

RAVENQUEST BIOMED INC.

#780 - 580 Hornby Street

Vancouver, BC

V6C 3B6

Tel/Fax: 877.282.1586

Condensed Interim Consolidated Financial Statements

For the six months ended April 30, 2019 and 2018

(Unaudited - Prepared by Management)

(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

RAVENQUEST BIOMED INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

AS AT

	April 30, 2019	October 31, 2018
<u>ASSETS</u>		
Current		
Cash	\$ 1,303,773	\$ 362,810
Commodity tax recoverable	255,701	793,415
Receivables	61,790	212,723
Prepays and deposits – Note 5	613,073	889,845
Biological assets – Note 8	168,296	78,244
Inventory – Note 9	138,160	-
	2,540,793	2,337,037
Reclamation bond	4,000	4,000
Plant and equipment – Note 7	19,826,841	17,036,796
Intangible assets – Note 6	17,143,466	18,326,773
	\$ 39,515,100	\$ 37,704,606

LIABILITIES

Current		
Accounts payable and accrued liabilities – Note 14	\$ 2,334,615	\$ 2,056,309
Loans payable – Note 10	1,437,184	-
Unearned Revenue – Note 11	1,841,456	-
	5,613,255	2,056,309
Convertible debentures – Note 12	14,006,788	13,258,696
	19,620,043	15,315,005

SHAREHOLDERS' EQUITY

Share capital – Note 13	55,216,617	51,953,142
Reserves – Note 13	5,567,807	4,926,515
Equity component of convertible loans – Note 12	1,562,417	1,562,417
Deficit	(42,451,784)	(36,052,473)
	19,895,057	22,389,601
	\$ 39,515,100	\$ 37,704,606

Nature and Continuance of Operations – Note 1

Commitment – Note 17

Subsequent Events – Note 20

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

<i>/s/ Anton J. Drescher</i>	Director	<i>/s/ Henk Van Alphen</i>	Director
Anton J. Drescher		Henk Van Alphen	

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

RAVENQUEST BIOMED INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the six months ended April 30, 2019 and 2018
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	Three months ended		Six months ended	
	2019	April 30, 2018	2019	April 30, 2018
Revenue from sale of goods	\$ 216,495	\$ -	\$ 318,495	\$ -
Revenue from provision of services	436,745	614,360	634,775	1,225,755
Revenue	653,240	614,360	953,270	1,225,755
Cost of sales – sale of services	(23,681)	(85,190)	58,611	(397,001)
Cost of sales including realized portion of change in fair value on inventory sold – Note 9	(95,320)	-	(140,305)	-
Unrealized loss on changes in fair value of biological assets – Note 8	(665,426)	-	(237,561)	-
Gross profit (loss) including fair value adjustments	(131,187)	529,170	634,015	828,754
Expenses				
Advertising and promotion	80,579	532,147	197,863	544,794
Depreciation and amortization – Notes 6 and 7	480,940	3,958	1,251,872	5,205
Filing fees	17,782	31,028	23,128	33,721
Interest and accretion	768,612	459,413	1,545,369	465,472
Management and consulting fees – Note 14	187,800	1,384,920	372,800	1,491,295
Meals and entertainment	20,329	12,594	38,098	27,736
Office	327,414	114,807	557,105	164,910
Professional fees – Note 14	211,831	254,780	342,896	352,491
Rent – Note 14	195,633	164,361	457,867	299,401
Research and development	80,000	40,000	80,000	80,000
Share-based compensation – Notes 13 and 14	183,940	661,021	1,080,089	1,363,286
Travel	72,209	68,204	141,532	119,433
Transfer agent fees	3,113	15,176	12,123	17,304
Wages	443,548	227,804	932,584	379,764
	3,073,730	3,970,213	7,033,326	5,344,812
Net loss before other item	(3,204,917)	(3,441,043)	(6,399,311)	(4,516,058)
Other item				
Gain on settlement of debt	-	4,999	-	59,472
Net and comprehensive loss for the period	\$ (3,204,917)	\$ (3,436,044)	\$ (6,399,311)	\$ (4,456,586)
Basic and diluted loss per share	\$ (0.03)	\$ (0.04)	\$ (0.06)	\$ (0.06)
Weighted average number of shares outstanding	115,091,656	86,367,988	113,957,136	79,202,576

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

RAVENQUEST BIOMED INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended April 30, 2019 and 2018
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	<u>Share Capital</u>		Share-based Payment Reserve	Warrants Reserve	Equity Component of Convertible Loans	Deficit	Non-Controlling Interest	Total
	Number of shares	Amount						
Balance as at October 31, 2017	72,270,818	\$ 13,096,741	\$ 45,800	\$ 8,000	\$ -	\$ (5,584,610)	\$ 2,895	\$ 7,568,826
Private placement	9,147,300	11,434,125	-	-	-	-	-	11,434,125
Share issuance costs - warrants	-	(2,211,100)	-	2,211,100	-	-	-	-
Share issuance costs	1,060,282	(1,011,177)	-	-	-	-	-	(1,011,177)
Acquisition of Bloomera	10,400,000	13,624,000	-	-	-	-	-	13,624,000
Acquisition of Bloomera – finder's fee	448,000	568,960	-	-	-	-	-	568,960
Acquisition of AGB	9,152	-	-	-	-	-	-	-
Exercise of warrants	206,667	310,001	-	-	-	-	-	310,001
Equity component of convertible loans	-	-	-	-	2,140,417	-	-	2,140,417
Share-based payment	-	-	1,363,286	-	-	-	-	1,363,286
Loss for the period	-	-	-	-	-	(4,453,691)	(2,895)	(4,456,586)
Balance as at April 30, 2018	93,542,219	35,811,550	1,409,086	2,219,100	2,140,417	(10,038,301)	-	31,541,852
Private placement	11,897,794	8,328,456	-	-	-	-	-	8,328,456
Share issuance costs - warrants	-	699,000	-	(699,000)	-	-	-	-
Share issuance costs	478,040	(58,138)	-	-	-	-	-	(58,138)
Acquisition of AGB	-	13,087	-	-	-	-	-	13,087
Exercise of options	6,420,000	3,898,000	-	-	-	-	-	3,898,000
Fair value of exercised options	-	2,796,187	(2,796,187)	-	-	-	-	-
Exercise of warrants	516,667	465,000	-	-	-	-	-	465,000
Equity component of convertible loans	-	-	-	-	(578,000)	-	-	(578,000)
Share-based payment	-	-	4,793,516	-	-	-	-	4,793,516
Loss for the period	-	-	-	-	-	(26,014,172)	-	(26,014,172)
Balance as at October 31, 2018	112,854,720	51,953,142	3,406,415	1,520,100	1,562,417	(36,052,473)	-	22,389,601
Private placement	3,689,832	2,213,899	-	-	-	-	-	2,213,899
Share issuance costs - warrants	-	(34,200)	-	34,200	-	-	-	-
Share issuance costs	-	(48,321)	-	-	-	-	-	(48,321)
Exercise of options	1,014,000	659,100	-	-	-	-	-	659,100
Fair value of exercised options	-	472,997	(472,997)	-	-	-	-	-
Share-based payment	-	-	1,080,089	-	-	-	-	1,080,089
Loss for the period	-	-	-	-	-	(6,399,311)	-	(6,399,311)
Balance as at April 30, 2019	117,558,552	\$ 55,216,617	\$ 4,013,507	\$ 1,554,300	\$ 1,562,417	\$ (42,451,784)	\$ -	\$ 19,895,057

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

RAVENQUEST BIOMED INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended April 30, 2019 and 2018
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	2019	2018
Operating Activities		
Net loss	\$ (6,399,311)	\$ (4,456,586)
Interest expense	781,019	262,587
Items not affecting cash		
Accretion of convertible debentures	760,421	202,869
Bad debt expense	126	-
Depreciation and amortization	1,251,872	5,205
Finder's shares issued on acquisition of Bloomera	-	568,960
Cost of sales including realized portion of change in fair value on inventory sold	140,305	-
Unrealized loss on changes in fair value of biological assets	237,561	-
Share-based compensation	1,080,089	1,363,286
Transaction costs	-	(990,000)
Change in non-cash working capital accounts		
Biological assets	(280,177)	-
Commodity tax recoverable and receivables	688,521	(894,173)
Prepays and deposits	276,772	(1,931,826)
Accounts payable and accrued liabilities	274,388	1,158,447
Unearned revenue	1,841,456	-
	653,042	(4,711,231)
Investing Activities		
Plant and equipment purchases	(3,180,593)	(3,490,073)
Cash received from acquisition of Bloomera	-	155,503
Cash paid on acquisition of Bloomera	-	(15,808,611)
	(3,180,593)	(19,143,181)
Financing Activities		
Proceeds from convertible debentures	-	15,000,000
Proceeds from private placements	2,213,899	11,434,125
Share issuance costs	(48,321)	(1,011,177)
Loan received	1,600,000	-
Repayment of loans payable	(200,000)	-
Cash paid for interest on convertible debentures and loans payable	(756,164)	-
Proceeds from options exercised	659,100	-
Proceeds from warrants exercised	-	310,001
	3,468,514	25,732,949
Change in cash during the period	940,963	1,878,537
Cash, beginning of the period	362,810	3,379,856
Cash, end of the period	\$ 1,303,773	\$ 5,258,393

Supplemental disclosure of cash flow information - Note 18

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

RAVENQUEST BIOMED INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2019 and 2018

(Unaudited – Prepared by Management)

(Stated in Canadian Dollars)

Note 1 Nature and Continuance of Operations

Ravenquest Biomed Inc. is a British Columbia corporation. The Company's principal place of business is #780 – 580 Hornby Street, Vancouver BC, Canada.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. As of April 30, 2019, the Company had not yet achieved profitable operations and had accumulated a deficit of \$42,451,784 (October 31, 2018 – \$36,052,473) and had a working capital deficiency of \$3,072,462 (October 31, 2018 – working capital of \$280,728). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. If the Company should be unable to continue as a going concern, realization of its assets and settlement of its liabilities in other than the normal course of the business may be at amounts significantly different from those in the condensed interim consolidated financial statements. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business when they come due.

Note 2 Significant Accounting Policies

Basis of presentation

These condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended October 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 28, 2019.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale or fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

RAVENQUEST BIOMED INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2019 and 2018
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Note 2 Significant Accounting Policies *(continued)*

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The condensed interim consolidated financial statements include the financial statement of Ravenquest Biomed Inc. and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest at April 30, 2019	Ownership Interest at October 31, 2018	Principal Activity
Ravenquest Technologies (Canada) Inc.	Canada	100%	100%	Consulting
Alberta Green Biotech Inc. (“AGB”)	Canada	100%	100%	Cultivation and sale of cannabis
RQB Capital Corp.	Canada	100%	100%	Holding
8649081 Canada Inc.	Canada	100%	100%	Cultivation and sale of cannabis
Bloomera Inc.	Canada	100%	100%	Inactive
2134934 Alberta Ltd.	Canada	100%	100%	Holding

The condensed interim consolidated financial statements include the financial statements of:

- a) Ravenquest Technologies (Canada) Inc. from its date of incorporation on October 23, 2017, RQB Capital Corp. from its date of incorporation on May 11, 2017, and 2134934 Alberta Ltd. from its date of incorporation on August 14, 2018.
- b) AGB from the acquisition date on September 29, 2017.
- c) 8649081 Canada Inc. and Bloomera Inc. (together, “Bloomera”) from the acquisition date on February 28, 2018.

Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Note 2 **Significant Accounting Policies** *(continued)*

Use of estimates and judgments *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Acquisition of AGB

The Company's acquisition of AGB has been determined to be an asset acquisition as AGB does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of AGB has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on relative fair values.

The Company's application of the recognition principle may result in recognizing some assets (often intangible) and liabilities that the acquiree had not previously recognized as assets and liabilities in its financial statements. One of the most significant areas of estimation and judgment relates to the recognition of the intangible asset, being an in-progress application to produce medical cannabis under the access to cannabis for medical purposes regulations (“In-progress Application”).

Acquisition of 8649081 Canada Inc.

The Company's acquisition of 8649081 Canada Inc. has been determined to be an asset acquisition as 8649081 Canada Inc. does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of 8649081 Canada Inc. has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on the relative fair values.

The Company's application of the recognition principle may result in recognizing some assets (often intangible) and liabilities that the acquiree had not previously recognized as assets and liabilities in its financial statements. One of the most significant areas of estimation and judgment relates to the recognition of the intangible asset, being a license to produce medical cannabis under the access to cannabis for medical purposes regulations (“ACMPR License”).

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Note 2 **Significant Accounting Policies** (continued)

Use of estimates and judgments (continued)

Revenue

The determination of the stage of completion for revenue arising from the rendering of services requires significant judgment of the services performed to date and an estimate of the total services to be performed.

Provision

During the year ended October 31, 2018, the Company paid fees for which it was later determined that there is uncertainty regarding the ability and intent of the service providers to continue fulfilling their obligations (Note 5). As a result, the amounts have been fully provided for and recorded as a provision. In the future, should the Company recover any further amounts from the parties, such amounts will be recorded as a recovery.

Plant and equipment

Depreciation is recorded over the estimated useful life of the plant and equipment. The useful life of plant and equipment is a significant estimate that is reviewed at least at each financial year-end and adjusted if appropriate. Furthermore, the depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate. The reassessment of the Company's accounting treatment over depreciable assets resulted in a change of depreciation method from declining balance method to straight line method to better reflect the expected useful lives of the assets. The effect of these changes on actual and expected depreciation expense, in current and future years, respectively, is as follows:

	2018	2019	2020	2021	2022
Increase in depreciation expense	\$ 1,806	\$ 11,858	\$ 19,412	\$ 7,058	\$ 11,381

Convertible debenture measurement

Convertible debenture requires an estimation of the fair value of a similar liability that does not have an associated equity component by using a suitable discount rate at initial recognition. The carrying amount of the conversion option is then determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. Additionally, significant judgement is required when accounting for the redemption, conversion or modification of these instruments.

Note 2 **Significant Accounting Policies** *(continued)*

Use of estimates and judgments *(continued)*

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Recoverability of intangible asset

Intangible assets with finite lives are accounted for at cost less accumulated amortization. The carrying value of these intangible asset will be amortized over its estimated useful live based on management's best estimates. As at April 30, 2019, the In-progress Application was not ready for use and the ACMPR License has been amortized over its estimated useful life based on management's best estimates, which is determined to be the remaining lease term of the production facility in Ontario.

Intangible assets which are not available for use are tested for impairment annually and all other intangible assets are tested for impairment whenever events or changes in circumstance indicate that the assets might be impaired. When the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's fair value less costs of disposal and value-in-use, an impairment loss is recognized in profit or loss in an amount equal to the excess.

The Company performed its annual intangible asset impairment test as at October 31, 2018 and recorded an impairment of \$11,712,000. See Note 6 for key assumptions.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the consolidated statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the consolidated statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recognized any deferred tax assets.

Going concern

The assessment of the Company's ability to continue as a going concern is a significant judgment. See Note 1.

Note 2 Significant Accounting Policies *(continued)*

Use of estimates and judgments *(continued)*

Determination of cash-generating units

The determination of the Company’s cash-generating units is a significant judgment. The Company has determined that its cash-generating units include Ravenquest Technologies (Canada) Inc.’s consulting business and AGB’s cultivation and sale of cannabis business and Bloomera’s cultivation and sale of cannabis business.

Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and highly liquid short-term investments in high interest saving accounts which can be withdrawn at any time, which, in the opinion of management, is subject to an insignificant risk of changes in value. As at April 30, 2019 and October 31, 2018, the Company held only cash.

Financial instruments

a) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. The Company has classified the reclamation bond as FVTPL.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTPL.

Note 2 **Significant Accounting Policies** (continued)

Financial instruments (continued)

a) Financial assets (continued)

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Cash and receivables have been classified and measured at amortized cost.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset is impaired.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

b) Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and FVTPL.

Note 2 Significant Accounting Policies (continued)

Financial instruments (continued)

b) Financial liabilities (continued)

Other financial liabilities

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, loans payable, and convertible debentures are classified as other financial liabilities.

FVTPL

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. The Company has not classified any financial liabilities as FVTPL.

Convertible debentures

The Company classifies convertible debentures into debt and equity components based on the residual method. The liability component is calculated as the present value of the principal and interest, discounted at a rate approximating the estimated interest rate that would have been applicable to a non-convertible debenture at the time the debenture was issued. Subsequent to the initial recognition, the liability component is accreted over its term to the full principal value using the effective interest rate method.

The equity component of the convertible debenture comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component, less the tax impact. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Note 2 **Significant Accounting Policies** (continued)

Convertible debentures (continued)

Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss. When the conversion option is exercised, the consideration received is recorded as share capital and the equity component of the compound financial instrument is transferred to share capital. If the option matures unexercised, the equity component is reclassified to reserves.

When the Company extinguishes convertible debentures before maturity through early redemption or repurchase where the conversion option is unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of settlement. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with the method used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued. The amount of gain or loss relating to the early redemption or repurchase of the liability component is recognized in profit or loss. The amount of consideration relating to the equity component is recognized in equity.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Plant and equipment is depreciated over its estimated useful lives. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is recognized using the following rate and method:

Furniture and office equipment	straight-line over 5 years
Production equipment	straight-line over 5 years
Computer equipment	straight-line over 3 years
Vehicles	straight-line over 3 years
Leasehold improvements	straight-line over remaining term of the lease

Note 2 **Significant Accounting Policies** *(continued)*

Plant and equipment *(continued)*

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate. Plant and equipment costs are not amortized until the asset is available for use.

Revenue recognition

The Company recognizes revenue from the sale of products when persuasive evidence of a contractual arrangement exists, the products have been delivered to the customer, no significant vendor obligations remain outstanding, the price is fixed or determinable, and collectability is reasonably assured.

Revenue from the provision of services are recognized when the related service are rendered, if persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured.

Revenue from the provision of long-term contracts are recognized on a percentage-of-completion basis as the related services are rendered, if persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured.

The stage of completion is determined by an estimate of the services performed to date as a percentage of total services to be performed.

Amounts received from customers in advance of an arrangement satisfying all the revenue recognition criteria are recorded as deferred revenue.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is valued at fair value as at the date of acquisition. Following initial recognition, finite-lived intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

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Note 2 Significant Accounting Policies (continued)

Intangible assets (continued)

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of loss.

Biological assets

While the Company's biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production equipment and overhead costs such as rent to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred and they are all subsequently recorded within the line item 'cost of goods sold' on the consolidated statements of loss in the period that the related product is sold. Unrealized fair value gains or losses on growth of biological assets are recorded in a separate line on the face of the consolidated statements of loss. Biological assets are measured at their fair value less costs to sell on the statement of financial position. At April 30, 2019, the Company's biological assets consist of seeds and growing materials.

Inventory

The direct and indirect costs of inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within 'cost of goods sold' on the consolidated statements of loss at the time cannabis is sold, except for realized fair value amounts included in inventory sold which are recorded as a separate line on the face of the consolidated statements of loss. Inventory is measured at lower of cost or net realizable value on the statement of financial position.

Note 2 **Significant Accounting Policies** *(continued)*

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are not subject to amortization and are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (“CGU”), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU’s fair value less costs to sell and its value in use.

An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Share capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. The Company’s common shares are classified as equity instruments.

Commissions paid to agents, and other directly attributable share issuance costs, such as legal, auditing, and printing, on the issue of the Company’s shares are charged directly to share capital.

When units are issued during a private placement, which include both common shares and share purchase warrants, the warrants are valued by comparing the total unit price to the fair value of the shares on the day of the announcement of the private placement. Any premium above the fair value of the shares issued would be allocated to the warrants and credited to the warrant reserve.

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Note 2 Significant Accounting Policies (continued)

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant measured using the Black-Scholes option pricing model and charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. If the options expire unexercised, the share-based payments remain in share-based payment reserve.

Note 2 **Significant Accounting Policies** *(continued)*

Share-based payments *(continued)*

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Income taxes

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

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

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

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

Newly adopted accounting policies

Effective November 1, 2018, the Company adopted the following accounting policies. There were no significant impacts to the consolidated financial statements upon adoption.

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Note 2 Significant Accounting Policies (continued)

The amendments to IFRS 2 Share-based Payment added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions.

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 15 Revenue from Contracts with Customers: The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise significant judgment and make estimates that affect revenue recognition.

IFRIC 22 Foreign Currency Transactions and Advance Consideration interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of this standard.

IFRS 16 Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize 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 Leases. This standard is applicable to annual periods beginning on or after January 1, 2019, and the Company is currently evaluating the impact on the consolidated financial statement.

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Note 3 AGB Acquisition

During the year ended October 31, 2017, the Company purchased a 99.89% interest in AGB by issuing 8,590,818 common shares to AGB shareholders.

The transaction does not constitute a business combination as AGB does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of AGB has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on their relative fair values.

During the year ended October 31, 2018, the Company acquired the remaining 64,000 shares from AGB's non-controlling interest in exchange for the issuance of 9,152 common shares. AGB is now a wholly-owned subsidiary of the Company.

Note 4 8649081 Canada Inc. ("Bloomera") Acquisition

During the year ended October 31, 2018, the Company completed the acquisition of 8649081 Canada Inc. ("Bloomera"), a Markham, Ontario based licensed producer of cannabis under the Access to Cannabis for Medical Purposes Regulations.

Under the terms of the transaction, the Company has acquired all of the outstanding share capital of Bloomera in consideration for cash payments of \$15,000,000 plus \$89,651 as deposit for the leased property less balance of the shareholder loans, and the issuance of 10,400,000 common shares to the existing shareholders of Bloomera. Further, the Company paid \$1,270,000 and issued 448,000 common shares valued at \$568,960 to finders.

The transaction does not constitute a business combination as Bloomera does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of Bloomera has been accounted for as an asset acquisition, whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on their relative fair value. Upon closing of the transaction, Bloomera became a subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net assets acquired	
Cash	\$ 75,993
Prepays and deposits	9,602
Intangible asset	27,780,089
Plant and equipment	2,709,857
Accounts payable	(22,930)
Loans payable	(2,608,572)
	\$ 27,944,039
Total Purchase Price:	
Issuance of 10,400,000 shares	\$ 13,624,000
Cash	12,481,079
Transaction costs	1,838,960
	\$ 27,944,039

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Note 4 8649081 Canada Inc. ("Bloomera") Acquisition (continued)

The fair value of the 10,400,000 common shares of the Company was determined to be \$1.31 per common share, based on the market value at the date of issuance.

Note 5 Prepays and Deposits

As at April 30, 2019, the Company had prepaid expenses totalling \$613,073 (October 31, 2018 - \$889,845) which comprised of consulting, insurance, advertising and promotion, and deposits.

During the year ended October 31, 2018, the Company entered into agreements, for several months to one year periods, with several parties for advertising, marketing, investor relations, M&A financial advisory and other consulting services with contract values totalling \$5,000,000, which was initially recorded in prepaids and deposits. The fees under these agreements were paid in March 2018 and July 2018 concurrent with the Company's non-brokered financing (Note 13) and no amounts were recognized as expense for the year ended October 31, 2018. There is uncertainty regarding the ability and intent of the service providers to continue fulfilling their obligations. The Company is working with the consultants to ensure that they fulfil their obligations, however, due to uncertainty, the Company has recorded a provision for \$4,800,000. During the period ended April 30, 2019, the Company recovered \$200,000 for consulting services not performed.

Note 6 Intangible Assets

	In-progress Application	ACMPR License	Total
October 31, 2017	\$ 3,833,684	\$ -	\$ 3,833,684
Additions (Note 4)	-	27,780,089	27,780,089
Amortization	-	(1,575,000)	(1,575,000)
Impairment	-	(11,712,000)	(11,712,000)
October 31, 2018	3,833,684	14,493,089	18,326,773
Amortization	-	(1,183,307)	(1,183,307)
April 30, 2019	\$ 3,833,684	\$13,309,782	\$17,143,466

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Note 6 **Intangible Assets** *(continued)*

In-progress Application

As at April 30, 2019 and October 31, 2018, intangible assets include an in-progress application to produce medical cannabis, which is allocated to the CGU that comprise AGB's cultivation and sale of cannabis business. The license resulting from the application will be amortized over its estimated useful life based on management's best estimates when it is ready for use.

The Company performed its annual impairment test and estimated the recoverable amount of the above-noted CGU based on fair value less costs of disposal, which was determined using a discounted cash flow methodology and categorized within level 3 of the fair value hierarchy (see Note 15). The key assumptions used in the calculation of the recoverable amount include estimated wholesale price of \$5.50 per gram, cash cost of \$1 per gram, production volume of 4.4 million grams annually, EBITA margin of 72.7%, capital expenditures, and discount rates, which were projected out 5 years. The weighted average cost of capital was determined to be approximately 30.4% based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, and an after-tax cost of debt. Further, the calculation makes assumption regarding the granting of the license and its timing, and the purchase of the building by AGB (Note 17). The carrying amount did not exceed the recoverable amount at April 30, 2019 and October 31, 2018. A 10% decrease in the selling price per gram would have a significant impact on the recoverable amount of the CGU.

ACMPR License

As at April 30, 2019, intangible assets also include Bloomera's Health Canada License to cultivate medical cannabis, which is allocated to the CGU that comprise Bloomera's cultivation and sale of cannabis business. It is amortized over 12 years, which is the lesser of the useful life of the production facility and its remaining lease term.

The Company performed its annual impairment test and estimated the recoverable amount of the above-noted CGU based on fair value less costs of disposal, which was determined using a discounted cash flow methodology and categorized within level 3 of the fair value hierarchy (see Note 15). The key assumptions used in the calculation of the recoverable amount include estimated wholesale price of \$5.50 per gram, cash cost of \$1.54 per gram, production volume of 1.8 million grams annually, EBITA margin of 61.9%, capital expenditures, and discount rates, which were projected out 5 years. The weighted average cost of capital was determined to be approximately 24.6% based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, and an after-tax cost of debt.

The carrying amount exceeded the recoverable amount and as a result, an impairment charge of \$11,712,000 was recognized for the year ended October 31, 2018.

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Note 7 Plant and Equipment

	Furniture and Office Equipment	Computer Equipment	Leasehold Improvements	Production Equipment	Vehicles	Total
Cost:						
Balance at October 31, 2017	\$ 129,424	\$ 54,456	\$ 1,011,009	\$ -	\$ -	\$ 1,194,889
Additions from acquisition of Bloomera	28,873	27,934	938,725	1,710,896	3,429	2,709,857
Additions	11,847	21,088	11,564,735	1,841,109	-	13,438,779
Balance at October 31, 2018	170,144	103,478	13,514,469	3,552,005	3,429	17,343,525
Additions	15,570	298,375	1,773,028	1,097,538	-	3,184,511
Balance at April 30, 2019	\$ 185,714	\$ 401,853	\$ 15,287,497	\$ 4,649,543	\$ 3,429	\$ 20,528,036
Accumulated Depreciation:						
Balance at October 31, 2017	\$ -	\$ 286	\$ -	\$ -	\$ -	\$ 286
Additions	31,538	29,537	63,267	181,410	691	306,443
Balance at October 31, 2018	31,538	29,823	63,267	181,410	691	306,729
Additions	16,736	51,240	88,621	237,458	411	394,466
Balance at April 30, 2019	\$ 48,274	\$ 81,063	\$ 151,888	\$ 418,868	\$ 1,102	\$ 701,195
Net book value:						
Balance at October 31, 2018	\$ 138,606	\$ 73,655	\$ 13,451,202	\$ 3,370,595	\$ 2,738	\$ 17,036,796
Balance at April 30, 2019	\$ 137,440	\$ 320,790	\$ 15,135,609	\$ 4,230,675	\$ 2,327	\$ 19,826,841

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Note 8 Biological Assets

The Company's biological assets consists of seeds and cannabis plants. The continuity of biological assets for the six months ended April 30, 2019 and the year ended October 31, 2018 was as follows:

	April 30, 2019	October 31, 2018
Balance, beginning of period	\$ 78,244	\$ -
Purchases of seeds	-	32,082
Unrealized loss on changes in fair value of biological assets	(237,561)	-
Increase in biological assets due to capitalized costs	606,078	46,162
Transferred to inventory upon harvest	(278,465)	-
Balance, end of period	\$ 168,296	\$ 78,244

The significant unobservable assumptions used in the valuation of biological assets are as follow:

Significant unobservable assumptions	Range estimate	Sensitivity
Estimated yield per plant	29 grams/plant	A slight increase in the estimated yield per plant would result in a significant increase in fair value, and vice versa.
Average selling price per gram	\$5.5 /gram	A slight increase in the estimated selling price per strain would result in a significant increase in fair value, and vice versa.

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

During the period ended April 30, 2019, the Company sold 5,765 plants resulting in revenue of \$172,950.

Note 9 Inventory

Inventory was comprised of the following items:

	April 30, 2019	October 31, 2018
Balance, beginning of period	\$ -	\$ -
Flowering materials – additions	278,465	-
Flowering materials – sold	(140,305)	-
Balance, end of period	\$ 138,160	\$ -

During the period ended April 30, 2019, the Company's biological assets produced 50,679 grams of dried cannabis (2018 – Nil) and sold 25,559 grams of dried cannabis.

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Note 10 Loans Payable

Loan

In September 2017, the Company acquired AGB which had a loan agreement. The principal amount of the loan is \$200,000, bears interest at the rate of 12% per annum, and is unsecured. The principal balance of the loan, together with all accrued and unpaid interest was payable on December 31, 2017. During the year ended October 31, 2018, the lender agreed to extend the maturity to March 31, 2018. At October 31, 2018, accrued interest on the loan totalled \$44,910. As at October 31, 2018, the loan and accrued interest have been repaid.

In November 2018, the Company entered into a short term promissory note for the amount of \$1,600,000 with an arm's length creditor. Terms include interest payable at 6% per annum, compounded monthly and payable upon maturity. During the period ended April 30, 2019, the Company made a \$200,000 partial repayment of the principal and accrued \$37,184 of interest.

Note 11 Unearned Revenue

During the period ended April 30, 2019, the Company:

- i) entered into a supply agreement with Wayland Group ("Wayland"). As part of the supply agreement, Wayland made a one-time payment of \$2,000,000 to the Company.
- ii) recognized \$158,544 as revenue.

Note 12 Convertible Debentures

During the year ended October 31, 2018, the Company issued 15,000 convertible debenture units at a price of \$1,000 per debenture unit, for aggregate gross proceeds to the Company of \$15,000,000.

Each debenture unit consists of an unsecured convertible debenture of the Company in the principal amount of \$1,000 and 690 warrants.

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Note 12 Convertible Debentures (continued)

	Debenture i)	Debenture ii)	Debenture iii)	Total
Balance, October 31, 2017	\$ -	\$ -	\$ -	\$ -
Issuances	500,000	2,000,000	12,500,000	15,000,000
Transaction costs	-	-	(990,000)	(990,000)
Amount allocated to conversion feature	(76,389)	(305,556)	(1,758,472)	(2,140,417)
Effective interest accretion	22,155	88,620	772,859	883,634
Debenture interest	33,561	134,246	839,042	1,006,849
Interest paid	(16,712)	(66,849)	(417,809)	(501,370)
Balance, October 31, 2018	462,615	1,850,461	10,945,620	13,258,696
Effective interest accretion	18,678	74,715	667,028	760,421
Debenture interest	24,795	99,178	619,862	743,835
Interest paid	(25,205)	(100,822)	(630,137)	(756,164)
Balance, April 30, 2019	\$ 480,883	\$ 1,923,532	\$11,602,373	\$14,006,788

- i) The debenture will mature on February 28, 2020 and will accrue interest at a rate of 10% per annum payable semi-annually and convertible into common shares at a price of \$1.45 per share, at any time prior to maturity.

The debenture has been classified into its convertible debenture liabilities and conversion feature equity components in the Company's financial statements using the fair value method and an effective interest rate of 18.9%.

The Company allocated \$423,611 to the liability and \$76,389 to the conversion feature. Over the term of the loan the carrying value of the liability will be accreted to the \$500,000 principal amount using the effective-interest-rate method. During the period ended April 30, 2019, the Company recognized \$43,473 (2018 - \$Nil) in interest and accretion.

- ii) The debenture will mature on February 28, 2020 and will accrue interest at a rate of 10% per annum payable semi-annually and convertible into common shares at a price of \$1.45 per share, at any time prior to maturity.

The debenture has been classified into its convertible debenture liabilities and conversion feature equity components in the Company's financial statements using the fair value method and an effective interest rate of 18.9%.

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Note 12 Convertible Debentures (continued)

The Company allocated \$1,694,444 to the liability and \$305,556 to the conversion feature. Over the term of the loan this carrying value of the liability will be accreted to the \$2,000,000 principal amount using the effective-interest-rate method. During the period ended April 30, 2019, the Company recognized \$173,893 (2018 - \$Nil) in interest and accretion.

- iii) The debenture will mature on February 28, 2020 and will accrue interest at a rate of 10% per annum payable semi-annually and convertible into common shares at a price of \$1.45 per share, at any time prior to maturity.

The debenture has been classified into its convertible debenture liabilities and conversion feature equity components in the Company's financial statements using the fair value method and an effective interest rate of 23.46%.

The Company allocated \$9,751,528 to the liability and \$1,758,472 to the conversion feature for the gross proceeds less transaction cost of \$990,000. Over the term of the loan the carrying value of liability will be accreted to the \$12,500,000 principal amount using the effective-interest-rate method. During the period ended April 30, 2019, the Company recognized \$1,286,890 (2018 - \$Nil) in interest and accretion.

Note 13 Share Capital

Authorized: unlimited common shares without par value

During the period ended April 30, 2019, the Company:

- a) issued 1,014,000 shares pursuant to the exercise of options for proceeds of \$659,100.
- b) completed a non-brokered private placement of units. In connection with completion of the non-brokered private placement, the Company issued 3,523,832 units at a price of \$0.60 per unit for aggregate gross proceeds of \$2,114,299.

Each unit consists of one common share of the Company, and one half of one share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$0.08 per share for a period of 24 months.

The Company also paid finders' fees of \$52,014 and issued 82,730 finder's warrants (valued at \$32,700). Each warrant entitles the holder to acquire a common share of the Company at a price per common share of \$0.80 for a period of 24 months from the date of issuance.

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Note 13 Share Capital (continued)

- c) completed a non-brokered private placement of units. In connection with completion of the non-brokered private placement, the Company issued 166,000 units at a price of \$0.60 per unit for aggregate gross proceeds of \$99,600.

Each unit consists of one common share of the Company, and one half of one share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$0.08 per share for a period of 24 months.

The Company also issued 3,960 finder's warrants (valued at \$1,500). Each warrant entitles the holder to acquire a common share of the Company at a price per common share of \$0.80 for a period of 24 months from the date of issuance

During the year ended October 31, 2018, the Company:

- a) issued 9,152 common shares at a value of \$13,087 to acquire the remaining 64,000 shares from AGB's non-controlling interest (Note 3).
- b) completed the first tranche of a brokered private placement of units, with Haywood Securities Inc. acting as lead agent. In connection with completion of the brokered placement, the Company issued 3,581,300 units at a price of \$1.25 per unit for aggregate gross proceeds to the Company of \$4,476,625. The Company also completed a concurrent non-brokered private placement of 4,042,000 units at a price of \$1.25 per unit for additional gross proceeds to the Company of \$5,052,500. The aggregate gross proceeds to the Company was \$9,529,125. Of the proceeds raised, \$3,000,000 was concurrently paid as consulting fees which have been included in provision for prepaid expense in the consolidated statements of comprehensive loss (note 5).

Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$1.50 per a period of 24 months, subject to acceleration in the event that the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.75 for a period of ten consecutive trading days.

In connection with the brokered placement, the Company paid a commission of \$1,558,130, of which \$932,953 was issued in 746,362 units at a deemed price per unit of \$1.25 and \$625,177 was paid in cash, and issued to the agent 1,114,090 compensation options (valued at \$1,055,100). Each compensation option entitles the holder to acquire a common share of the Company at a price per common share of \$1.25 for a period of 24 months from the closing of the offering. As additional compensation, the Company paid to the agent a corporate finance fee equal to \$80,000 in the form of 64,000 units and issued to the agent 64,000 corporate finance compensation options (valued at \$60,600), having the same terms and attributes as the compensation options. In addition, the Company incurred share issuance costs of \$111,400.

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Note 13 Share Capital (continued)

In connection with the non-brokered placement, the Company paid finders' fees of \$300,000, issued 128,000 finder's units at a value of \$160,000 and incurred additional share issue costs of \$1,000. Each finder's unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$1.25 per a period of 24 months, subject to acceleration in the event that the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.75 for a period of ten consecutive trading days.

- c) issued 10,400,000 shares at a value of \$13,624,000 pursuant to the acquisition of Bloomera (Note 4). Pursuant to the acquisition, the Company issued 448,000 common shares as a finder's fee (valued at \$568,960).
- d) completed an additional tranche of its brokered private placement of units, with Haywood Securities Inc. acting as lead agent. In connection with completion of this tranche of the brokered placement, the Company issued 1,440,000 units at a price of \$1.25 per unit for gross proceeds of \$1,800,000.

Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$1.50 per share for a period of 24 months, subject to acceleration in the event that the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.75 for a period of ten consecutive trading days.

In connection with this tranche of the brokered placement, the Company paid a commission of \$144,000, which was satisfied through the issuance of 115,200 units and 115,200 compensation options (valued at \$113,100). Each compensation option entitles the holder to acquire a common share of the Company at a price per common share of \$1.25 for a period of 24 months from the date of issuance.

- e) completed an additional tranche of its non-brokered private placement of units. In connection with the completion of this tranche of the non-brokered placement, the Company issued an additional 84,000 units at a price of \$1.25 per unit for gross proceeds of \$105,000.

Each unit consists of one common share of the Company, and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$1.50 per share for a period of 24 months, subject to acceleration in the event that the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.75 for a period of ten consecutive trading days.

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Note 13 Share Capital (continued)

In connection with this tranche of the non-brokered placement, the Company paid a commission of \$8,400, which was satisfied through the issuance of 6,720 units and 6,720 compensation options (valued at \$6,500). Each compensation option entitles the holder to acquire a common share of the Company at a price per common share of \$1.25 for a period of 24 months from the date of issuance.

- f) issued 723,334 shares pursuant to the exercise of warrants for proceeds of \$775,001.
- g) completed a non-brokered private placement for 11,504,937 units at a price of \$0.70 per unit, for aggregate gross proceeds of \$8,053,456. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$0.90 per share for a period of 36 months from the date of issuance. The Company paid \$31,738, issued 460,540 finder's units (valued at \$322,378) and issued 502,330 compensation options (valued at \$267,800) as finder's fees. The compensation options are subject to the same terms and conditions as the warrants in the subscribers units. Of the proceeds raised, \$2,000,000 was concurrently paid as consulting fees which have been included in provision for prepaid expense in the consolidated statements of comprehensive loss (note 6).
- h) issued an additional 392,857 units at a price of \$0.70 per unit, for aggregate gross proceeds of \$275,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$0.90 per share for a period of 36 months from the date of issuance, subject to accelerated in the event the closing price of the Company's common shares on the Canadian Securities Exchange is greater than \$2.00 for a period of ten consecutive trading days. Finder's fees of 17,500 units (valued at \$12,250) and 17,500 compensation options (valued at \$9,000) were issued to an eligible finder.
- i) issued 6,420,000 shares pursuant to the exercise of options for proceeds of \$3,898,000 resulting in a reallocation of share-based compensation of \$2,796,187 from reserves to share capital.

Escrowed shares

At April 30, 2019, there were 7,803,153 (October 31, 2018 – 10,404,205) shares held in escrow. Under the applicable escrow agreement, 2,601,052 (October 31, 2018 – 5,202,107) shares were released during the period ended April 30, 2019 and 2,601,051 shares will release every six months starting April 4, 2018.

Note 13 Share Capital *(continued)*

Stock-based Compensation Plan

During the year ended October 31, 2008 the Company adopted a stock option plan (the “Plan”) to grant directors and employees common share purchase options.

Pursuant to the Option Plan, options may be granted to officers, directors, employees and consultants (the “Participants”) of the Company or its affiliates. Options may be granted for a maximum of 5 years, and vesting is subject to the discretion of the Board. The maximum number of common shares reserved for issuance upon exercise of options granted thereunder may not exceed 10% of the total number of the issued common shares at the time the options are granted. Under the Option Plan, no one Participant may be granted options to purchase more than 5% of the number of issued common shares and no more than 2% of the issued common shares may be granted to any one consultant in any twelve month period. No more than an aggregate of 2% of the issued common shares may be granted to an employee conducting investor relations activity in any twelve month period.

The price at which common shares may be acquired upon the exercise of an option may not be less than the price permitted under the rules of any stock exchange or exchanges on which the common shares are listed.

Subject to the foregoing restrictions, and certain other restrictions set forth in the Option Plan, our Board is authorized to provide for the granting of options and the exercise and method of exercise of options under the Plan. Options granted under the Option Plan are non-assignable. Options are subject to early termination in the event of the death of a participant or in the event a participant ceases to be an officer, director, employee or consultant.

Stock Options

During the year ended October 31, 2017, the Company granted 2,430,000 options to directors, officers, employees and consultants of the Company. The options are exercisable at a price of \$1.25 per common share, expiring on October 25, 2022, to be vested over two years. The estimated fair market value of these options was \$2,670,800. During the period ended April 30, 2019, the fair value of the vested portion of \$380,389 (October 31, 2018 - \$2,081,802) was recorded as share-based compensation.

During the period ended April 30, 2019, the Company granted 1,500,000 stock options to a consultant of the Company. The options are exercisable at \$0.65 on or before November 14, 2020. The options were fully vested on the grant date resulting in share-based compensation of \$699,700.

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Note 13 Share Capital *(continued)*

Stock Options *(continued)*

During the year ended October 31, 2018, the Company:

- i) granted 4,700,000 stock options to consultants of the Company. The options are exercisable at \$0.50 on or before August 10, 2020. The options were fully vested on the grant date resulting in share-based compensation of \$1,685,300.
- ii) granted 3,700,000 stock options to consultants of the Company. The options are exercisable at \$0.90 on or before October 2, 2020. The options were fully vested on the grant date resulting in share-based compensation of \$2,389,700.

Option transactions and the number of options outstanding are summarized as follows:

	Number of Options	Weighted average exercise price
Balance, October 31, 2017	2,430,000	\$ 1.25
Granted	8,400,000	0.68
Exercised	(6,420,000)	0.61
Balance, October 31, 2018	4,410,000	1.09
Granted	1,500,000	0.65
Exercised	(1,014,000)	0.65
Balance, April 30, 2019	4,896,000	\$ 1.05

As at April 30, 2019, options were outstanding entitling the holder thereof the right to purchase one common share for each option held as follows:

Expiry Date	Exercise Price	Number of options outstanding	Remaining contractual life (years)	Number of options exercisable
October 2, 2020	\$1.25	1,980,000	1.43	1,980,000
November 14, 2020	\$0.65	486,000	1.55	486,000
October 25, 2022	\$0.90	2,430,000	3.49	1,822,500
		4,896,000	2.46	4,288,500

As at April 30, 2019, the weighted average remaining contractual life of the share purchase options was 2.46 years (October 31, 2018 – 3.06 years).

The weighted average fair value of the Company's common shares on the date of the exercise of options is \$0.70 (October 31, 2018 – \$0.79).

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Note 13 Share Capital *(continued)*

Stock Options *(continued)*

The following weighted average assumptions were used for the Black-Scholes valuation of the options:

	April 30, 2019	October 31, 2018
Risk-free interest rate	2.27%	2.17%
Expected life of option	2 years	2 years
Expected dividend yield	0%	0%
Expected stock price volatility	150.00%	150.00%
Share price on grant date	\$0.65	\$0.68

Expected volatility was determined by reference to the volatilities of entities of a similar size and in a similar industry.

Share Purchase Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted average exercise price
Balance, October 31, 2017	57,206	\$ 3.49
Issued	34,753,256	1.27
Exercised	(723,334)	(1.07)
Balance, October 31, 2018	34,087,128	1.27
Issued	1,931,608	0.80
Balance, April 30, 2019	36,018,736	\$ 1.25

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Note 13 Share Capital *(continued)*

Share Purchase Warrants *(continued)*

As at April 30, 2019, warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held as follows:

Expiry Date	Exercise Price	Number of warrants	Remaining contractual life (years)
February 28, 2020	\$1.50	17,766,633	0.83
February 28, 2020	\$1.50	810,362	0.83
February 28, 2020	\$1.25	1,306,090	0.83
March 12, 2020	\$1.50	1,440,000	0.87
March 12, 2020	\$1.50	115,200	0.87
March 12, 2020	\$1.25	115,200	0.87
March 28, 2020	\$1.50	84,000	0.91
March 28, 2020	\$1.50	6,720	0.91
March 28, 2020	\$1.25	6,720	0.91
September 4, 2020	\$3.49	57,206	1.35
March 15, 2021	\$0.80	1,761,918	1.88
March 15, 2021	\$0.80	82,730	1.88
March 26, 2021	\$0.80	83,000	1.91
March 26, 2021	\$0.80	3,960	1.91
July 11, 2021	\$0.90	10,988,270	2.20
July 11, 2021	\$0.90	962,870	2.20
July 13, 2021	\$0.90	392,857	2.21
July 13, 2021	\$0.90	35,000	2.21
		36,018,736	1.36

As at April 30, 2019, the weighted average remaining contractual life of the share purchase warrants was 1.36 years (October 31, 2018 - 1.83 years).

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants:

	April 30, 2019	October 31, 2018
Risk-free interest rate	1.61%	1.85%
Expected life of warrant	2 years	2.29 years
Expected dividend yield	0%	0%
Expected stock price volatility	150.00%	150.00%
Share price on grant date	\$0.59	\$1.13

Expected volatility was determined by reference to the volatilities of entities of a similar size and in a similar industry.

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Note 14 Related Party Transactions

Related party transactions not disclosed elsewhere in these consolidated financial statements were as follows:

Key management personnel compensation comprised of the following:

	Six Months Ended April 30,	
	2019	2018
Management fees to the CEO, included in wages	\$ 120,000	\$ 120,000
Management fees to a company with a common director	60,000	60,000
Professional fees to the CFO	48,526	37,541
Professional fees to the corporate secretary's company	18,000	18,000
Rent to the corporate secretary's company	3,900	22,200
	<u>\$ 250,426</u>	<u>\$ 257,741</u>

During the period ended April 30, 2019, the Company incurred interest of \$Nil (2018 - \$6,139) to key management and other related companies on the loans payable (Note 10).

As at April 30, 2019, accounts payable and accrued liabilities include \$43,908 (October 31, 2018 - \$22,368) owing to three companies with common officers and a director. These amounts are unsecured, non-interest bearing, and has no specific terms of repayment.

Share-based compensation includes stock options granted to directors and officers recorded at a fair value of \$250,462 (2018 - \$462,397).

Note 15 Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, receivables, and reclamation bond are exposed to credit risk, the maximum exposure being their carrying amounts on the consolidated statements of financial position. The Company reduces its credit risk on cash and reclamation bond by placing these instruments with institutions of high credit worthiness. As at October 31, 2018, the Company is exposed to credit risk with respect to trade receivables from consulting revenue and has provided an allowance in the amount of \$350,856. As at April 30, 2019, the Company is not exposed to any significant credit risk.

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Note 15 Financial Instruments *(continued)*

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rate. The Company does not believe it is exposed to significant currency risk as funds are held in Canadian currency and there are no significant foreign exchange currency transactions.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Company does not hold variable interest-bearing debt with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. As at April 30, 2019, the Company has a working capital deficiency of \$3,072,462 (October 31, 2018 – working capital of \$280,728). The Company addresses its liquidity risk through equity financing obtained through the sale of common shares and loans from shareholders.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, other receivables, reclamation bond, accounts payable and accrued liabilities, loans payable and convertible debentures. The fair value of these financial instruments approximates their carrying values.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques, using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Note 15 Financial Instruments *(continued)*

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature except as otherwise noted.

The following table summarizes the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company’s financial assets and financial liabilities:

	IAS 39 Classification	IFRS 9 Classification
Cash	FVTPL	FVTPL
Commodity tax receivable	Loans and receivables	Amortized cost
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost
Unearned revenue	Other financial liabilities	Amortized cost
Convertible debentures	FVTPL	FVTPL

Note 16 Capital Management

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders’ equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, borrow from lenders, or sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There were no changes in the Company’s approach to capital management during the period ended April 30, 2019 and 2018.

Note 17 Commitment

The Company has entered into lease agreements for four premises expiring between November 30, 2019 and June 30, 2024.

Future minimum annual lease payments for the next five years are as follows

2019	\$ 158,425
2020	150,347
2021	67,605
	<u>\$ 376,377</u>

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Note 17 Commitment *(continued)*

Further, AGB is obligated to purchase the building on or prior to May 1, 2019 for \$5,600,000 plus GST.

During the period ended April 30, 2019, the Company has entered into a rental agreement for office lease for the period between July 1, 2020 and June 30, 2024.

Note 18 Supplemental Cash-flow Information

	April 30, 2019	April 30, 2018
Cash paid for:		
Interest	\$ 756,164	\$ -
Income taxes	\$ -	\$ -
Non-cash transactions in investing and financing activities:		
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	-	\$ 51,279
Fair value of warrants issued pursuant to private placements	\$ 34,200	\$ 2,211,100
Plant and equipment included in accounts payable and accrued liabilities	\$ 1,182,743	\$ -
Biological assets transferred to inventory upon harvest	\$ 278,465	\$ -
Fair value of exercised options	\$ 472,997	\$ -

Note 19 Segmented Information

For the period ended April 30, 2019, the Company's business operates primarily through two operating segments – consulting business, and cultivation and sale of medical cannabis. The Company reports activities not directly attributable to an operating segment under corporate. These operating segments are monitored by the Company's chief operating decision makers, and strategic decisions are made on the basis of segment operating results.

	Consulting	Cannabis	Corporate	Total
Revenue	\$ 634,775	\$ 318,495	\$ -	\$ 953,270
Gross profit	\$ 693,386	\$ (59,371)	\$ -	\$ 634,015
Net loss before income tax	\$ (407,773)	\$ (2,198,287)	\$ (3,793,251)	\$ (6,399,311)
Total assets	\$ 1,054,328	\$ 37,353,434	\$ 1,394,031	\$ 39,801,793
Additions to non-current assets	\$ 76,575	\$ 1,530,163	\$ -	\$ 1,606,738
Total liabilities	\$ 1,111,613	\$ 2,938,956	\$ 15,856,167	\$ 19,906,736

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Note 19 Segmented Information (continued)

For the year ended October 31, 2018, the Company's business operates primarily through two operating segments – consulting business, and cultivation and sale of medical cannabis. The Company reports activities not directly attributable to an operating segment under corporate. These operating segments are monitored by the Company's chief operating decision makers, and strategic decisions are made on the basis of segment operating results.

	Consulting	Cannabis	Corporate	Total
Revenue	\$ 1,256,740	\$ -	\$ -	\$ 1,256,740
Gross profit	\$ 801,292	\$ -	\$ -	\$ 801,292
Impairment of intangible assets	\$ -	\$ 11,712,000	\$ -	\$ 11,712,000
Net loss before income tax	\$ (1,295,037)	\$ (14,927,548)	\$ (14,823,278)	\$ (31,045,863)
Total assets	\$ 639,532	\$ 35,923,646	\$ 1,141,428	\$ 37,704,606
Additions to non-current assets	\$ 18,686	\$ 43,910,037	\$ -	\$ 43,928,725
Total liabilities	\$ 1,314,173	\$ 451,574	\$ 13,549,258	\$ 15,315,005

Note 20 Subsequent Events

Subsequent to the period ended April 30, 2019, the Company:

- i) granted 1,199,586 options exercisable at a price of \$0.70 per option expiring May 2, 2024.
- ii) completed a non-brokered private placement of 4,140,000 units at a price of \$0.50 per unit for gross proceeds of \$2,070,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.60 per share for a period of two years. In connection with completion of the financing, the Company has paid finders' fees of \$144,900 and issued 289,800 agent warrants.