** | 398,992 |
| **Total assets** | **$ 74,930,846** | $ 72,930,112 |
| **Liabilities** | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 11) | **$ 1,092,782** | $ 1,624,425 |
| Income tax payable (Note 12) | **32,062** | 545,661 |
| Current portion of promissory note (Note 13) | **144,093** | 147,453 |
| | **1,268,937** | 2,317,539 |
| Non-current | | |
| Term loans (Note 14) | **12,480,000** | 13,322,000 |
| Promissory note (Note 13) | **1,195,665** | 1,303,526 |
| Lease inducement | **1,761,254** | 1,764,162 |
| Convertible debentures (Note 16) | **84,163** | 77,851 |
| Option component of convertible debentures (Note 16) | **80,738** | 185,274 |
| Deferred income taxes | **12,214,998** | 11,821,296 |
| | **27,816,818** | 28,474,109 |
| **Total liabilities** | **29,085,755** | 30,791,648 |
| **Equity** | | |
| Share capital | **51,117,798** | 49,147,583 |
| Warrants | **3,724,123** | 3,632,398 |
| Contributed surplus | **3,496,959** | 2,665,730 |
| Accumulated other comprehensive (loss) income | **(2,536,516)** | 595,434 |
| Deficit | **(16,549,544)** | (13,600,869) |
| Equity attributable to shareholders of the Corporation | **39,252,820** | 42,440,276 |
| Non-controlling interest | **6,592,271** | (301,812) |
| | **45,845,091** | 42,138,464 |
| **Total liabilities and equity** | **$ 74,930,846** | $ 72,930,112 |

On Behalf of the Board:

Signed W. Scott Boyes Director     Signed Randall Stafford Director

See accompanying notes to the unaudited interim condensed consolidated financial statements.

## MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation)
## Interim condensed consolidated statements of changes in equity (unaudited)
(in Canadian dollars)
**Six months ended September 30, 2017**

| | Share capital | Warrants | Contributed surplus | Accumulated OCI | Accumulated losses | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|
| Balance, March 31, 2016 | $ 6,415,525 | $ - | $ 1,310,654 | $ 100,973 | $ (8,368,835) | $ (301,812) | $ (843,495) |
| Exercise of warrants | 32,500 | - | - | - | - | - | 32,500 |
| Fair value of warrants exercised | 2,461 | - | (2,461) | - | - | - | - |
| Exercise of options | 17,750 | - | - | - | - | - | 17,750 |
| Fair value of options exercised | 21,064 | - | (21,064) | - | - | - | - |
| Net loss and comprehensive loss for the period | - | - | - | (7,806) | (622,047) | - | (629,853) |
| Balance, September 30, 2016 | $ 6,489,300 | $ - | $ 1,287,129 | $ 93,167 | $ (8,990,882) | $ (301,812) | $ (1,423,098) |
| | | | | | | | |
| Balance, April 1, 2017 | $ 49,147,583 | $ 3,632,398 | $ 2,665,730 | $ 595,434 | $ (13,600,869) | $ (301,812) | $ 42,138,464 |
| Exercise of options | 5,250 | - | - | - | - | - | 5,250 |
| Fair value of options exercised | 6,230 | - | (6,230) | - | - | - | - |
| Private placements | 2,300,271 | - | - | - | - | - | 2,300,271 |
| Share issuance costs - cash | (249,811) | - | - | - | - | - | (249,811) |
| Share issuance costs - warrants | (91,725) | 91,725 | - | - | - | - | - |
| Acquisition | - | - | 473,622 | - | - | 6,990,913 | 7,464,535 |
| Share-based compensation | - | - | 363,837 | - | - | - | 363,837 |
| Net loss and comprehensive loss for the period | - | - | - | (3,131,950) | (2,948,675) | (96,830) | (6,177,455) |
| Balance, September 30, 2017 | $ 51,117,798 | $ 3,724,123 | $ 3,496,959 | $ (2,536,516) | $ (16,549,544) | $ 6,592,271 | $ 45,845,091 |

See accompanying notes to the unaudited interim condensed consolidated financial statements.

## MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation)
## Interim condensed consolidated statements of net loss and comprehensive loss (unaudited)

(in Canadian dollars)

| | Three Months Ended September 30, 2017 | Three Months Ended September 30, 2016 | Six Months Ended September 30, 2017 | Six Months Ended September 30, 2016 |
|---|---|---|---|---|
| Sales | **$ 4,406,091** | $ - | **$ 8,871,529** | $ - |
| Cost of sales | **2,528,440** | - | **5,195,415** | - |
| Gross profit before unrealized gain from changes in biological assets | **1,877,651** | - | **3,676,114** | - |
| Unrealized gain from changes in fair value of biological assets (Note 7) | **999,430** | - | **1,936,390** | - |
| Gross profit | **2,877,081** | - | **5,612,504** | - |
| Expenses | | | | |
| General and administrative (Note 20) | **2,434,384** | 226,734 | **4,641,251** | 483,627 |
| Professional fees | **758,297** | 64,885 | **1,184,529** | 76,998 |
| Share-based compensation (Note 18) | **181,577** | - | **363,837** | - |
| Amortization and depreciation (Notes 8 and 9) | **520,630** | - | **917,796** | - |
| | **3,894,888** | 291,619 | **7,107,413** | 560,625 |
| Loss from operations | **(1,017,807)** | (291,619) | **(1,494,909)** | (560,625) |
| Other expense (income) | | | | |
| Foreign exchange | **(28,643)** | 683 | **25,112** | (5,694) |
| Interest income | **40,634** | - | **(26,502)** | - |
| Accretion expense (Note 13) | **11,332** | 3,316 | **13,459** | 6,160 |
| Change in fair value of derivative liability (Note 16) | **(1,898)** | (5,401) | **(101,367)** | (16,038) |
| Interest and financing charges, net (Notes 13 and 14) | **235,929** | 2,849 | **484,785** | 2,849 |
| Transaction costs | **209,133** | - | **384,473** | 74,145 |
| | **466,487** | 1,447 | **779,960** | 61,422 |
| **Net loss** | **$ (1,484,294)** | $ (293,066) | **$ (2,274,869)** | $ (622,047) |
| Income tax expense | **527,155** | - | **770,636** | - |
| **Net loss after income taxes** | **$ (2,011,449)** | $ (293,066) | **$ (3,045,505)** | $ (622,047) |
| **Net loss attributable to:** | | | | |
| MPX Bioceutical Corporation | **$ (1,928,973)** | $ (293,066) | **$ (2,948,675)** | $ (622,047) |
| Non-controlling interest | **(82,476)** | - | **(96,830)** | - |
| | **$ (2,011,449)** | $ (293,066) | **$ (3,045,505)** | $ (622,047) |
| Other comprehensive income | | | | |
| Exchange differences on translating foreign operations | **$ (1,870,695)** | $ 7 | **$ (3,131,950)** | $ (7,806) |
| Comprehensive loss for the period | **$ (3,882,144)** | $ (293,059) | **$ (6,177,455)** | $ (629,853) |

See accompanying notes to the unaudited interim condensed consolidated financial statements.

## MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation)
## Interim condensed consolidated statements of net loss and comprehensive loss (unaudited) (continued)

(in Canadian dollars)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **September 30, 2017** | **September 30, 2016** | **September 30, 2017** | **September 30, 2016** |
| **Comprehensive loss attributable to:** | | | | |
| MPX Bioceutical Corporation | **$ (3,799,668)** | $ (293,059) | **$ (6,080,625)** | $ (629,853) |
| Non-controlling interest | **(82,476)** | - | **(96,830)** | - |
| | **$ (3,882,144)** | $ (293,059) | **$ (6,177,455)** | $ (629,853) |
| Loss per share, basic and diluted | **$ (0.02)** | $ (0.01) | **$ (0.02)** | $ (0.02) |
| Basic and diluted weighted average number of shares outstanding | **257,415,473** | 41,856,292 | **256,477,831** | 41,633,378 |

See accompanying notes to the unaudited interim condensed consolidated financial statements.

## MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation)
## Interim condensed consolidated statements of cash flows (unaudited)

(in Canadian dollars)

| | Six Months Ended September 30, 2017 | Six Months Ended September 30, 2016 |
|---|---|---|
| **Operating activities** | | |
| Net loss | **$ (3,045,505)** | $ (622,047) |
| Items not affecting cash: | | |
| Amortization and depreciation | **917,796** | - |
| Share-based compensation | **363,837** | - |
| Accretion expense | **13,459** | 6,160 |
| Change in fair value of derivative liability | **(101,367)** | (16,038) |
| Occupancy cost | - | 278,754 |
| Income tax expense | **770,636** | - |
| Interest expense | **2,019** | - |
| Unrealized foreign exchange gain | **25,112** | 712 |
| Unrealized gain from changes in fair value of biological assets | **(1,936,390)** | - |
| Income tax payments | **(863,968)** | - |
| | **(3,854,371)** | (352,459) |
| Changes in non-cash working capital: | | |
| Accounts receivable | **(178,336)** | 3,284 |
| Inventory | **1,001,022** | - |
| Prepaid expenses and deposits | **(238,337)** | - |
| Accounts payable and accrued liabilities | **(457,485)** | 164,538 |
| Lease inducement | **41,220** | - |
| | **(168,084)** | 167,822 |
| **Net cash used in operations** | **(3,686,287)** | (184,637) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | **(4,334,005)** | - |
| Purchase of intangible assets | **(5,007,650)** | - |
| Restricted cash | **133,220** | - |
| **Net cash used in investing activities** | **(9,208,435)** | - |
| **Financing activities** | | |
| Due from related parties | **(4,849,174)** | 33,426 |
| Proceeds from issuance of convertible debt | **-** | 110,278 |
| Proceeds from private placements, net of issuance costs | **2,050,460** | - |
| Proceeds from exercise of warrants | **-** | 32,500 |
| Proceeds from exercise of stock options | **3,433** | 17,750 |
| Repayment of promissory note | **(20,534)** | - |
| **Net cash provided by financing activities** | **(2,815,815)** | 193,954 |
| (Decrease) increase in cash | **(15,710,537)** | 9,317 |
| Cash, beginning of period | **21,519,289** | 8,135 |
| Effect of exchange rate fluctuations on cash | **(1,030,666)** | (7,806) |
| Cash, end of period | **$ 4,778,086** | $ 9,646 |

See accompanying notes to the unaudited interim condensed consolidated financial statements.

## 1. Nature of operations

MPX Bioceutical Corporation (formerly The Canadian Bioceutical Corporation) (the "Corporation" or “MPX”) was incorporated under the Business Corporations Act (Ontario) on April 2, 1974. The Corporation's registered office is located at 5255 Yonge street, Suite 701, Toronto, ON M2N 6P4, Canada. The Corporation is involved in the natural health products industry, engaged in the manufacturing and distribution of nutraceuticals, i.e. plant-based medicines, to the North American marketplace. During the past year, through its wholly owned subsidiaries in the U.S., the Corporation commenced providing management, staffing, procurement, advisory, financial, real estate rental, logistics and administrative services to multiple medicinal cannabis enterprises in the United States. The Corporation is also furthering an application with Health Canada to commence operations as a licensed producer of cannabis and cannabis products in Canada.

On November 18, 2014, the Corporation acquired CGX Life Sciences Inc., changed its name to The Canadian Bioceutical Corporation and began trading on the TSX Venture Exchange under the symbol "BCC". On January 17, 2017, the Corporation’s shares were delisted from the TSX Venture Exchange. On January 27, 2017 the Corporation’s shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol “BCC”. The Corporation is a reporting issuer in Alberta, British Columbia and Ontario, Canada.

On November 30, 2017, the Corporation changed its name to MPX Bioceutical Corporation (see Note 28). The Corporation’s common shares began trading on the Canadian Securities Exchange under the new name and new symbol ‘MPX’ on November 6, 2017. On the OTCQB, the Corporation began trading under a new symbol ‘MPXEF’ on November 2, 2017.

## 2. Basis of preparation

### Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard 34 Interim Financial Reporting (“IAS 34”), in accordance with subparagraph 3.2(1) (b) of NI 52-107, following the same accounting policies and methods of application as those disclosed in the annual audited financial statements for the year ended March 31, 2017. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Corporation for the year ended March 31, 2017, which have been prepared in accordance with International Accounting Standards Board ("IASB").

These financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on November 27, 2017.

### Basis of presentation

These interim condensed consolidated financial statements have been prepared in Canadian dollars on a historical cost basis except for biological assets and option component of convertible debentures measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the interim condensed consolidated statements of net loss and comprehensive loss are presented by function. See Note 20 for details of expenses by nature.

### Presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars. The functional currency of the parent company is the US dollar which was changed in the fourth quarter of 2017 from the Canadian dollar. This change was due to a change in operations of the consolidated group in 2017 and an equity raise completed in the fourth quarter which was in US dollars. The functional currency of the subsidiaries are outlined below.

(in Canadian dollars)

## 2. Basis of preparation (continued)

### Basis of consolidation

These interim condensed consolidated financial statements include the accounts of the Corporation and the following entities which are controlled by the Corporation:

| Entity | Place of incorporation | Functional currency | Effective ownership |
|---|---|---|---|
| Prime Pharmaceutical Corporation ("Prime Pharmaceutical") | Ontario, Canada | CAD | 37.4% |
| Primapharm Funding Corporation ("Primapharm") | Ontario, Canada | CAD | 34% |
| Biocannabis Products Ltd. ("Biocannabis") | Ontario, Canada | CAD | 100% |
| CGX Life Sciences Inc. ("CGX") | Nevada, USA | USD | 100% |
| CinG-X Corporation ("CinG-X") | Ontario, Canada | USD | 100% |
| CinG-X Corporation of America ("CinG-X America") | Nevada, USA | USD | 100% |
| S8 Group of Companies (the "S8 Companies" or "S8") includes:<br>S8 Rentals, LLC<br>S8 Industries, LLC<br>S8 Management, LLC<br>S8 Transportation, LLC | Arizona, USA | USD | 100% |
| H4L Group of Companies (collectively "H4L Management"):<br>H4L Management East, LLC<br>H4L Management North, LLC | Arizona, USA | USD | 100% |
| Health for Life, Inc. ("HFL") | Arizona, USA | USD | 0% |
| Soothing Options, Inc. ("SO") | Arizona, USA | USD | 0% |
| The Healing Center Wellness Center LLC, ("THC") | Arizona, USA | USD | 0% |
| IMT, LLC ("IMT") | Massachusetts, USA | USD | 51% |
| Fall River Developments, LLC ("FRD") | Massachusetts, USA | USD | 51% |

All inter-company transactions and balances with subsidiaries have been eliminated.

## 3. Significant accounting policies

### Critical accounting estimates and judgments

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the interim condensed consolidated financial statements and related notes to the interim condensed consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgments 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. Actual results could differ from these estimates.

**3. Significant accounting policies** (continued)

**Change in accounting policies**

*Amendments to IAS 7 – Statements of Cash Flows*

Amendments to IAS 7 – Statement of Cash Flows require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply prospectively for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Corporation has adopted the amendments to IAS 7 in its financial statements for the annual period beginning on April 1, 2017 and has disclosed the required information.

*Amendments to IAS 12 – Income Taxes*

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount. The Corporation has adopted the amendments to IAS 12 in its financial statements for the annual period beginning on April 1, 2017 with no resulting adjustments.

**New standards and interpretations not yet adopted**

The Corporation has not applied the following new and revised IFRSs that have been issued but are not yet effective:

*IFRS 9 – Financial Instruments*

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. The Corporation is assessing the potential impact of IFRS 9.

*IFRS 15 – Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, which provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, and must be applied retrospectively. Early adoption is permitted. The Corporation is assessing the potential impact of IFRS 15.

(in Canadian dollars)

**3. Significant accounting policies** (continued)

*IFRS 16 – Leases*

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Corporation is assessing the potential impact of IFRS 16.

**4. Acquisitions**

*Acquisition of IMT, LLC and Fall River Developments, LLC*

On June 14, 2017 the Corporation, through its wholly-owned subsidiary, CGX, entered into the definitive purchase agreement effective June 14, 2017 to acquire 51% interest of (i) IMT and (ii) FRD (together, the "Acquisition") for the purchase price of (i) cash payment of $6,736,590 (USD $5,100,000) and (ii) 2,000,000 stock options in MPX with an exercise price equal to $0.39 valued at $473,622 (USD $358,560). As part of consideration, the Corporation also agreed to (i) make available a USD $10,000,000 line of credit to IMT, (ii) pay $66,045 (USD $50,000) finder's fee and (iii) pay USD $800,000 per additional marijuana license for up to two additional licenses Cannatech Medicinals Inc. ("Cannatech") is in the process of securing.

In January 2016 IMT entered into a management agreement to provide Cannatech with certain financing, real estate and other goods and services. IMT does not have the unilateral right to direct Cannatech's activities and therefore does not control Cannatech.

The following table summarizes the allocation of the purchase price of $7,276,257 (USD $5,508,560) to the identifiable assets on June 14, 2017.

| | |
|---|---|
| Land and building | $ 3,934,555 |
| Management agreement | 10,332,615 |
| Non-controlling interest | (6,990,913) |
| Net assets acquired | $ 7,276,257 |
| | |
| Cash | $ 6,736,590 |
| Stock options | 473,622 |
| Finder's fee | 66,045 |
| Total consideration paid for acquisition | $ 7,276,257 |

(in Canadian dollars)

## 5. Accounts receivable

| | September 30, 2017 | March 31, 2017 |
|---|---|---|
| Trade receivables | **$ 55,282** | $ 96,421 |
| Other receivables | **623,005** | 629,218 |
| HST receivable | **182,835** | 39,033 |
| | **$ 861,122** | $ 764,672 |

Bad debt expense for the three and six months ended September 30, 2017 was $Nil (three and six months ended September 30, 2016 - $Nil). All of the Corporation's trade and other receivables have been reviewed for indicators of impairment. No impairment was identified. Accounts receivable more than 90 days past due totaled $Nil at September 30, 2017 (March 31, 2017 - $Nil).

## 6. Inventory

| | September 30, 2017 | March 31, 2017 |
|---|---|---|
| Dry cannabis | | |
| Finished goods | **$ 807,915** | $ 716,362 |
| Work-in-process | **243,598** | - |
| | **1,051,513** | 716,362 |
| Cannabis oils | | |
| Finished goods | **133,049** | 151,511 |
| Work-in-process | **361,675** | 96,570 |
| Raw materials | **102,980** | 116,032 |
| | **597,704** | 364,113 |
| Products for resale | **192,722** | 259,462 |
| | **$ 1,841,939** | $ 1,339,937 |

As at September 30, 2017, the Corporation held 164,714g of dry cannabis (128,788g finished goods, 35,926g work-in-process) (March 31, 2017 - 89,560g finished goods), 32,442g of cannabis oils (9,046g finished goods, 23,396g work-in process) (March 31, 2017 - 17,639g (9,720g finished goods, 7,919g work-in process)), and 81,958g of raw materials waiting for extraction (March 31, 2017 - 59,595g).

(in Canadian dollars)

### 7. Biological assets

Biological assets consist of cannabis on plants and other biological assets. The changes in the carrying value of biological assets for the six months ended September 30, 2017 and the year ended March 31, 2017 are as follows:

| | **September 30, 2017** | March 31, 2017 |
|---|---|---|
| Balance, beginning of period | **$ 596,191** | $ - |
| Acquired biological assets | **-** | 585,672 |
| Net increase in fair value less cost to sell due to biological transformation | **1,936,390** | 936,974 |
| Transferred to inventory upon harvest | **(1,616,808)** | (921,046) |
| Foreign exchange | **(50,020)** | (5,409) |
| Balance, end of period | **$ 865,753** | $ 596,191 |

As at September 30, 2017, included in the carrying amount of biological assets was $865,753 in live plants.

The significant assumptions used in determining the fair value of cannabis on plants include:

a) The costs incurred and costs at different stages in the growing cycle of the plants were estimated by calculating an average of total growing costs over the total production period

b) Expected yields for cannabis on plants to be harvested, by strain of plant

c) The percentage of costs incurred as a percent of total cost was applied to the total fair value per gram, which is determined based on market prices of medical cannabis

The Corporation estimates the harvest yields for the cannabis on plants at various stages of growth. As at September 30, 2017, it is expected that the Corporation's biological assets will yield approximately 226,805 grams (March 31, 2016 - 235,373 grams) of medical cannabis when harvested. The Corporation's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in in the gain or loss on biological assets in future periods.

(in Canadian dollars)

## 8. Property, plant and equipment

| Gross carrying amount | Vehicle | Land | Building | Leasehold improvements | Equipment | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|
| Balance, April 1, 2017 | $ 16,471 | $ 545,510 | $ 2,555,067 | $ 842,743 | $ 619,589 | $ 15,423 | $ 4,594,803 |
| Acquisitions through business combinations | - | 1,727,610 | 2,206,946 | - | - | - | 3,934,556 |
| Additions | - | - | 1,419,309 | 942,479 | 78,336 | 17,872 | 2,457,996 |
| Net exchange differences | (1,041) | (129,824) | (339,224) | (90,407) | (42,247) | (1,679) | (604,422) |
| Balance, September 30, 2017 | $ 15,430 | $ 2,143,296 | $ 5,842,098 | $ 1,694,815 | $ 655,678 | $ 31,616 | $ 10,382,933 |
| **Depreciation** | | | | | | | |
| Balance, April 1, 2017 | $ (1,145) | $ - | $ (15,483) | $ (7,046) | $ (25,175) | $ (68) | $ (48,917) |
| Net exchange differences | (140) | - | (956) | (250) | (2,888) | 186 | (4,048) |
| Depreciation | (1,861) | - | (48,801) | (26,913) | (45,517) | (1,816) | (124,908) |
| Balance, September 30, 2017 | $ (3,146) | $ - | $ (65,240) | $ (34,209) | $ (73,580) | $ (1,698) | $ (177,873) |
| Carrying amount September 30, 2017 | $ 12,284 | $ 2,143,296 | $ 5,776,858 | $ 1,660,606 | $ 582,098 | $ 29,918 | $ 10,205,060 |

(in Canadian dollars)

## 9. Intangible assets

| Gross carrying amount | Management agreements | Customer relationships - retail | Customer relationships - wholesale | Non-compete agreement | Brand | License application | Total |
|---|---|---|---|---|---|---|---|
| Balance, April 1, 2017 | $ 15,272,040 | $ 8,431,494 | $ 984,496 | $ 233,135 | $ 3,882,031 | $ - | $ 28,803,196 |
| Acquisitions | 10,332,616 | - | - | - | - | - | 10,332,616 |
| Additions | - | - | - | - | - | 121,536 | 121,536 |
| Net exchange differences | (1,423,183) | (532,902) | (62,224) | (14,735) | (245,359) | (9,216) | (2,287,619) |
| Balance, September 30, 2017 | $ 24,181,473 | $ 7,898,592 | $ 922,272 | $ 218,400 | $ 3,636,672 | $ 112,320 | $ 36,969,729 |
| **Amortization and impairment** | | | | | | | |
| Balance, April 1, 2017 | $ (47,157) | $ (140,525) | $ (16,408) | $ (19,428) | $ (64,701) | $ - | $ (288,219) |
| Net exchange differences | 15,700 | 19,685 | 2,299 | 2,722 | 9,064 | - | 49,470 |
| Amortization for the period | (322,703) | (274,090) | (32,004) | (37,894) | (126,197) | - | (792,888) |
| Balance, September 30, 2017 | $ (354,160) | $ (394,930) | $ (46,113) | $ (54,600) | $ (181,834) | $ - | $ (1,031,637) |
| Carrying amount, September 30, 2017 | $ 23,827,313 | $ 7,503,662 | $ 876,159 | $ 163,800 | $ 3,454,838 | $ 112,320 | $ 35,938,092 |

(in Canadian dollars)

## 10. Goodwill

| | | September 30, 2017 | | March 31, 2017 |
|---|---|---|---|---|
| Balance, April 1, 2017 | **$** | **12,857,390** | $ | - |
| Acquisition of Arizona Medical Cannabis Management Group | | **-** | | 12,969,344 |
| Net exchange differences | | **(33,913)** | | (111,954) |
| | **$** | **12,823,477** | $ | 12,857,390 |

## 11. Accounts payable and accrued liabilities

| | | September 30, 2017 | | March 31, 2017 |
|---|---|---|---|---|
| Accounts payable | **$** | **984,196** | $ | 1,306,865 |
| Sales tax payable | | **108,586** | | 107,368 |
| Interest payable | | **-** | | 210,192 |
| | **$** | **1,092,782** | $ | 1,624,425 |

## 12. Income tax payable

| | | September 30, 2017 | | March 31, 2017 |
|---|---|---|---|---|
| Income tax payable, acquired on acquisition | **$** | **-** | $ | 420,661 |
| Income tax payable, current period | | **32,062** | | 125,000 |
| | **$** | **32,062** | $ | 545,661 |

## 13. Promissory note

In connection with the acquisition of Arizona Medical Cannabis Management Group during the year ended March 31, 2017, the Corporation previously acquired $1,529,580 (USD $1,138,250) by way of a promissory note and transaction costs totaling $53,536 (USD $39,839) for net proceeds of $1,486,243 (USD $1,098,411). The note bears interest at a rate of 9.25% per annum (payable monthly), is secured and due on November 1, 2031. During the three and six months ended September 30, 2017, the Corporation repaid $11,753 (USD $9,381) and $24,083 (USD $18,549), respectively of principal resulting in a remaining principal balance owing of $1,382,535 (USD $1,107,801). As at September 30, 2017, the balance of $1,339,758 (USD $1,073,524) (March 31, 2017 - $1,450,979 (USD $1,089,160)) on the interim condensed consolidated statement of financial position is net of deferred financing charges of $42,777 (USD $34,276) (March 31, 2017 - $49,769 (USD $37,190)).

| | Maturity date | Effective interest rate | | September 30, 2017 | | March 31, 2017 |
|---|---|---|---|---|---|---|
| Promissory note bearing interest at 9.25%. Principal is repayable in monthly repayments | November 2031 | 9.02% | **$** | **1,339,758** | $ | 1,450,979 |
| Less: current portion | | | | **144,093** | | 147,453 |
| | | | **$** | **1,195,665** | $ | 1,303,526 |

(in Canadian dollars)

## 13. Promissory note (continued)

The Corporation's expected principal repayments and accretion expense is as follows:

| | Principal repayments | Accretion expense | Net amount |
|---|---|---|---|
| 2018 | $ 121,973 | $ 3,403 | $ 118,570 |
| 2019 | 48,226 | 6,211 | 42,015 |
| 2020 | 52,881 | 5,561 | 47,320 |
| 2021 | 57,985 | 4,957 | 53,028 |
| 2022 | 63,582 | 4,394 | 59,188 |
| 2023 and thereafter | 1,037,888 | 18,251 | 1,019,637 |
| | $ 1,382,535 | $ 42,777 | $ 1,339,758 |

a) For the three and six months ended September 30, 2017, the Corporation recorded accretion expense of $1,658 and $3,785, respectively (three and six months ended September 30, 2016 - $Nil). As at September 30, 2017, accrued liabilities includes interest payable of $10,864 (March 31, 2017 - $11,597).

b) The promissory note agreement has a balloon payment feature that requires a principal repayment of $106,496 (USD $79,250) on or before December 1, 2017.

c) The promissory note agreement is secured by the deed of trust, security agreement, assignment of leases and rents and fixture financing statement related to the Companies' land and buildings (Note 8).

## 14. Term loan

In order to acquire all issued and outstanding membership interests of companies outlined in the "AZ Purchase Agreement", the Corporation, through its wholly owned subsidiary CGX, agreed to jointly and severally pay to the order of Christine Flores and Lonnie E. Davis, co-trustees of the Elizabeth Stavola 2016 NV Irrevocable Trust dated April 21, 2016 (the "Trust") the principal sum of $12,480,000 (USD $10,000,000) along with accrued and unpaid interest which is due three (3) years after the effective date of January 1, 2017. Through the Maturity Date, simple interest on the unpaid balance of the principal amount of this Note shall accrue at a per annum rate equal to eight percent (8.00%) (calculated on the basis of a 360-day year), and shall be cumulative. Interest only payments are due on the last day of every three (3) months. Repayment of this Note is secured by a security interest granted by CGX in favour of the Trust over all the assets of the Acquisition, including a first priority mortgage on all real property owned by the Acquisition pursuant to a security agreement dated January 19, 2017 between the Corporation, CGX and the Trust.

For the three and six months ended September 30, 2017, interest expense of $250,708 (USD $200,000) and 519,684 (USD $400,000), respectively (three and six months ended September 30, 2016 - $Nil) was recorded. As at September 30, 2017, $Nil (USD $Nil) (March 31, 2017 - $210,192 (USD $157,778)) of interest is payable and is recorded in accounts payable and accrued liabilities.

## 15. Credit facility

The Corporation arranged a USD $25 million revolving credit facility (the "Hi-Med Facility") with Hi-Med, LLC (the "Lender") of Florida. The funds drawn down against the line of credit will be earmarked specifically for making further acquisitions, as well as, where needed, the development of assets obtained in any transaction.

The principal amount remaining from time to time unpaid and outstanding shall bear interest at seven percent (7.0%) per annum. The principal remaining, and any interest accrued, shall be repayable, in full, 36 months from the date of closing. In connection with the facility, MPX will pay a 2.0% arrangement fee on each advance made to the Corporation by the Lender.

The Lender shall have the following rights to convert outstanding principal amounts into common shares of the Corporation, as follows:

**15. Credit facility** (continued)

(1) up to an initial USD $10 million of the principal outstanding, shall be convertible into common shares at a conversion price of CAD $0.50 per common share.

(2) any principal drawn down in excess of the initial USD $10 million, and less than USD $20 million, shall be convertible into common shares at a conversion price of CAD $1.00 per common share.

(3) any principal drawn down in excess of USD $20 million, and less than USD $25 million plus outstanding interest payable on the outstanding loan amount shall be convertible into common shares at a conversion price of CAD $1.50 per common share.

Subsequent to the three and six months ended September 30, 2017, the Corporation completed an initial drawdown of USD $10 million (see Note 28).

## 16. Convertible debentures

On April 4, 2016 and September 7, 2016 the Corporation closed convertible debenture tranches of $72,743 and $37,535, respectively, of its private placement offering of the Debentures to arm's length investors. No fees or commissions were paid as part of the financing.

The Debentures are unsecured and pay 6% interest per annum, calculated and paid annually and mature three years from the date of issuance. The Debentures are convertible into units of the Corporation (the "Units") at the option of the subscriber at any time until maturity at a price of either (a) $0.35 per Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance and the date the subscriber exercises its right of conversion, but, in any case, not less than $0.35 (the "Conversion Price").

Each Unit comprises one common share in the capital of the Corporation (a "Common Share") and one common share purchase warrant of the Corporation (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") for thirty-six months following the closing date at either (at the option of the holder): (a) $0.65 per Warrant Share; or (b) on the same terms and conditions (including (without limitation) at the same price per share) as those applicable to any sale of capital stock to any other investor at any time between the date of issuance of the debenture and the date of the holder exercising its right of conversion, but, in any case, not less than $0.65 (the "Warrant Share Price").

The Debentures, and any common shares issuable upon conversion thereof, will be subject to a four-month hold period in accordance with applicable securities laws.

The Corporation used the residual value method to allocate the principal amount of the convertible debentures between the liability and option component of convertible debentures. The option component of convertible debentures is a derivative liability. The Corporation valued the conversion option of the debentures by using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend of 0%; expected volatility of 163%; risk free interest rate of 0.53%; and an expected life of 3 years. The liability component of convertible debentures was initially valued as the difference between the face value of the debentures and the conversion option calculated above. Based on this calculation, the liability component was $66,878 and the option component of convertible debentures was $43,400 on issuance.

On September 30, 2017, the fair value of the option component of convertible debentures was estimated at $80,738 (March 31, 2017 - $185,274) using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0% (March 31, 2017 – 0%); expected volatility of 96% (March 31, 2017 – 105%); risk free interest rate of 1.51% (March 31, 2017 – 0.74%); and an expected life of 2 years. As a result the Corporation recorded an unrealized gain on the change in fair value of derivative liability for the three and six months ended September 30, 2017 of $1,898 and $101,367, respectively (three and six months ended September 30, 2017 – gain of $5,401 and $16,038, respectively).

(in Canadian dollars)

## 17. Share capital

### a) Authorized

Unlimited number of common shares without par value

### b) Common shares issued

| | Number of common shares | | Value |
|---|---|---|---|
| **Balance, March 31, 2017** | 252,668,946 | | 49,147,583 |
| Shares issued on private placements (i) | 4,600,541 | | 2,300,271 |
| Share issuance costs (i) | 40,986 | | (249,811) |
| Allocated to warrants | - | | (91,725) |
| Exercise of options | 105,000 | | 5,250 |
| Fair value of options | - | | 6,230 |
| **Balance, September 30, 2017** | 257,415,473 | $ | 51,117,798 |

(i) On May 5, 2017, the Corporation completed the second and final tranche of a private placement for gross proceeds of $2,300,271 (USD $1,683,700) through the issuance of 4,600,541 common shares. In relation to the private placement, the Corporation paid finder's fees to: (1) Chrystal Capital as follows: (a) a cash fee of $91,725 (USD $66,894); and (b) compensation options to acquire 182,782 Common Shares in the Corporation at an exercise price of $0.50 per Common Share for a period of sixty (60) months from the date of issuance; (2) ARG Advisory Services, LLC as follows: (a) a cash fee of $4,114 (USD $3,000); and (b) 1,040,986 common shares of which 1,000,000 were issued in last reporting period; (3) Walmer Capital Limited as follows: (a) a cash fee of $76,986 (USD $56,145); and (4) Island Investments Holdings Limited as follows: (a) a cash fee of $76,986 (USD $56,145).

## 18. Stock options

The Corporation has a stock option plan (the "Plan") under which the directors of the Corporation may grant options to acquire common shares of the Corporation to qualified directors, officers, employees, and consultants of the Corporation. The maximum number of shares allocated to be made available to be issued under the Plan shall not exceed 10% of the issued and outstanding shares at the time of grant. Exercise prices cannot be less than the closing price of the Corporation's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years.

The following table shows the continuity of options:

| | Number of options | | Weighted average exercise price |
|---|---|---|---|
| **Balance, March 31, 2017** | 21,335,000 | | 0.38 |
| Granted (a) (Note 4) | 2,000,000 | | 0.39 |
| Exercised | (105,000) | | 0.05 |
| Expired | (300,000) | | 0.19 |
| **Balance, September 30, 2017** | 22,930,000 | $ | 0.38 |

(in Canadian dollars)

**18. Stock options** (continued)

(a) As part of the acquisition of IMT and FRD, the Corporation granted 2,000,000 stock options in MPX with an exercise price equal to $0.39 valued at $473,622 (USD $358,560). The fair value of the options has been estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 97%; (iii) risk-free interest rate of 1.1%; (iv) share price of $0.39; forfeiture rate of 0; and (v) expected life of 3 years. The expected volatility is based on the historical trading prices of similar companies. The stock options shall vest on June 14, 2018.

| Number of options | Remaining life (years) | Average exercise price | Expiry date |
|---|---|---|---|
| 1,850,000 | 0.21 | 0.05 | Dec 16, 2017 |
| 12,080,000 | 4.32 | 0.20 | Jan 25, 2022 |
| 3,500,000 | 4.32 | 0.60 | Jan 25, 2022 |
| 3,500,000 | 4.32 | 1.00 | Jan 25, 2022 |
| 2,000,000 | 3.71 | 0.39 | Jun 14, 2021 |
| 22,930,000 | 3.94 | $ 0.39 | |

**19. Warrants**

| | Number of warrants | Amount |
|---|---|---|
| **Balance, March 31, 2017** | 30,212,745 | 3,632,398 |
| Granted (i) | 182,782 | 91,725 |
| **Balance, September 30, 2017** | 30,395,527 | $ 3,724,123 |

(i) On May 5, 2017, the Corporation completed the second and final tranche of a private placement for gross proceeds of $2,300,271 (USD $1,683,700) through the issuance of 4,600,541 common shares. In relation to the private placement, the Corporation paid finder's fees to Chrystal Capital with compensation options to acquire 182,782 Common Shares in the Corporation at an exercise price of $0.50 per Common Share for a period of sixty (60) months from the date of issuance. The warrants were valued at the fair value of services received as the fair value of the services could be measured reliably. An alternative fair value model does not need to be used.

The following table reflects the outstanding warrants as at September 30, 2017:

| Number of warrants | Exercise price | Expiry date |
|---|---|---|
| 12,525,000 | $ 0.10 | Dec 15,2017 |
| 17,687,745 | $ 0.20 | Jan 25, 2022 |
| 182,782 | $ 0.50 | May 05, 2022 |
| 30,395,527 | | |

(in Canadian dollars)

### 20. General and administrative expenses

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| Occupancy costs | **$ 289,699** | $ 139,377 | **$ 440,123** | $ 278,754 |
| Office and general | **427,573** | 14,257 | **844,754** | 37,013 |
| Consulting fees | **248,972** | - | **545,733** | - |
| Repairs and maintenance | **20,390** | - | **68,901** | - |
| Salaries and benefits | **1,417,677** | 67,083 | **2,622,695** | 134,166 |
| Sales and marketing | **115,271** | - | **156,096** | - |
| Regulatory expenses | **49,596** | 6,017 | **97,743** | 33,694 |
| | **$ 2,569,178** | $ 226,734 | **$ 4,776,045** | $ 483,627 |

### 21. Related party transactions

Related party transactions not disclosed elsewhere are summarized below:

As at September 30, 2017, the Corporation has an outstanding term loan of $12,480,000 (USD $10,000,000) (March 31, 2017 - $13,322,000 (USD $10,000,000)), due to a trust whose beneficiary is an officer of the Corporation. In connection with this loan, the Corporation recorded interest expense for the three and six months ended September 30, 2017 of $250,704 (USD $200,000) and $519,680 (USD $400,000), respectively (three and six months ended September 30, 2016 - $Nil). As at September 30, 2017, $Nil (March 31, 2017 - $210,192 (USD $157,778)) of interest is payable and is recorded in accounts payable and accrued liabilities.

As at September 30, 2017, the Corporation was owed $4,895,203 (March 31, 2017 - $Nil) from companies controlled by an officer of the Corporation.

Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Corporation. Remuneration of directors and key management personnel of the Corporation was as follows:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| Salaries and benefits | **$ 128,961** | $ 44,000 | **$ 313,155** | $ 88,000 |
| Share-based compensation | **113,686** | - | **227,800** | - |
| | **$ 242,647** | $ 44,000 | **$ 540,955** | $ 88,000 |

The above noted transactions are in the normal course of business and are measured at the exchange amount as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

At September 30, 2017, each of the directors with control of less than 10% of the common shares of the Corporation collectively control 7,289,559 common shares of the Corporation or approximately 2.67% of the total common shares outstanding.

(in Canadian dollars)

**22. Commitments and contingency**

*Legal Claims*

2014 Claim

On May 28, 2014, a legal claim was filed against a former director of the Corporation and Prime Pharmaceutical. The claim is related to a traffic accident involving the plaintiff and the former director. The plaintiff is seeking damages of $1,000,000 and additional legal costs from the former director and Prime Pharmaceutical. Management believes that this claim is without merit. Prime Pharmaceutical's insurance provider is managing the legal defense and will vigorously defend the claim. As such, a contingent liability has not been recorded in the unaudited interim condensed consolidated statements of financial position.

2017 Claim

On June 22, 2017, the Corporation was served with an amended statement of claim by Marrelli Support Services Inc. (“MSSI”). The Claim was commenced in the Ontario Superior Court of Justice and seeks damages for breach of contract, inducing breach of contract, breach of honest dealings, breach of fiduciary and trust duties, knowingly assisting in the breach of said duties and unjust enrichment in the amount of $500,000, plus punitive and exemplary damages in the amount of $50,000.

The Corporation is vigorously defending the Claim and has filed its Defence with the Court. Pleadings have not closed and documentary discovery has not been completed. As a result, it is premature to further assess the merits of the allegations at this time.

*Leases*

The Corporation’s minimum lease payments are as follows:

| | | |
|---|---|---|
| 2018 | $ | 377,525 |
| 2019 | | 755,050 |
| 2020 | | 755,050 |
| 2021 | | 723,336 |
| 2022 | | 712,765 |
| 2023 and beyond | | 3,555,764 |
| | **$** | **6,879,490** |

*Services Agreement*

On April 1, 2017, the Corporation entered into a services agreement (the “Tequesta Agreement”) with Tequesta Properties Inc. (“Tequesta”) whereby Tequesta will provide the following services to MPX for a service fee of USD $30,000 per month: (a) support and analysis for the acquisition of cannabis dispensary, cultivation and production entities in the United States; (b) general administrative services, including, accounting, treasury management, bookkeeping, financial analysis, contract management, project management, human resources support, procurement services, corporate governance, and oversight of company policies and procedures; and (c) assisting with the structuring and evaluation of financing proposals as required to further the growth and profitability of MPX. The term of the Tequesta Agreement is twenty-four (24) months.

(in Canadian dollars)

### 23. Capital management

The Corporation manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Corporation considers its capital to be total equity. The Corporation manages capital through its financial and operational forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Corporation. The Corporation's capital management objectives, policies and processes have remained unchanged during the three and six months ended September 30, 2017. The Corporation is not subject to any external capital requirements.

### 24. Supplemental cash flow information

Non-cash transactions:

| | Six Months Ended | |
|---|---|---|
| | **September 30, 2017** | **September 30, 2016** |
| Equity instruments issued for acquisition of FRD and IMT | **$ 473,622** | - |
| Share issuance costs settled via equity instruments | **363,837** | - |

### 25. Segmented information

The Corporation currently operates in one segment, the production and sale of medical cannabis.

Non-current assets located outside of Canada total $59,276,612 and are made up of property, plant and equipment, deposits, intangible assets, and goodwill.

All revenues generated during the three and six months ended September 30, 2017 were done so outside of Canada.

### 26. Compartive figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.

### 27. Proposed transactions

(a) The Corporation entered into non-binding letters of intent to acquire three management companies that each provide operational and other services to three medical marijuana dispensaries (only 109 dispensary licences granted state-wide) located in the Baltimore-Bethesda, MD region and one production operation.

(b) The Corporation entered into a non-binding letter of intent to acquire a management company that provides services to an operational licensee with a cultivation, production and dispensary license located in the Phoenix, AZ area.

**28. Subsequent events**

(a) The Corporation entered into a definitive membership interest purchase agreement dated and effective October 11, 2017 to acquire 99% of the membership units of GreenMart of Nevada NLV, LLC ("GreenMart"), an award-winning licensed recreational and medical cannabis cultivation and production and wholesale business located in North Las Vegas, NV. Completion of the transaction is conditional on the approval of the Nevada Department of Taxation. The total consideration for the acquisition will be USD $17.81 million, payable as follows:

- USD $9.5 million, non-interest bearing promissory note, payable in full on or before the first anniversary of the closing of the acquisition.
- USD $8.31 million in units of the Corporation, each unit, priced at CAD $0.75 consisting of one full common share and one quarter of one warrant to acquire one common share at CAD $0.75.

(b) On October 24, 2017, the Corporation made an initial drawdown of USD $10 million under the USD $25 million revolving credit facility (See Note 15). The funds drawn down against the facility will be earmarked specifically for making further acquisitions, capacity expansion and the development of new facilities in Massachusetts and Maryland.

The lender shall have the right to convert outstanding principal amount of the initial drawdown plus any accrued interest (accruing at the rate of 7% per annum calculated and compounding on a monthly basis) into common shares of the Corporation at a conversion price of CAD $0.50 per common share.

(c) On November 1, 2017, the Corporation changed its name to MPX Bioceutical Corporation following shareholder approval of the name change at its annual and special meeting of shareholders held on October 30, 2017 (the "Annual Meeting").

(d) Subsequent to the Annual Meeting, a total of 2,350,000 stock options to purchase common shares of MPX were granted to officers and directors and a consultant of the Corporation at an exercise price of $0.405 per share and expiring on October 30, 2022.

(e) The Corporation entered into an agreement with Canadian Capital, LLC ("Canadian Capital") to provide the Corporation with executive management, operations, administrative, finance and tax services for term of three (3) years.

In consideration of the services rendered hereunder, the Corporation shall issue to Canadian Capital the following:

(1) 900,000 common shares within five (5) days of entering into the agreement;
(2) 900,000 common shares on the one (1) year anniversary of the agreement; and
(3) 900,000 common shares on the two (2) year anniversary of the agreement.

The Corporation shall also issue to Canadian Capital common share purchase warrants ("Warrants") expiring on October 30, 2022 as follows:

(1) 1,200,000 Warrants at an exercise price of CAD $0.35 vesting immediately;
(2) 900,000 Warrants at an exercise price of CAD $0.60 which shall vest on the one (1) year anniversary of the agreement; and
(3) 900,000 Warrants at an exercise price of CAD $1.00 which shall vest on the two (2) year anniversary of agreement.

Members of Canadian Capital include certain directors of the Corporation.

(f) Certain directors, employees and consultants of the of the Corporation execised 2,106,000 stock options.