CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2018 and 2017

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lexagene Holdings Inc.

We have audited the accompanying consolidated financial statements of Lexagene Holdings Inc. which comprise the consolidated statements of financial position as at February 28, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in shareholder's equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lexagene Holdings Inc. as at February 28, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Lexagene Holdings Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 28, 2018

LEXAGENE HOLDINGS INC.
Consolidated Statements of Financial Position
(Expressed in US dollars)

	Note	February 28, 2018	February 28, 2017
ASSETS			
Current assets			
Cash		$ 2,648,354	$ 867,483
Receivables		12,637	11,375
Prepaid expenses		303,874	69,895
		2,964,865	948,753
Non-current			
Intangible license	6	76,630	73,574
Property and equipment	7	682,672	29,947
TOTAL ASSETS		**$ 3,724,167**	**$ 1,052,274**
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	10	$ 257,494	$ 130,615
TOTAL LIABILITIES		**$ 257,494**	**$ 130,615**
SHAREHOLDERS' EQUITY			
Share capital	8	10,988,932	4,469,182
Share subscriptions		-	132,413
Share-based payment reserve	8	905,631	857,496
Accumulated other comprehensive income		125,438	10,444
Deficit		(8,553,328)	(4,547,876)
TOTAL SHAREHOLDERS' EQUITY		**3,466,673**	**921,659**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 3,724,167**	**$ 1,052,274**

Nature and continuance of operations (Note 1)
Commitment (Note 14)
Subsequent events (Note 15)

Approved on behalf of the Board on June 28, 2018:

"Jack Regan" *"Daryl Rebeck"*

Jack Regan, Chairman   Daryl Rebeck, Director

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

LEXAGENE HOLDINGS INC.
Consolidated Statements of Comprehensive Loss
(Expressed in US Dollars)

	Note	Years ended February 28, 2018	2017
Expenses			
Administration	10	$ 47,085	$ 15,072
Advertising and promotion		559,248	11,768
Amortization of intangible license	6	9,376	9,085
Amortization of property and equipment	7	9,992	3,251
Consulting fees	10	108,346	77,179
Insurance		6,802	2,314
Office and miscellaneous		102,954	6,844
Professional fees		161,280	91,276
Research and development	11	1,670,114	446,652
Share based compensation	10	431,170	174,698
Transfer agent and filing fees		54,305	22,150
Travel		188,961	28,982
Wages and salaries	10	628,242	111,189
		3,977,875	1,000,460
Other items			
Foreign exchange		27,577	5,778
Listing transaction expense	5	-	3,484,271
Payables written off		-	(7,294)
Net loss		4,005,452	4,483,215
Other comprehensive loss			
Items that may be reclassified subsequently to income or loss:			
Unrealized gain on translation to reporting currency		(114,994)	(11,279)
Comprehensive loss		**$ 3,890,458**	**$ 4,471,936**
Net loss per share – basic and diluted		$ 0.08	$ 0.17
Weighted average number of common shares outstanding – basic and diluted		52,491,100	26,938,818

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

LEXAGENE HOLDINGS INC.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in US Dollars)

	Share Capital						
	Number	Amount	Share subscriptions	Share based payment reserve	Deficit	Other comprehensive income (loss)	Total
Balance, February 29, 2016	**16,150,000**	**$ 94,973**	**$ -**	**$ -**	**$ (64,661)**	**$ (835)**	**$ 29,477**
Shares issued in private placements	3,850,000	295,813	-	-	-	-	295,813
Bionomics shares cancelled in share exchange with shareholders in RTO	(20,000,000)	(288,097)	-	-	-	-	(288,097)
Issued in share exchange with shareholders in RTO	20,225,000	282,489	-	-	-	-	282,489
Shares and warrants deemed to be issued in reverse takeover (Note 5)	10,195,260	1,919,722	-	1,145,682	-	-	3,065,404
Stock options granted	-	-	-	72,009	-	-	72,009
Shares issued to finders (Note 5)	1,000,000	188,296	-	-	-	-	188,296
Warrants exercised	2,650,000	600,962	-	(441,199)	-	-	159,763
Shares issued for cash, net of costs	8,400,800	1,375,024	-	81,004	-	-	1,456,028
Share subscriptions receivable	-	-	(37,659)	-	-	-	(37,659)
Funds received for warrants exercise	-	-	15,072	-	-	-	15,072
Share subscription received, net of costs	-	-	155,000	-	-	-	155,000
Comprehensive loss for the year	-	-	-	-	(4,483,215)	11,279	(4,471,936)
Balance, February 28, 2017	**42,471,060**	**$ 4,469,182**	**$ 132,413**	**$ 857,496**	**$ (4,547,876)**	**$ 10,444**	**$ 921,659**
Shares issued, net of costs	11,378,963	4,955,305	(117,341)	254,559	-	-	5,092,523
Warrants exercised	5,043,530	1,564,445	(15,072)	(647,881)	-	-	901,492
Share based payment of stock options	-	-	-	332,555	-	-	332,555
Share based payment of restricted share units	-	-	-	98,615	-	-	98,615
Warrants issued for cash	-	-	-	10,287	-	-	10,287
Comprehensive loss for the year	-	-	-	-	(4,005,452)	114,994	(3,890,458)
Balance, February 28, 2018	**58,893,553**	**$ 10,988,932**	**$ -**	**$ 905,631**	**$ (8,553,328)**	**$ 125,438**	**$ 3,466,673**

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

LEXAGENE HOLDINGS INC.
Consolidated Statements of Cash Flows
For the years ended February 28, 2018 and 2017
(Expressed in US Dollars)

	Years ended February 28,	
	2018	**2017**
Operating Activities		
Net loss for the year	$ (4,005,452)	$ (4,483,215)
Items not involving cash		
Amortization of intangible license	9,376	9,085
Amortization of property and equipment	9,992	3,251
Listing transaction expense	-	3,363,328
Share based compensation	431,170	174,698
Changes in working capital balances:		
Receivables	(1,262)	(5,733)
Prepaid expenses	(233,979)	(61,912)
Accounts payable and accrued liabilities	126,879	(44,243)
Cash Used in Operating Activities	(3,663,276)	(1,044,741)
Investing Activities		
Purchase of property and equipment	(662,717)	(33,199)
Payments for intangible license	(10,000)	(25,000)
Cash Used in Investing Activities	(672,717)	(58,199)
Financing Activities		
Proceeds from shares issued, net of cash share issue costs	5,092,523	1,456,028
Proceeds received for future share issuances	-	170,072
Proceeds received on exercise of warrants	901,492	315,228
Proceeds from issuance of warrants	10,287	-
Cash Provided by Financing Activities	6,004,302	1,941,328
Increase in Cash	$ 1,668,309	$ 838,388
Cash, Beginning	867,483	18,716
Effect of foreign exchange	112,562	10,379
Cash, Ending	$ 2,648,354	$ 867,483

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

1. NATURE AND CONTINUANCE OF OPERATIONS

LexaGene Holdings Inc. (the "Company" or "LexaGene") was incorporated on April 26, 2007, under the laws of the province of British Columbia, Canada. The head office and the principal address are located at 500 Cummings Ctr., Suite 4550, Beverly, Massachusetts, USA, 01915. The records office of the Company is located at 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, Canada, V6E 4N7. The Company's common shares are listed on the TSX Venture exchange under the trading symbol "LXG". On October 12, 2016, the Company completed a reverse takeover transaction (Note 5) for its TSX-V listing. Concurrent with the closing of the reverse takeover transaction, the Company changed its name from Wolfeye Resources Corp. to LexaGene Holdings Inc. The principal business of the Company is to research, develop and commercialize automated pathogen detection devices in the bio-chemical industry.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue on a going-concern basis. At February 28, 2018, the Company had not generated revenue and had an accumulated deficit of $8,553,328 since inception. The Company's operations are dependent on obtaining additional financing to develop its pathogen device and generating cash flow from operations in the future. These factors form a material uncertainty which may raise significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Management's plans to meet the Company's current and future obligations are to raise equity through private placements, rely on the financial support of its shareholders and related parties.

2. BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by IASB.

Basis of measurement
These consolidated financials statements are expressed in US dollars and have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. These consolidated financial statements are prepared using the accrual basis of accounting on a going concern basis. The accounting policies disclosed in Note 3 to these financial statements have been applied consistently to all years presented in these consolidated financial statements.

(Expressed in US Dollars)

2. BASIS OF PREPARATION (continued)

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in Note 3 (l) of the consolidated financial statements.

Functional and presentation currency

The Company's presentation currency is the US dollar ("USD") which aligns the Company's presentation currency with the functional currency of its operations in the United States.

The functional currency of the Company and its Canadian subsidiary is the CAD, and the USD for the Company's US subsidiary. Translation gains and losses resulting from the consolidation of operations in Canada and US are recognized in other comprehensive loss in the statement of comprehensive loss, and in foreign currency translation reserve as a separate component of shareholders' equity on the consolidated statement of changes in shareholder's equity.

Foreign exchange rates used for currency translation in these consolidated financial statements include:

Period end dates	US to CDN	CDN to US
February 28, 2017	1.3249	0.7548
February 28, 2018	1.2830	0.7794

Period averages	US to CDN	CDN to US
Year ended February 28, 2017	1.3270	0.7536
Year ended February 28, 2018	1.2880	0.7764

Basis of consolidation

The consolidated financial statements for the year ended February 28, 2018, include the accounts of the Company, the Company's wholly-owned Canadian subsidiary Bionomics Diagnostics Inc. ("BDI") and the Company's wholly-owned US subsidiary LexaGene Inc. All inter-company transactions and balances have been eliminated.

The consolidated financial statements include the financial statements of LexaGene Holdings Inc. and its subsidiaries listed as follows:

Name	Country of incorporation	% ownership interest	
		2018	2017
Bionomics Diagnostics Inc.	Canada	100%	100%
LexaGene US Inc.	United States	100%	100%

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss
Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables
Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The Company has no assets classified as loans and receivables.

Held-to-maturity
Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Available-for-sale
AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income (loss) and classified as a component of equity. The Company has no assets classified as AFS.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(ii) Financial liabilities

The Company's financial liabilities are classified as follows:

Borrowings and other financial liabilities
Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and loan payable.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(c) Research and development costs

Research costs, including costs for new patents and patent applications, are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, and intent and ability to develop and use the technology, are met for deferral and amortization.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible assets

Intangible assets of the Company include technology licenses rights and patents acquired from third parties, and are recorded at cost less accumulated amortization and accumulated impairment losses. Initial acquisition cost is based on the fair value of the consideration paid or payable, and will be amortized on a straight-line basis over the estimated useful life of the underlying technologies with finite lives. When the Company commenced research and development activities, the intangible assets began being amortized over 10 years upon the execution of the Agreement with Laurence Livermore National Security (Note 6). The Company reviews the estimated useful lives and carrying values of its technology rights and patents as part of its periodic assessment for impairment of non-financial assets.

The carrying amounts for technology rights and patents do not necessarily reflect present or future value and the ultimate amounts recoverable will be dependent upon the successful development and commercialization of products based on these underlying technologies.

(e) Property and equipment

Property and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company. Property and equipment are subsequently measured using the cost model, cost less amortization and impairment. Amortization is recognized on a straight-line basis to amortize the cost over the estimated useful life of the property and equipment as follows:

- Computer equipment - 3 years;
- Furniture - 7 years;
- Lab equipment - 5 to 7 years;
- Laboratory and leasehold improvements – 7 years.

(f) Impairment of non-financial assets

Impairment tests on non-financial assets are undertaken annually at the financial year-end and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Share-based payments

Fair value of equity-settled restricted share units ("RSU") is measured at the grant date based on the market value of the Company's common shares on that date. At each financial reporting date, the amount recognized as an expense in connection with RSUs is adjusted to reflect the actual number of RSUs that are expected to vest.

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model.

The number of shares and options expected to vest is viewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(h) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(i) 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 or in other comprehensive income (loss).

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income taxes (continued)

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

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

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

(j) Share capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to a warrants reserve.

(k) Foreign currency translation

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of LexaGene Holdings Inc. and Bionomics Diagnostics Inc. is the Canadian dollar. The functional currency of the US subsidiary LexaGene US Inc. is the US dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency translation (continued)

Assets and liabilities of foreign operations with functional currencies other than US dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in foreign currency translation reserve in shareholders' equity.

Foreign exchange gains and losses related to intercompany loans forming part of a reporting entity's net investment in a foreign operation are included in foreign currency translation reserve. When a gain or loss on a non-monetary item is recognized in foreign currency translation reserve, any exchange component of that gain or loss is recognized in other comprehensive income (loss). All other foreign exchange gains and losses are recognized in the consolidated statement of comprehensive loss.

(l) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas requiring the use of management estimates include:

- The useful lives of property and equipment

  The Company amortizes its property and equipment based on estimates of their useful lives. Changes in useful lives and depreciation rates of these assets may have a significant impact on amortization recorded in consolidated statement of comprehensive loss and value of corresponding property and equipment.

- The useful lives of the intangible assets.

  Determination of useful lives of intangible assets involves judgment as it impacts amortization recorded in the consolidated statement of comprehensive loss. When the Company commenced research and development activities, the intangible assets began being amortized over 10 years upon the execution of the Agreement with Laurence Livermore National Security.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

- Valuation of share-based payments and warrants

  The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility and forfeiture rate. Changes in the input assumptions can materially impact fair value estimates and the Company's comprehensive loss and share-based payment reserves.

Significant areas requiring the use of management's judgments include:

- The recognition of deferred income tax assets

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

- Treatment of development costs

  Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any development costs as at February 28, 2018.

- Recoverability of the carrying value of intangible assets

  Evaluating the recoverability requires judgments in determining whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of marketing and sales data, as well as the Company's financial ability to continue marketing and sales activities and operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Significant accounting judgments, estimates and assumptions (continued)

- Going concern

  These consolidated financial statements have been prepared in a going concern basis, which assumes that the Company will continue operating for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Management has assessed the Company's ability to raise financing and concluded that going concern basis of accounting is appropriate.

(m) Accounting pronouncements adopted by the Company

During the year ended February 28, 2018, Company adopted Annual Improvements to IFRS, that were announced 2014-2016, effective for annual periods beginning January 1, 2017. The amendments did not have an impact on the Company's consolidated financial statements.

(n) Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the year ended February 28, 2018 and have not been applied in preparing these consolidated financial statements.

As at the date of authorization of these consolidated financial statements, the following standards and interpretations relevant to the Company's operations were issued by IASB but are not yet mandatory:

- IFRS 9 *Financial Instruments* was issued by the IASB in July 2014 as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The adoption of IFRS 9 is not expected to have a material impact on the Company's consolidated financial statements.

- IFRS 16 *Leases* was issued by the IASB in January 2016. IFRS 16 replaces the existing standard (IAS 17) and requires the recognition of most leases on the balance sheet. IFRS 16 effectively removes the classification of leases as either finance or operating leases and treats all leases as finance leases for lessees with exemptions for short-term leases where the term is twelve months or less and for leases of low value items. The accounting treatment for lessors remains the same. IFRS 16 is effective January 1, 2019, with earlier application permitted. The Company is in the process of determining the impact of the adoption of IFRS 16 on its consolidated financial statements, and has not yet completed its assessment.

(Expressed in US Dollars)

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at major Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company's accounts payable has contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk, other than foreign currency risk.

The Company's financial instruments denominated in currencies that are not the United States dollar as at February 28, 2018 are as follows:

	CAD$	US$ equivalent
Cash	1,926,289	1,503,856
Accounts payable	(134,834)	(105,264)
Net exposure	1,791,455	1,398,592

Based on the US$ denominated exposure as at February 28, 2018, a 10% change in the US/CAD exchange rates would impact the Company's net loss for the year ended February 28, 2018, by approximately $140,000.

5. REVERSE TAKE OVER AND LISTING TRANSACTION

During the 2017 fiscal year, which is presented for comparative purposes, the Company completed a reverse takeover transaction ("RTO"). Concurrent with the closing of the reverse take over transaction the Company changed its name from Wolfeye Resources Corp. ("Wolfeye") to LexaGene Holdings Inc. On October 12, 2016, Wolfeye acquired 100% ownership of Bionomics Diagnostics Inc. ("BDI") by issuing 10,195,260 of its common shares and 6,980,000 common share purchase warrants. For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 Business Combinations since Wolfeye, prior to the RTO did not constitute a business.

5. REVERSE TAKE OVER AND LISTING TRANSACTION (continued)

The RTO is accounted for in accordance with IFRS 2 Share-based Payments whereby BDI is deemed to have issued shares and share purchase warrants in exchange for the net assets of Wolfeye together with its TSX-V listing status at the fair value of the consideration received by BDI. The accounting for the RTO resulted in the following:

(i) The consolidated financial statements of the combined entities are issued under the legal parent, Wolfeye, but are considered a continuation of the financial statements of the legal subsidiary, BDI.

(ii) Since BDI is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

The Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares and warrants, the value in excess of the net identifiable assets or obligations of Wolfeye acquired on closing was expensed in the consolidated statement of comprehensive loss as a listing transaction expense.

The listing transaction expense for 2017 fiscal year in the amount of $3,484,271 is comprised of the fair value of common shares and warrants of the Company retained by the former shareholders of Wolfeye, the assumption of a working capital deficiency as well as other direct expenses of the transaction.

The fair value of the common shares issued was $1,919,722, based on the price of shares issued in the concurrent private placement of $0.188 (CAD$0.25) per share. The average fair value of Wolfeye warrants of $0.164 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 2.37 year expected life; share price at the grant date of US$0.188 (CAD$0.25); 154% volatility; risk free interest rate of 0.60%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

(Expressed in US Dollars)

5. REVERSE TAKE OVER AND LISTING TRANSACTION (continued)

The listing transaction expense for 2017 is summarized as follows:

	Number	Amount
Shares and warrants issued:		
Outstanding common shares of Wolfeye deemed to be issued	10,195,260	$1,919,722
Outstanding warrants of Wolfeye deemed to be issued	6,980,000	1,145,682
Shares issued to finders	1,000,000	188,296
		3,253,700
Net working capital deficiency assumed:		
Trade payables and accrued liabilities		167,492
Receivables		(3,838)
Prepaid expenses		(7,983)
Intangible license		(19,735)
Short term loan		(18,830)
		117,106
Legal and other transaction costs		113,465
Total listing transaction expense for 2017		$3,484,271

6. INTANGIBLE LICENSE

Lawrence Livermore National Security license

On February 4, 2015, the Company and Lawrence Livermore National Security ("LLNS") entered into a license agreement, whereby the Company has exclusive right to develop, manufacture and sell pathogen detection devices designed to quickly identify bacteria and viruses that can cause disease with applications in both food safety and healthcare.

As consideration for the license agreement, the Company paid a non-refundable License Issue Fee of $60,000.

In addition, the Company is required to pay to LLNS a non-refundable US Maintenance Patent Fee of $45,000 as follows:

- $15,000 (paid) to be paid on or before February 29, 2016;
- $15,000 to be paid on or before February 28, 2019; and
- $15,000 to be paid on or before February 28, 2023.

In the event that the Company grants sublicenses, the Company will collect an issue fee equal to or greater than the License Issue Fee mentioned above. The Company will pay to LLNS 50% of any License Issue Fee from sublicensing.

(Expressed in US Dollars)

6. INTANGIBLE LICENSE (continued)

In addition, the Company will pay LLNS an annual royalty. This annual royalty will be credited against the earned royalty of 3% due on all net sales minus up to 1.5% should additional technology need to be licensed in order to bring the product to market. The minimum annual royalty is due as follows:

- $5,000 (paid) on or before February 28, 2017;
- $10,000 (paid) to be paid on or before February 28, 2018;
- $10,000 to be paid on or before February 28, 2019;
- $25,000 to be paid on or before February 28, 2020 and each year thereafter.

The license agreement will remain in effect until the expiration or abandonment of the last of the patent rights.
A continuity schedule of changes in the carrying value of the intangible license:

Cost		
Balance, February 29, 2016	$	59,993
Additions		25,000
Effect of foreign currency exchange differences		982
Balance, February 28, 2017	$	85,975
Additions		10,000
Effect of foreign currency exchange differences		2,909
Balance, February 28, 2018	$	98,884
Accumulated Amortization		
Balance, February 29, 2016	$	3,235
Additions		9,085
Effect of foreign currency exchange differences		81
Balance, February 28, 2017	$	12,401
Additions		9,376
Effect of foreign currency exchange differences		477
Balance, February 28, 2018	$	22,254

Carrying value of the intangible license is as follows:

Carrying value		
February 28, 2017	$	73,574
February 28, 2018	$	76,630

(Expressed in US Dollars)

7. PROPERTY AND EQUIPMENT

A continuity schedule of changes in the carrying value of property and equipment is as follows:

	Computer equipment	Lab equipment	Furniture	Lab construction	Total
Cost					
Balance, February 29, 2016	$ -	$ -	$ -	$	$ -
Additions	2,348	30,851	-	-	33,199
Balance, February 28, 2017	2,348	30,851	-	-	33,199
Additions	8,076	193,649	88,062	372,930	662,717
Balance, February 28, 2018	$ 10,424	$ 224,500	$ 88,062	$ 372,930	$ 695,916
Accumulated Amortization					
Balance, February 29, 2016	$ -	$ -	$ -	$	$ -
Additions	270	2,982	-	-	3,252
Balance, February 28, 2017	270	2,982	-		3,252
Additions	1,161	8,831	-	-	9,992
Balance, February 28, 2018	$ 1,431	$ 11,812	$ -	$	$ 13,244
Carrying value					
February 28, 2017	$ 2,078	27,869	$ -	$	29,947
February 28, 2018	$ 8,993	$ 212,687	$ 88,062	$ 372,930	$ 682,672

8. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issuances

The Company issues its shares for CAD$ proceeds that are translated to US$, as stated in rounded per share amounts as disclosed.

Issued during the year ended February 28, 2018:

- During the year ended February 28, 2018, the underwriters exercised the over-allotment option in connection with the Company's bought deal financing previously announced on December 19, 2017. Pursuant to this over-allotment option, the Company issued an additional 333,600 units at $0.92 (CAD$1.15) per unit and 160,200 warrants (exercisable at CAD$1.45 for a period of 36 months) at $0.06 (CAD$0.08) per warrant, to raise additional aggregate gross proceeds of $318,233, The Company paid $46,229 in finders and legal fees and granted 45,780 finders warrants exercisable at CAD$1.45 until January 22, 2021. The fair value of the warrants of $33,165 was recorded as share issue costs. The fair value of the warrants of $0.72 per warrant was determined using the Black-Scholes option pricing model with the following weighted average assumptions: 3 years expected life; share price at the grant date of CAD$1.05; 178% volatility; risk free interest rate of 1.76%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices of the issuers in similar business over the expected life of the options;

- On December 19, 2017 the Company closed a bought deal financing of 4,360,000 units at an offering price of $0.90 (CAD$1.15) per Unit for aggregate gross proceeds to the Company of $3,911,025. Each Unit consists of one common share and one-half of one common share purchase warrant of the Company, with each warrant entitling the holder thereof to acquire, subject to adjustment in certain circumstances, one Share in the capital of the Company at a price of CAD$1.45 until December 19, 2020. The Company paid $399,882 in finders and legal fees and granted 305,200 finders warrants exercisable at CAD$1.45 until December 19, 2020. The fair value of the finders warrants of $221,394 was recorded as share issue costs. The fair value of the warrants of $0.73 per warrant was determined using the Black-Scholes option pricing model with the following weighted average assumptions: 3 years expected life; share price at the grant date of CAD$1.10; 173% volatility; risk free interest rate of 1.58%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices of the issuers in similar business over the expected life of the options;

- On March 13, 2017, the Company issued 6,685,363 Units at a price of $0.22 (CAD$0.30) per unit for total proceeds of $1,491,492. Share issue costs totaled $54,488. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for CAD$0.60 per share for a three-year period.

8. SHARE CAPITAL (continued)

(b) Issuances (continued)

- During the year ended February 28, 2018, 5,043,530 warrants were exercised at a price from CAD$0.08 to CAD$0.60 per warrant. The fair value of the warrants of $647,881 was deducted from share-based payment reserve.

Issued during the year ended February 28, 2017:

- On March 23, 2016, the Company issued 1,000,000 common shares at a price of $0.077 (CAD$0.10) per common share for total proceeds of $76,835. Share issue costs totaled $300.

- On July 7, 2016, the Company issued 1,000,000 common shares at a price of $0.077 (CAD$0.10) per common share for total proceeds of $76,835.

- On July 21, 2016, the Company issued 500,000 common shares at a price of $0.077 (CAD$0.10) per common share for total proceeds of $38,417.

- On July 22, 2016, the Company issued 1,350,000 common shares at a price of (CAD$0.001) per common share for total proceeds of $1,036. Share-based payment expense of $102,690 was recognized upon the issuance of these shares.

- On October 4, 2016, the Company issued 8,400,800 common shares at a price of $0.19 (CAD$0.25) per common share for total proceeds of $1,581,833. The Company paid $128,182 in finders and legal fees. The Company granted 535,000 finders warrants exercisable at CAD$0.25 and expiring on October 4, 2018. The fair value of the warrants of $81,004 was recorded as share issue costs. The fair value of the warrants of $0.151 per warrant was determined using the Black-Scholes option pricing model with the following weighted average assumptions: 2 years expected life; share price at the grant date of CAD$0.25; 182% volatility; risk free interest rate of 0.54%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices of the issuers in similar business over the expected life of the options.

- On October 12, 2016, pursuant to the Transaction (Note 5) 20,000,000 shares of BDI were cancelled and 20,225,000 shares were issued to BDI shareholders. 1,000,000 shares were issued to the Transaction finders. These shares were valued at the market price of $0.19 (CAD$0.25) recorded as Transaction cost.

- During the year ended February 28, 2017 2,650,000 warrants were exercised at $0.06 per warrant. The fair value of the warrants of $441,199 was deducted from share-based payment reserve.

(Expressed in US Dollars)

8. SHARE CAPITAL (continued)

(c) Warrants

The changes in warrants during the year ended February 28, 2018 and 2017 are as follows:

	Number of warrants	Weighted average exercise price, CAD
Warrants outstanding, February 29, 2016	-	$ -
Deemed to be issued on the reverse takeover transaction	6,980,000	0.08
Warrants issued	100,000	0.08
Warrants issued	535,000	0.25
Warrants exercised	(2,650,000)	0.08
Warrants outstanding, February 28, 2017	4,965,000	$ 0.10
Warrants issued	9,383,143	0.84
Issued for cash	160,200	1.45
Warrants exercised	(5,043,530)	0.23
Warrants outstanding, February 28, 2018	9,464,813	$ 0.79

Details of warrants outstanding as at February 28, 2018 are as follows:

Number of warrants	Exercise Price	Expiry Date
105,000	CAD$ 0.08	June 20, 2019
1,000,000	CAD$ 0.08	May 7, 2018
150,800	CAD$ 0.25	October 4, 2018
5,351,033	CAD$0.60	March 13, 2020
2,485,200	CAD$1.45	December 19, 2020
372,780	CAD$1.45	January 22, 2021

At February 28, 2018, the weighted average remaining contractual life of warrants outstanding was 2.05 years (2017- 1.88 years), with a weighted average exercise price of CAD$0.79 ($0.62) (2017 – CAD$0.10 ($0.08)).

(d) Stock options

in February 2018, 1,360,000 stock options were granted to directors and consultants of the Company to purchase common shares at a price of CAD$1.15 per common share. The stock options vest at 10% after six months from the grant date, and 15% every six months thereafter, expiring on February 20, 2022.

In September 2017, 270,000 stock options were granted to directors and consultants of the Company to purchase common shares at a price of CAD$1.05 per common share vesting 10% on the grant date and 15% every six months thereafter expiring on March 12, 2021.

(Expressed in US Dollars)

8. SHARE CAPITAL (continued)

(d) Stock options (continued)

During the year ended February 28, 2018, the Company recorded $332,095 (2017 - $72,009) in share-based compensation expense related to stock options granted.

The fair value of the options granted during the year ended February 28, 2018 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: 3.92 years expected life; share price at the grant date of CAD$1.15; 199% volatility; risk free interest rate of 1.98%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices of the issuers in similar business over the expected life of the options.

During the year ended February 28, 2018, 442,500 stock options exercisable at CAD$0.33 were cancelled. No stock options were exercised during the period. During the year ended February 28, 2017 the Company granted stock options to purchase a total of 1,675,000 common shares at a price of CAD$0.33 per common share, and 500,000 common shares at a price of CAD$0.363 per common share. 217,500 stock options vested on the date of grant and the rest of the options vest every six months thereafter.

The fair value of the options granted during the year ended February 28, 2017 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: 3.50 years expected life; share price at the grant date of CAD$0.31; 159% volatility; risk free interest rate of 1.05%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices of the issuers in similar business over the expected life of the options.

The changes in options during the year ended February 28, 2018 and 2017 are as follows:

	Number of options	**Weighted average exercise price, CAD**
Options outstanding, February 29, 2016	-	$ -
Options issued	2,175,000	0.34
Options outstanding, February 28, 2017	2,175,000	$ 0.34
Options issued	1,630,000	1.13
Options forfeited	(462,500)	0.33
Options outstanding, February 28, 2018	3,342,500	$ 0.73

(Expressed in US Dollars)

8. SHARE CAPITAL (continued)

(d) Stock options (continued)

Details of options outstanding as at February 28, 2018 are as follows:

Options Outstanding	Options Exercisable	Exercise Price, CAD$	Expiry Date
500,000	200,000	0.363	July 27, 2020
1,212,500	537,500	0.330	July 27, 2020
270,000	27,000	1.050	March 12, 2021
1,360,000	-	1.150	February 20, 2022

At February 28, 2018, the weighted average remaining contractual life of options outstanding was 3.12 years (2017 – 3.33 years) with a weighted average exercise price of CAD$0.73 ($0.57) (2017 – CAD$0.34 ($0.26)).

(e) Restricted share units

On July 25, 2017, the Company adopted an Omnibus Incentive Plan, where a fixed number (7% of outstanding shares at time of adoption) of Restricted Share Units (RSUs) and Incentive Stock Options (ISOs) authorized for issuance totaled 3,530,905 RSUs and ISOs.

In February 2018 the Company granted 1,475,000 restricted share units to a director and consultants with the trigger dates for the RSUs being 10% after six months from the grant date, and 15% every six months thereafter, expiring on August 21, 2021.

In September 2017, the Company granted 315,000 restricted share units to a director and consultants with the trigger date of March 12, 2019 and the expiry date of September 12, 2020.

During the year ended February 28, 2018 the Company recorded a total of $98,615 in share-based compensation related to restricted share units. The weighted average fair values at the measurement date of 315,000 RSUs and 1,475,000 RSUs granted were CAD$1.05 ($0.82) and CAD$1.170 ($0.91) respectively, based on the TSX-V market price of the Company's shares on the date RSUs were granted.

(Expressed in US Dollars)

9. CAPITAL MANAGEMENT

The Company plans to develop, manufacture and sell pathogen detection devices for various health-related concerns, which involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There have been no changes to the Company's approach to capital management during the year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing.

10. KEY MANAGEMENT COMPENSATION

Key management includes personnel having the authority and responsibility for planning, directing and controlling the Company and includes the directors and current executive officers. Expenses incurred for key management compensation are summarized as:

	2018	2017
Salaries and Benefits	$ 481,575	$ 103,760
Administration fees	46,585	30,143
Share based compensation	301,561	63,715
	$ 829,721	$ 197,618

There are no post-employment expenses or other long-term expenses for key management.

11. RESEARCH AND DEVELOPMENT

The Company's product research and development plan is divided into three milestones: alpha prototype, beta prototype, and production unit for commercialization. The Company has completed the assembly of the alpha prototype and is in the process of evaluating its performance. At the conclusion of the evaluation testing, the Company will start the design phase for the beta prototype.

The Company has engaged Boston Engineering Corporation ("Boston Engineering") to build the alpha prototype. During the year ended February 28, 2018, $1,209,824 (2017 - $466,652) has been paid to Boston Engineering pursuant to this agreement and $460,290 has been paid to others in connection with completion of the prototype, which is recorded in expenses.

(Expressed in US Dollars)

12. SEGMENTED INFORMATION

The Company has one operating segment, the development of pathogen detection devices. All its non-current assets are based in the US.

13. INCOME TAXES

The potential benefit of net operating loss carry forwards has not been recognized in the financial statements since the Company cannot be assured that it is probable that such benefit will be utilized in future years.

The components of the deferred tax asset, the statutory tax rate, the effective tax rate and the unrecognized deferred income tax asset are as follows:

		2018		2017
Loss before income taxes	$	4,005,452	$	4,483,215
Statutory tax rate - Canada		26%		26%
Expected tax recovery		1,041,418		1,165,636
Decrease resulting from:				
Non-deductible items for tax purposes and other items		28,782		(679,236)
Differences in future tax rate		(138,500)		-
Differences in tax rates in the United States		199,000		(33,000)
Change in unrecognized deferred income tax asset		(1,130,700)		(453,400)
Income tax recovery	$	-	$	-

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

		2018		2017
Potential deferred income tax assets include:				
Non-capital losses	$	753,900	$	234,400
Resource tax pools		207,700		194,200
Share issuance costs		140,600		45,200
Intangible license		6,000		3,200
Property and equipment		500,300		800
		1,608,500		477,800
Unrecognized deferred income tax assets		(1,608,500)		(477,800)
	$	-	$	-

As at February 28, 2018, the Company had non-capital losses carry forward in the United States and Canada of approximately $1,836,000 (2017 - $327,000) and $956,000 (2017 - $133,000) respectively available to reduce taxable income. If unused the non-capital losses carry forward expire between 2035 and 2038.

(Expressed in US Dollars)

14. COMMITMENT

The Company has an operating lease agreement for their office and laboratory premises. Commitments in respect of these lease agreements are as follows:

		2018		2017
Not later than one year	$	380,568	$	-
Later than one year and not later than five years		1,648,014		-
Later than five years		905,221		-
	$	2,933,802	$	-

15. SUBSEQUENT EVENTS

Subsequent to February 28, 2018, 1,195,000 warrants were exercised at a weighted average exercise price of $0.13 for total proceeds of $154,757.

Subsequent to February 28, 2018 the Company granted 75,000 to an employee and 100,000 stock to a director of the Company to purchase common shares at a price of CAD$1.27 ($0.99) and CAD $0.97 ($0.76) per common share, respectively. The stock options vest at 10% after six months from their respective grant dates, and 15% every six months thereafter, expiring on November 16, 2021 and December 26, 2021, respectively.

Subsequent to February 28, 2018 the Company issued 295,000 and 120,000 restricted share units to employees and to a director of the Company, respectively. The stock options vest at 10% after six months from their respective grant dates, and 15% every six months thereafter, expiring on November 16, 2021 and June 26, 2021, respectively.