



THE JENEX CORPORATION

Condensed Interim Financial Statements

**For the Nine Months Ended April 30, 2017 and 2016
(In Canadian dollars)**

UNAUDITED

THE JENEX CORPORATION

Condensed Interim Financial Statements

For the Nine Months Ended April 30, 2017
(In Canadian dollars)

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THE JENEX CORPORATION

Condensed Interim Financial Statements

**For the Nine Months Ended April 30, 2017
(In Canadian dollars)**

NOTICE OF NO AUDITORS REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

THE JENEX CORPORATION
Condensed Interim Statement of Financial Position
For the Nine Months Ended April 30, 2017
(In Canadian dollars)

	As at Apr 30 2017	As at July 31 2016
	(Unaudited)	(Audited)
ASSETS		
Current:		
Cash	\$ 708	\$ 117
Prepaid expenses	28,489	-
Sales tax recoverable	15,431	-
Total Assets	\$ 44,628	\$ 117
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 677,950	\$ 851,493
Sales taxes payable	-	426
Loans from directors (Note 6)	179,417	141,166
Licence fees received (Note 11 (c))	16,687	-
Current portion of long term debt (Note 7)	-	33,378
	874,054	1,026,463
Long-term debt (Note 7)	222,932	600,000
Total Liabilities	1,096,986	1,626,463
Basis of presentation and going concern (Note 2)		
Contingencies and commitments (Note 11)		
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	\$ 9,640,689	\$ 8,723,624
Warrants reserve (Note 8)	2,847,250	2,847,250
Share-based payments reserve (Note 8)	799,451	799,451
Equity portion of convertible debentures (Note 7)	271,454	271,454
Deficiency	(14,611,202)	(14,268,125)
Total shareholders' deficiency	(1,052,358)	(1,626,346)
Total liabilities and shareholders' deficiency	\$ 44,628	\$ 117

APPROVED ON BEHALF OF THE BOARD ON Jun 29, 2017

/s/ John Gamble

/s/ Roberto Fia

Director

Director

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

THE JENEX CORPORATION

Condensed Interim Statement of Loss For the Nine Months Ended April 30, 2017 (In Canadian dollars)

	3 Months Ended Apr 30, 2017 (unaudited)	3 Months Ended Apr 30, 2016 (unaudited)	9 Months Ended Apr 30, 2017 (unaudited)	9 Months Ended Apr 30, 2016 (unaudited)
REVENUE				
Sales (Note 3(f))	\$ 392	\$1,926	\$3,007	\$4,348
Cost of sales	-	-	-	-
Gross margin	392	1,926	3,007	4,348
License fees revenue (Note 3(f))	8,320	-	16,592	-
	8,712	1,926	19,599	4,348
EXPENSES				
Interest (Note 7)	4,929	-	4,929	-
General and administrative (Note 5)	244,211	36,800	357,500	210,388
	249,140	36,800	362,429	210,388
LOSS FROM OPERATIONS	(240,428)	(34,874)	(342,830)	(206,040)
OTHER EXPENSES (INCOME)				
Loss/(gain) on foreign exchange	68	(900)	247	(219)
NET LOSS AND COMPREHENSIVE LOSS	\$(240,496)	\$(33,974)	\$(343,077)	\$(205,821)
Basic and diluted net loss per share (Note 10)	\$ (0.002)	\$ (0.0003)	\$ (0.003)	\$ (0.002)
Weighted average number of common shares (Note 10)	128,693,740	110,352,437	128,693,740	110,352,437

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

THE JENEX CORPORATION

Statement of Changes in Equity For the Nine Months Ended April 30, 2017 (In Canadian dollars) (Unaudited)

	Shares	Share capital	Warrant reserve	Share-based payments reserve	Equity portion of convertible debenture (note 8)	Deficit	Total
Balance, July 31, 2015	110,352,437	8,723,624	2,847,250	799,451	271,454	(14,062,104)	(1,420,325)
Comprehensive loss	-	-	-	-	-	(119,533)	(119,533)
Balance, Oct 31, 2015	110,352,437	8,723,624	2,847,250	799,451	271,454	(14,181,637)	(1,539,858)
Comprehensive loss	-	-	-	-	-	(52,314)	(52,314)
Balance, Jan 31, 2016	110,352,437	8,723,624	2,847,250	799,451	271,454	(14,233,951)	(1,592,172)
Comprehensive loss	-	-	-	-	-	(33,974)	(33,974)
Balance, Apr 30, 2016	110,352,437	8,723,624	2,847,250	799,451	271,454	(14,267,925)	(1,626,146)
Comprehensive loss	-	-	-	-	-	(200)	(200)
Balance, July 31, 2016	110,352,437	8,723,624	2,847,250	799,451	271,454	(14,268,125)	(1,626,346)
Comprehensive loss	-	-	-	-	-	(42,456)	(42,456)
Balance, Oct 31, 2016	110,352,437	8,723,624	2,847,250	799,451	271,454	(14,310,581)	(1,668,802)
Comprehensive loss	-	-	-	-	-	(60,125)	(60,125)
Balance, Jan 31, 2017	110,352,437	8,723,624	2,847,250	799,451	271,454	(14,370,706)	(1,728,927)
Share-to-debt settlement	18,341,303	917,065	-	-	-	-	917,065
Comprehensive loss	-	-	-	-	-	(240,496)	(240,496)
Balance, Apr 30, 2017	128,693,740	\$ 9,640,689	\$2,847,250	\$799,451	\$271,454	\$(14,611,202)	\$ (1,052,358)

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

THE JENEX CORPORATION

**Condensed Interim Statement of Cash Flows
For the Nine Months Ended April 30, 2017
(In Canadian dollars) (Unaudited)**

	3 Months Ended Apr 30, 2017 (unaudited)	3 Months Ended Apr 30, 2016 (unaudited)	9 Months Ended Apr 30, 2017 (unaudited)	9 Months Ended Apr 30, 2016 (unaudited)
OPERATING ACTIVITIES				
Loss	\$(240,496)	\$(33,974)	\$(343,077)	\$(205,821)
Changes in non-cash working capital items:				
Accounts receivable	-	(423)	-	(418)
Prepaid expenses	(28,489)	(100)	(28,489)	(100)
Sales tax recoverable	(12,629)	(454)	(15,431)	(7,852)
Accounts payable and accrued liabilities	(230,810)	33,005	(173,543)	182,308
Loans from directors	45,219	(32,860)	69,794	(1,214)
Sales tax payable	-	-	(426)	-
Other loan payable	(31,543)	34,086	(31,543)	34,086
License fees received	(8,321)	-	16,687	-
Current portion of long term debt	(33,378)	-	(33,378)	-
Cash flow generated/(used) by operating activities	(540,447)	(720)	(539,406)	989
FINANACING ACTIVITIES				
Repayment of long-term debt	(377,068)	-	(377,068)	-
Non-cash debt settlements	917,065	-	917,065	-
	539,997	-	539,997	-
INCREASE/(DECREASE) IN CASH	(450)	(720)	591	989
CASH – BEGINNING OF PERIOD	1,158	\$1,772	117	63
CASH – END OF PERIOD	\$708	\$1,052	\$708	\$1,052

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

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

1. NATURE OF OPERATIONS

The Jenex Corporation (the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2001. The Company has a proprietary thermal therapy technology that provides topical relief to certain skin irritations resulting from insect bites, stings and prevention of cold sores. Since inception, the efforts of the Company have been devoted to developing and marketing this technology.

2. BASIS OF PRESENTATION AND GOING CONCERN

a) Statement of compliance

Management has prepared these condensed interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due.

b) Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis except as otherwise disclosed within these notes to the condensed interim financial statements

c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company. All financial information presented in Canadian dollars has been rounded to the nearest dollar with the exception of net income (loss) per share values.

d) Going concern

During the period ended April 30, 2017, the Company incurred a loss of \$343,077 (Apr 30, 2016 - loss of \$205,821) and as of that date, the Company had an accumulated deficit of \$14,611,202 (Jul 31, 2016 - \$14,268,125) and a working capital deficiency of \$829,426 (Jul 31, 2016 - \$1,026,346).

To this point, all operational activities and the overhead costs have been funded from the available cash and by equity issuances, as well as loans from directors. The Company has been working, through third party service providers in marketing, sales, engineering and distribution, to sell its products online. The Company's product, Intercept^{CS}, is primarily sold online. The company believes Intercept^{CS} is of particular interest to Canadian retailers who will be approached in the future. The Company has been focused on making sales online and the Company expects to establish recurring revenue from the sale of activators on an ongoing basis.

The revenue from the sale of the existing inventory of Intercept^{CS} will have a positive impact on the income statement and balance sheet due to the low cost base for that inventory. This revenue will create a source of capital for the Company to allow the Company to run its business, expand sales and meet reporting and disclosure requirements.

The Company has re-launched its corporate website and a new sale and marketing website with ecommerce capabilities. The ecommerce website has created another channel for the Company to sell its inventory utilizing a third party marketing specialist, which incorporates social media. The Company expects to generate meaningful sales from this direct to consumer online approach and will use the cash flow generated to expand sales within this sales channel.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

2. BASIS OF PRESENTATION AND GOING CONCERN, continued

The Company will have to secure new cash resources to meet its obligations. Management is currently evaluating and pursuing funding alternatives, including new equity issuances. While management has so far been successful in raising the required equity financing, there is no assurance that these initiatives will continue to be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company's ability to continue as a going concern is dependent upon its ability to reach a profitable level of operations and obtain adequate financing. The accompanying condensed interim financial statements do not include any adjustments relating to the recoverability of assets and to the re-classification of assets and liabilities amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements, are set out below. These policies have been consistently applied to all years presented unless otherwise indicated.

(a) Inventory

Inventory are measured at the lower of cost (determined on a first-in, first-out basis) and net realizable value, with cost being determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. When the reversal of previously written down inventories is recognized, this reversal is recognized in net income. The cost of purchased inventory comprises the purchase price and other costs directly attributable to the acquisition of inventory. Trade discounts and rebates are deducted in the costs of the purchase of finished goods. A write-down is recorded to cost of sales for any slow moving or obsolete inventory.

(b) Property and equipment

Property and equipment are measured at cost less accumulated amortization. Amortization methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. Amortization is charged to the statement of operations over their useful lives and is based on the declining balance method and rates:

Moulds	- 40%
Office furniture and fixtures	- 20%
Website	- 30%
Computer equipment	- 30%

(c) Intangible assets

Intangible assets consisting of patents and trademarks are recorded at fair values. Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

(d) Impairment of long-lived assets

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(e) Earnings (loss) per share

Basic earnings (loss) per common share is determined by dividing net income (loss) attributed to common shareholders by the weighted average number of common shares outstanding during the period. The effects of potential issues of shares pursuant to outstanding share purchase option agreements are disclosed as appropriate. If the Company has outstanding dilutive stock options and warrants in any period, the diluted earnings (loss) per share will be calculated using the treasury stock method. Anti-dilutive effects will not be disclosed.

(f) Revenue recognition

Revenue is recognized when there is persuasive evidence that an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collection is reasonably assured. Revenue recognition is net of provision for returns and warranty costs which are estimated based on historical returns and warranty experience.

License fees revenue is recognized by amortizing the total license fees over the life of license fee agreement.

(g) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the tax and accounting bases of assets and liabilities, as well as losses available to be carried forward to future years for income tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Changes to these balances are recognized in income in the period in which they occur. Deferred tax assets are reduced by a valuation allowance to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Stock-based compensation

The Company uses the fair value based method of accounting for all stock options granted to its directors, officers and employees, whereby a compensation expense is recognized over the vesting period of the options, with a corresponding increase to share option reserve in equity. When stock options are exercised, capital stock is credited by the sum of the consideration paid together with the related portion previously recorded to stock option reserve.

(i) Warrants

When the Company issues units under a private placement comprising common shares and warrants, the Company follows the relative fair value method of accounting for warrants attached to and issued with common shares of the Company. Under this method, the fair value of warrants issued is estimated using a Black-Scholes option price model. The fair value is then related to the total of the net proceeds received on issuance of the common shares and the fair value of the warrants issued therewith. The resultant relative fair value is allocated

to warrants from the net proceeds and the balance of the net proceeds is allocated to the common shares issued.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Convertible debentures

Convertible debentures are accounted for as financial instruments containing both a liability element and an equity element that are required to be accounted for separately under IAS 32, Financial Instruments: Presentation. The residual value method is used to determine the value of each element. Under this approach, the equity component is assigned the residual amount after deducting from the proceeds from the issuance of the instrument the fair value amount separately determined for the liability component. No gain or loss arises on initial recognition of the components of the instruments separately.

(k) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are convertible debentures, stock options granted, warrants issued, accruals and valuation allowances.

(l) Financial instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories; held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified a FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or 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 Company's accounts payable, loans to directors and long term debt are classified as other-financial-liabilities.

The fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At April 30, 2017, the Company has not classified any financial liability as FVTPL.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Financial instruments (continued)

Financial instruments recorded at fair value on the statement of financial position are based on a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value as follows:

- 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).
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(m) New accounting standards and interpretations

IFRS 9 Financial Instruments is effective for periods beginning on or after January 1, 2018 and addresses classification and measurement of financial instruments and replaces the multiple category and measurement models in IAS 39 Financial Instruments – Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at FVTPL or at fair value through other comprehensive income. The Company has not assessed the impact of the standard or determined whether it will adopt the standard early. Management is currently assessing the new requirements, however, it is anticipated that these new standards, interpretations and amendments are unlikely to have a significant impact on the Company's financial statements.

4 INVENTORY

Inventory consists solely of finished goods. Since 2009, the Company has taken a cumulative inventory write-down of \$5,220.

5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30 2017	July 31 2016
Accounts payable and accrued liabilities	\$ 677,950	\$ 851,493

Management fees incurred to directors and an officer of the Company included in general and administrative expenses for the quarter amounts to \$77,000 (Jul 31 2016 – \$110,000). The corresponding payable for current quarter and previous years is included in accounts payable and accrued liabilities at quarter end amounting to \$542,878 (Jul 31, 2016 - \$647,500).

On April 11, 2017, the Company issued 9,402,934 common shares at a price of \$0.05 per share to various unsecured creditors to settle a sum of \$470,146 in the accounts payable and accrued liabilities, wherein a sum of 3,532,450 common shares was issued to two directors in settlement of their management fees of \$176,622 accrued for previous year.

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Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

6. LOANS FROM DIRECTORS

	Apr 30 2017	July 31 2016
Notes Payable	\$ 179,417	\$ 141,166

The loans from directors are unsecured, non-interest bearing, and repayable on demand.

On February 11, 2016, Mr. Peter Shippen resigned from the positions of chief executive officer and director of the Company immediately. The loan of \$31,543 advanced from Mr. Shippen was re-allocated to other loan payable and settled with 630,864 common shares at a price of \$0.05 per share on April 11, 2017.

7. LONG TERM DEBT

	Apr 30 2017	July 31 2016
Loan payable	\$ 633,378	\$ 633,378
Current portion	(33,378)	(33,378)
	600,000	600,000
Share-to-debt settlement	(377,068)	-
Due beyond one year	\$ 222,932	\$ 600,000

(a) \$30,000 unsecured 13% convertible debentures

On July 31, 2014, the Company raised gross proceeds of \$30,000 by issuance of 13% unsecured convertible debentures maturing on July 31, 2015. The debentures are convertible into units at \$0.05 per unit exercisable at any time prior to maturity. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.05 at any time prior to July 31, 2016. The 13% unsecured convertible debentures were not settled on maturity.

The Company allocated the total proceeds on the issuance to the liability element and the equity element based on the residual value method. The fair value of the liability element was ascertained based on the discounted cash flow of an unsecured debt without a conversion option using an estimated cost of borrowing of 15% with a similar term to maturity. The allocation resulted in a fair value of \$29,478 assigned to the convertible debentures and the residual of \$522 allocated to the conversion option. Financing fees of \$5,000 is netted against the fair value of the debentures and will be amortized over the maturity period.

Interest expenses for quarter ended April 30, 2017 was \$4,929 since interest accrual ceased upon maturity (2016 – nil).

On April 11, 2017, the Company issued 866,140 common shares at a price of \$0.05 per share to settle an aggregate of \$43,307 for the loan principal of unsecured 13% convertible debentures plus accrued interest and fees. Page 11

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Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

7. LONG-TERM DEBT, continued

(b) \$600,000 secured interest free debentures

On December 11, 2014, the Company entered into a settlement agreement with the long-term debt holders and debenture holders to settle the \$1,275,000 principal outstanding and accrued interest of \$3,339,472 owing as at July 31, 2014 by issuing (a) 25,500,000 common shares at a price of \$0.05 per share to settle the outstanding principal amount, (b) \$600,000 secured interest free debentures and (c) 10,000,000 warrants, to settle the accrued interest amount.

The interest-free debentures are due on the third anniversary of closing the debt settlement and are secured against the assets of the Company.

Each warrant was exercisable for one common share of the Company at an exercise price of \$0.05 per share on or before the first anniversary of closing the debt settlement. Provided the Company was successful in obtaining the approval of the TSX Venture Exchange to an extension of the term of the warrants to three years from the original date of issuance, the principal amount of the debentures was to be reduced from \$600,000 to \$500,000. In addition, the Company had the right to require the holders of the warrants to convert the warrants into common shares of the Company if (a) the volume weighted average closing price of the Company's common shares is above \$0.10 for twenty consecutive trading days and (b) the average daily trading volume of commons share during that period was at least 250,000. The warrants expired on the first anniversary date of the debt settlement.

Pursuant to the debt settlement, one shareholder holds 18% of the common shares of the Company and 17% of the common shares of the Company on a diluted basis.

The Company reached a share-to-debt settlement with secured interest-free debenture holders. On April 11, 2017, the Company first issued 7,541,364 common shares at a price of \$0.05 per share to settle an aggregate of \$377,068 for the loan principal of secured debentures.

8. SHARE CAPITAL

	Number of Common Shares	Share Capital Amount
Authorized: Unlimited number of common and preferred share Without par value		
Issued and outstanding common share:		
Balance – beginning of period	110,352,437	\$ 8,723,624
New issues for share-to-debt settlements	18,341,303	917,065
	128,693,740	\$ 9,640,689
	128,693,740	\$ 9,640,689

(a) Common shares

On December 11, 2014, the Company completed a settlement agreement with its debt holders by issuing 25,500,000 common shares for \$0.05 per share (Note 7). The Company also settled accrued liabilities of \$67,500 by the issuance of 675,000 common shares for \$0.10 per share and unpaid management fees and accrued liabilities of \$370,000 by the issuance of 7,400,000 common shares for \$0.05 per share (note 5).

One shareholder holds in excess of 10% of the issued and outstanding common shares of the Company.

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Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

8. SHARE CAPITAL, continued

(a) Common shares

On April 11, 2017, the Company issued 18,341,303 common shares at a price of \$0.05 to settle a principal of \$377,068 for the secured interest-free debentures, \$43,307 for the principal of unsecured 13% convertible debentures plus accrued interest and fee, \$31,543 for other loan payable and \$465,147 for accounts payable and accrued liabilities.

(b) Stock options

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors totaling up to 10% of its issued and outstanding common shares. The aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares.

During the quarter ended April 30, 2017, the Company did not issue any new stock options (2016 – nil).

The stock compensation expense recorded for the quarter was nil (2016 - nil).

The following table summarizes information about the Company's option activity:

	Apr 30, 2017		July 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Issued and outstanding Beginning and end of period and year	5,550,000	\$ 0.10	5,550,000	\$ 0.10

All issued and outstanding stock options expire on March 24, 2019.

(c) Warrants

On December 11, 2014, 10,000,000 common share purchase warrants were issued in connection with the debt settlement. Each warrant entitled the holder to acquire one additional common share at an exercise price of \$0.05 per share. The warrants expired on the first anniversary of closing the debt settlement.

The following table summarizes information about the Company's warrant activity:

	April 30, 2017		July 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Issued and outstanding, Beginning of period/year	-	-	10,000,000	\$ 0.05
Expired	-	-	(10,000,000)	(0.05)
Issued during the period/year	-	-	-	-
	-	-	-	-

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Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

9. INCOME TAXES

(a) Deferred income taxes

Significant components of the Company's deferred tax assets and liabilities are as follows:

	Apr 30 2017	Jul 31 2016
Future income tax asset		
Operating losses available to offset future taxes	\$1,907,360	\$1,818,000
Tax basis of timing differences	70,100	70,100
	1,977,460	1,888,100
Valuation allowance	(1,977,460)	(1,888,100)
Net deferred tax assets	\$ -	\$ -

The Company has determined that realization of a deferred tax asset is not probable and therefore a valuation allowance has been recorded against the deferred income tax asset.

(b) Current income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 26% (2015 – 26.5%) to the loss for the years as follows:

	Apr 30 2017	Jul 31 2016
Net (loss) income for the period/year	\$(343,077)	\$(206,000)
Anticipated income tax recovery	(89,200)	(53,600)
Tax effect of the following:		
Benefit of income tax losses not recognized	19,000	57,000
Other deductible expenses	(70,200)	(3,400)
Income tax expense	\$ -	\$ -

(c) Income tax losses carried forward

As at July 31, 2016, the Company has non-capital losses of \$6,993,000 for tax purposes which can be applied against future taxable income. These losses expire in the years 2026 to 2036.

10. LOSS PER SHARE

Loss per share is calculated on the weighted average number of common shares outstanding during the quarter, which were 128,693,740 (Jul 31 2016 – 110,352,437).

The Company had no unexercised warrants (2016 – nil) and 5,550,000 options (Jul 31 2016 – 5,550,000) outstanding as at July 31, 2016. Warrants and options outstanding in the quarter were excluded in the computation of loss per share due to anti-dilutive nature.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

11. CONTINGENCIES AND COMMITMENTS

- (a) The Company has offered a "Risk Free Guarantee" on sales of Intercept^{CS} product allowing consumers if they are not satisfied with the product, within 90 days of the date of purchase, to return product directly to the Company for a full refund. While returns have been insignificant to date, there can be no assurance that the Company will not receive an increased level of returns in the future.
- (b) On October 18, 2016, the Company entered into an exclusive product development agreement with Microbonds Inc. to design the Company's next generation thermal therapy inset device. Microbonds Inc. is an advanced coatings and electrical design company in Markham, Ontario. The Company will be incorporating Microbond's proprietary silver anti-microbial coating into the next generation thermal therapy insect device under this agreement to provide additional benefit to its customers. The Company has committed to pay a balance of initial development fees of \$25,000 and a fee of \$35,000 upon completion of the above agreement. A licence agreement was also embedded into this agreement which gave the Company an exclusive and worldwide license to use Microbond's technology for 5 years plus an option to extend 2 more years.
- (c) On November 2, 2016, the Company entered into an exclusive license agreement (the "License") with Luminar Media Group Inc. ("Luminar") of Aventura, Florida, United States to market the Company's next generation thermal therapy insect device (the "Device") in US, Europe and Asia. The Company would receive an aggregate of US\$250,000 from November 2016 to February 2017. In addition, the Company would receive a royalty payment equal to 10% of gross sales of the Device up to the first 100,000 units sold and 5% of gross sales of the Device thereafter. The royalty is payable quarterly. Luminar was required to meet the various sales targets over the next 5 years after signing the agreement. In return, the Company committed to obtaining all regulatory approvals with the FDA of United States and other regulatory requirements in jurisdictions outside of the U.S. deemed necessary to market the product. The Company would also utilize its ISO 13485 Quality Management System in any market that Luminar intended to market.
- (d) On November 18, 2016, the Company announced TherOZapTM to be used for the Company's next generation thermal therapy insect device. TherOZapTM would continue to utilize advanced technology to provide relief to sufferers of insect bites and stings.
- (e) On March 30, 2017, the Company announced that it signed a service agreement with University Health Network (UHN), whereby UHN would develop testing methodology protocols for the TherOZap technology to determine the effectiveness of TherOZap at inactivating the Zika and West Nile viruses.

12. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

The fair values of the Company's financial instruments approximate their carrying values. The carrying amounts of cash, accounts payable and accrued liabilities, loans from directors and current portion of long term debt approximate their fair values due to the short-term maturities of these instruments.

(b) Currency risk

The Company did not have any significant foreign currency exposure as at January 31, 2017 (July 31 2016 - nil). The results of the Company's operations are therefore not subject to currency transaction and translation risk.

(c) Liquidity Risk

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to pay for the general and administrative expenses necessary to maintain the Company's books and records as well as its listing on the NEX. However, as an inactive company without a significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that the Company may not be able to achieve successful operations. The current uncertainty in global markets and the fact that the Company has a nominal amount of assets could have an impact on the Company's future ability to obtain capital on terms that are acceptable to the Company, and on the Company's future ability to achieve successful operations. The Company has so far maintained a limited amount of cash for its operational needs by means of loans from the directors and past share issuances.

THE JENEX CORPORATION

Notes to Condensed Interim Financial Statements For the Nine Months Ended April 30, 2017 (In Canadian dollars)

13. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its business objectives, and has plans to raise additional capital. The Company is not subject to any externally imposed capital requirements, and does not presently utilize any quantitative measures to monitor capital.

14. SUBSEQUENT EVENTS

- (a) On February 13, 2017, the Company proposed to issue 34,349,937 common shares in settlement of \$1,717,496.93 of debt owed by the Company. The common shares are to be issued at a price of \$0.05 each and will be subject to a hold period expiring four months plus a day after closing.

On April 6, 2017, the Company announced that it issued 18,341,302 common shares to settle \$917,065 of debt owing by the Company. The shares were subject to a hold period, which would expire on August 6, 2017. This was the first of two closings of the debt settlement. The TSX Venture Exchange approved the issuance of an additional of 16,008,634 common shares at the second closing, to settle an additional \$800,431 of debt, conditional upon (a) disinterested shareholder approval with respect to 11,549,998 common shares to be issued to current and former officers and directors of the Company, and (b) ordinary shareholder approval with respect to 4,458,636 common shares to be issued to a shareholder who would thereby become a control person (as that term is defined in TSXV Venture Exchange policies).

- (b) On May 31, 2017, the Company signed a design services agreement, the objective of which is to produce prototypes of Activators with a pre-configured number of activations in relation to Interceptor.
- (c) On June 1, 2017, the Company approved to grant incentive stock options to its directors and consultants to purchase up to an aggregate of 5,000,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.10 per share.
- (d) On June 21, 2017, the Company announced that it completed, subject to receiving final acceptance from the TSXV Venture Exchange, an oversubscribed non-brokered private placement ("Financing") of 6,350,000 units ("Unit") of the Company at a price of \$0.05 per Unit for the gross proceeds of \$317,500. The financing was oversubscribed by \$67,500. Each Unit is comprised of one common share (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one Share at a price of \$0.08 for a period of three years from the date of issuance of the Warrant. The term of the Warrants would be subject to an acceleration right at the option of the Company, in the event that the Shares trade at or above \$0.15 per Share for a full 10 consecutive trading days following the date which is four months and one day from the closing date, and the Company had provided Warrant holders with 30 days prior written notice of the accelerated Warrant exercise date. Insiders and close associates of the Company subscribed for 1,950,000 Units of the Financing for gross proceeds of \$97,500.

Regarding the Financing, the chief executive officer of the Company sold an aggregate of 250,000 common shares from his personal shareholdings to a private investor at a price of \$0.05 per share for the proceeds of \$12,500. He used all of the proceeds from the sale of these shares to purchase Units under the Financing.