
PURE GLOBAL CANNABIS INC.
(formerly ROYAL SAPPHIRE CORP.)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MAY 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements 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 condensed interim financial statements.

PURE GLOBAL CANNABIS INC.
(formerly ROYAL SAPPHIRE CORP.)
CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2018 AND NOVEMBER 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	May 31, 2018	November 30, 2017
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	150,328	19,861
Goods and services tax receivable	10,923	590
	<u>161,251</u>	<u>20,451</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	249,139	476,538
	<u>249,139</u>	<u>476,538</u>
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 7)	2,184,433	1,519,433
Share subscription receivable	(13,450)	(13,450)
Reserves - warrants (Note 7)	181,168	181,168
Reserves - share based compensation (Note 7)	945,379	945,379
Deficit	(3,385,418)	(3,088,617)
	<u>(87,888)</u>	<u>(456,087)</u>
	<u>161,251</u>	<u>20,451</u>

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 10)

Approved on behalf of the Board:

“Signed”
Malay Panchal, Director

“Signed”
Chandra Panchal, Director

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

PURE GLOBAL CANNABIS INC.
(formerly ROYAL SAPPHIRE CORP.)
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2018 AND 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended		For the six months ended	
	May 31,		May 31,	
	2018	2017	2018	2017
EXPENSES				
Consulting	\$ 41,375	\$ 42,857	\$ 43,875	\$ 72,857
Interest expense (recovery)	(4,968)	-	(4,968)	-
Investor relations	900	-	900	-
Office	32	606	520	644
Professional fees (Note 6)	212,660	12,794	212,660	20,294
Transfer agent and filing fees	41,985	6,875	43,814	12,972
NET LOSS AND COMPREHENSIVE LOSS	\$ (291,984)	\$ (63,132)	\$ (296,801)	\$ (106,767)
LOSS PER SHARE, basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	36,843,180	12,283,398	30,180,794	7,875,849

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

PURE GLOBAL CANNABIS INC.
(formerly ROYAL SAPPHIRE CORP.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MAY 31, 2018 AND 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the six months ended May 31,	
	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(296,801)	(106,767)
Changes in non-cash working capital items:		
GST receivable	(10,333)	(5,136)
Accounts payable and accrued liabilities	(227,399)	(80,426)
	(534,533)	(192,329)
FINANCING ACTIVITIES		
Loan repayment	-	(133,500)
Issuance of shares upon exercise of warrants	665,000	511,550
	665,000	378,050
CHANGE IN CASH AND CASH EQUIVLANTS	130,467	185,721
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	19,861	134
CASH AND CASH EQUIVALENTS, END OF PERIOD	150,328	185,855
Cash and cash equivalents consist of the following:		
Cash	341	185,855
Cash held in trust	149,987	-
	150,328	185,855
SUPPLEMENTAL INFORMATION		
Interest paid	-	-
Income tax paid	-	-

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

PURE GLOBAL CANNABIS INC.
(formerly ROYAL SAPPHIRE CORP.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE SIX MONTHS ENDED MAY 31, 2018 AND 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of shares	Amount	Share subscription receivable	Reserves - warrants	Reserves - share-based compensation	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, November 30, 2016	3,370,354	994,433	-	181,168	34,091	(1,920,632)	(710,940)
Cash							
Private placement	20,000,000	525,000	(13,450)	-	-	-	511,550
Total comprehensive loss for the period	-	-	-	-	-	(106,767)	(106,767)
Balance, May 31, 2017	23,370,354	1,519,433	(13,450)	181,168	34,091	(2,027,399)	(306,157)
Share-based payments	-	-	-	-	911,288	-	911,288
Total comprehensive loss for the period	-	-	-	-	-	(1,061,218)	(1,061,218)
Balance, November 30, 2017	23,370,354	1,519,433	(13,450)	181,168	945,379	(3,088,617)	(456,087)
Cash							
Pursuant to exercise of warrants	19,000,000	665,000	-	-	-	-	665,000
Total comprehensive loss for the period	-	-	-	-	-	(296,801)	(296,801)
Balance, May 31, 2018	42,370,354	2,184,433	(13,450)	181,168	945,379	(3,385,418)	(87,888)

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

PURE GLOBAL CANNABIS INC.
(formerly ROYAL SAPPHIRE CORP.)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
MAY 31, 2018
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Royal Sapphire Corp. (the “Company”) was incorporated on March 2, 2011 under the laws of British Columbia. The head office, principal address, records office, and registered address of the Company is located at 25th floor – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. At May 31, 2018, the Company did not hold title or exploration rights to any mineral properties. The Company has an accumulated deficit of \$3,385,418 as at May 31, 2018.

On May 17, 2018 PureSinse Inc. and Royal Sapphire entered into definitive agreements to carry out a three-cornered amalgamation or business combination for the purpose of effecting a reverse takeover of Royal Sapphire by PureSinse (the “Transaction”). The Transaction was completed on July 9, 2018. Shortly before the completion of the Transaction, the Company consolidated its capital on a one new for two old basis. The Company changed its name to Pure Global Cannabis Inc. on July 6, 2018. The Company’s newly formed subsidiary 2627000 Ontario Inc. amalgamated with PureSinse Inc. with shareholders of PureSinse Inc. receiving shares of the Company on a 1:1 basis in exchange for PureSinse Inc. shares. A new board and new management assumed control of the Company on July 11, 2018, the shares of the Company resumed trading on the TSX Venture Exchange under the new trading symbol “PURE” (See Note 10).

The Company’s ability to continue its operations is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. All of the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. These 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 financial statements. Subsequent to May 31, 2018, the Company has completed the Transaction and raised financing as disclosed in Note 10.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), in particular IAS 34, interim reporting, and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on July 30, 2018.

3. BASIS OF MEASUREMENT

The condensed interim financial statements have been prepared on a historical cost. These financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

PURE GLOBAL CANNABIS INC.
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MAY 31, 2018
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at and for the year ended November 30, 2017. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2017.

a) Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the interim financial statements are discussed below:

Judgement

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following standards will be adopted by the Company effective December 1, 2018:

IFRS 9 Financial Instruments - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 2 Share-Based Payments - In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

The following standard will be adopted by the Company effective December 1, 2019:

IFRS 16 Leases - IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The Company has reviewed these standards and does not expect them to have a significant impact on the Company's interim financial statements.

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6. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable as of May 31, 2018 and November 30, 2017; these amounts are due on demand, unsecured and is non-interest bearing.

	May 31, 2018	November 30, 2017
	\$	\$
Due to directors and companies controlled by directors and officers of the Company	-	71,875
Due to former director of the Company	-	39,409
	-	111,284

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	May 31, 2018	May 31, 2017
	\$	\$
Professional fees	33,875	15,000
Total	33,875	15,000

7. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

Pursuant to the terms of the amalgamation agreement with PureSinse, on July 6, 2018, the Company consolidated its capital on a 2:1 basis. All references to the number of shares and per share amounts, warrants, warrants exercise price, stock options and exercise price have been retroactively restated as if the consolidated of shares had occurred effective December 1, 2016.

b) Issued and outstanding

As at May 31, 2018, the issued share capital comprised of 42,370,354 common shares (November 30, 2017: 23,370,354).

During the six months ended May 31, 2018, the Company issued 19,000,000 common shares at a price of \$0.035 per share pursuant to the exercise of share purchase warrants for total proceeds of \$665,000.

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7. SHARE CAPITAL *(continued)*

b) Issued and outstanding *(continued)*

During the year ended November 30, 2017:

On April 20, 2017, the Company closed private placement of 20,000,000 units at a price of \$0.02625 cents per unit for total proceeds of \$525,000. Each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share at \$0.035 per share for a five-year period from the date of issuance.

c) Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to 10 years at the later from the date of grant, or listing, and must comply with the rules of the Exchange.

On July 11, 2017, the Company granted 2,300,000 stock options to two directors of the Company exercisable at \$0.40 per share expiring on July 11, 2022. The Company recorded a fair value of \$911,288 utilizing the Black-Scholes option pricing model with the following assumptions – share price \$0.40; risk-free interest rate of 1.49%; dividend yield of Nil; expected volatility of 230.93%; expected life of 5 years and a forfeiture rate of 0%. These stock options were cancelled in March 2018.

As at May 31, 2018, there were no stock options outstanding.

A summary of the status of the Company's outstanding and exercisable options as at May 31, 2018 and as at November 30, 2017 and changes during the periods then ended are as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (yrs)
		\$	
Balance, November 30, 2016	-	-	-
Options granted	2,300,000	0.40	5.00
Balance, November 30, 2017	2,300,000	0.40	4.61
Cancelled	(2,300,000)	0.40	-
Balance, May 31, 2018	-	-	-

d) Warrants

As at May 31, 2018, the Company had warrants outstanding and exercisable as follows:

Number of Warrants	Exercise Price	Expiry Date
1,000,000	\$0.035	April 20, 2022

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7. SHARE CAPITAL *(continued)*

d) Warrants *(continued)*

A summary of the status of the Company's outstanding and exercisable warrants as at May 31, 2018 and as at November 30, 2017 and changes during the periods then ended are as follows:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (yrs)
		\$	
Balance, November 30, 2016	-	-	-
Issued	20,000,000	0.035	5.00
Balance, November 30, 2017	20,000,000	0.035	4.39
Exercised	(19,000,000)	0.035	
Balance, May 31, 2018	1,000,000	0.035	

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

As at May 31, 2018, the Company considers capital to be all components of shareholders' deficiency. 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.

9. FINANCIAL INSTRUMENTS

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Group if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions.

Foreign Exchange Risk

The Company currently does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

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9. FINANCIAL INSTRUMENTS *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 8.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

	<1 year	1 – 3 Years	Total
Accounts payable	\$ 249,139	-	\$ 249,139

Commodity Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

Fair Value Measurements

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

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

The fair value of cash and cash equivalents is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. As at May 31, 2018, the Company believes that the carrying values of accounts payable approximate their fair value because of their nature and relatively short maturity dates or durations.

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10. SUBSEQUENT EVENTS

On March 16, 2018, the Company entered into an arm's-length letter of intent with PureSinse Inc. ("PureSinse") pursuant to which the Company and PureSinse completed a business combination resulting in the reverse take-over of the Company by PureSinse (the "Transaction").

PureSinse is a vertically integrated life science cannabis company based in Toronto and incorporated under the laws of Ontario. PureSinse is a licensed producer under the Access to Cannabis for Medical Purposes Regulations (ACMPR) and is focused on producing premium-quality cannabis products for medical, wellness and future legal adult recreational use from its state-of-the-art facility, located in Brampton, Ont. PureSinse's main site is an 18,000-square-foot facility, that will soon be a hub for processing, production, R&D (research and development) and distribution, located in the heart of the Greater Toronto Area. Utilizing modern commercial horticulture and hydroponic techniques, the site is expected to produce over 4,000 kilograms of quality dried cannabis per year and will be looking to significantly expand output in the near term.

The Transaction involved:

- i) A consolidation of the Company's shares on a 2:1 basis
- ii) The Company changing its name to Pure Global Cannabis Inc.
- iii) The newly incorporated wholly owned subsidiary of the Company, 2627000 Ontario Inc. (Subco), amalgamating with PureSinse Inc.
- iv) The holders of the issued and outstanding common shares of PureSinse receiving one common share in the capital of the Company for each PureSinse share held, and which resulted in PureSinse becoming a wholly owned subsidiary of the Company
- v) The holders of the outstanding share purchase warrants and stock options of PureSinse receiving one share purchase warrant and stock option of the Company for each share purchase warrant and stock option held
- vi) A new board and management took control of the Company
- vii) The Company's shares resuming trade on the TSXV as of July 11, 2018

The Transaction also involved a financing of subscription receipts at a price of 33 cents per subscription receipt, for minimum aggregate gross proceeds of \$9 million. Each subscription receipt converted into one post-consolidation Company share immediately prior to the completion of the Transaction. In addition, PureSinse completed a financing of \$2-million unsecured convertible notes, which automatically converted into post-consolidation Company shares at 33 cents per Company share upon completion of the Transaction.

Use of proceeds is to expand capacity of the PureSine facility, to finance future growth opportunities and for working capital purposes of the cannabis business operations.

On closing of the Transaction, the board of directors of the Company reconstituted to consist of five board members including Chandra Panchal (Chair), Malay Panchal, Albert Beraldo, Brian O'Neill and Jane E. Pagel, and the management was replaced by that of PureSinse.