QUIZAM MEDIA CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

November 30, 2018 AND 2017

(Unaudited)

The accompanying unaudited interim financial statements have been prepared by Management of Quizam Media Corporation and have not been reviewed by the Company's auditors

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	As at November 30, 2018 $	As at May 31, 2018 $
ASSETS		
Current		
Cash and cash equivalents	534,942	76,253
Accounts receivable	117,827	13,660
Prepaid expenses and deposits	27,679	31,604
Sales taxes recoverable	6,401	13,518
Total current assets	686,849	135,035
Property and equipment (Note 3)	88,514	98,728
Total assets	775,363	233,763
LIABILITIES		
Current		
Accounts payable and accrued liabilities	39,870	89,962
Deferred lease inducement	26,546	25,079
Deferred revenue	38,025	24,701
Due to related parties (Note 9)	81,026	242,535
	185,467	382,277
Deferred lease inducement	11,635	13,751
Total liabilities	197,102	396,028
EQUITY (DEFICIENCY)		
Share capital (Note 4)	19,522,016	18,138,016
Subscriptions received (receivable)	40,000	(105,800)
Contributed surplus	2,717,087	2,439,630
Deficit	(21,700,842)	(20,634,111)
Total equity (deficiency)	578,261	(162,265)
Total liabilities and equity (deficiency)	775,363	233,763

Nature and continuance of operations (Note 1)
Commitments (Note 13)

APPROVED ON BEHALF OF THE BOARD ON JANUARY 29, 2019

/s/ "Russ Rossi"
Russ Rossi, Director

/s/ "Jim Rosevear"
Jim Rosevear, Director

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ending November 30, 2018	Three Months Ending November 30, 2017	Six Months Ending November 30, 2018	Six Months Ending November 30, 2017
			$	$
REVENUES				
Training services and software sales	161,003	178,431	445,050	317,375
Licensing fees	–	–	–	–
	161,003	178,431	445,050	317,375
EXPENSES				
Accounting and legal (Note 9)	51,456	64,451	83,296	94,967
Automobile	7,628	5,207	13,612	7,773
Bank charges and finance fees	9,169	6,895	15,775	11,495
Depreciation	8,043	6,061	15,899	9,603
Investor and finance development (Note 9)	41,628	25,320	68,709	46,773
Management fees (Note 9)	36,000	36,000	72,000	72,000
Office and miscellaneous (Note 9)	68,750	22,869	78,171	49,506
On-Track TV development costs (Note 8 and 9)	103,692	35,900	166,614	62,400
Regulatory fees	5,608	2,612	8,273	4,144
Rent	47,654	47,141	95,181	58,585
Research and development (Note 9)	132,010	50,150	185,785	81,575
Software development costs (Note 9)	–	–		2,500
Share-based compensation (Note 5)	277,457	–	277,457	–
Subcontractors (Note 9)	36,049	39,573	79,192	62,846
Telephone and internet	5,194	4,766	10,889	17,034
Travel and business development (Note 9)	160,189	82,917	220,813	111,252
Wages and benefits (Note 9)	60,435	48,629	120,385	93,416
	1,050,962	478,491	1,512,051	785,869
LOSS BEFORE OTHER ITEMS	(889,959)	(300,060)	(1,067,001)	(468,494)
OTHER ITEMS				
Interest income	180	1	270	9
NET LOSS AND COMPREHENSIVE LOSS	(889,779)	(300,059)	(1,066,731)	(468,485)
LOSS PER SHARE BASIC AND DILUTED	(0.02)	(0.02)	(0.03)	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	38,879,000	14,531,000	35,116,000	14,229,000

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Six Months Ending November 30, 2018 $	Six Months Ending November 30, 2017 $
OPERATING ACTIVITIES		
Net loss	(1,066,731)	(468,485)
Add back non-cash items:		
Depreciation	15,899	9,603
Share-based compensation	277,457	–
	(773,375)	(458,882)
Changes in non-cash working capital items:		
Accounts receivable	(104,167)	(48,143)
Prepaid expenses and deposits	3,925	1,133
Taxes recoverable	7,117	23,497
Accounts payable and accrued liabilities	(50,092)	(15,601)
Deferred lease inducement	(649)	–
Due to related parties	(161,509)	91,234
Deferred revenue	13,324	(30,298)
CASH USED IN OPERATING ACTIVITIES	(1,065,426)	(437,060)
FINANCING ACTIVITIES		
Issuance of common shares, net	1,529,800	178,273
CASH PROVIDED BY FINANCING ACTIVITIES	1,529,800	178,273
INVESTING ACTIVITIES		
Acquisition of property and equipment	(5,685)	(62,726)
CASH USED IN INVESTING ACTIVITIES	(5,685)	(62,726)
DECREASE IN CASH AND CASH EQUIVALENTS	458,689	(321,513)
CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	76,253	324, 911
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	534,942	3,398
SUPPLEMENTAL INFORMATION		
Interest paid	–	–
Income tax paid	–	–
NON-CASH FINANCING ACTIVITIES		
Issuance of shares for finders' fees	–	2,025

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

QUIZAM MEDIA CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of Common Shares	Amount $	Contributed Surplus $	Share Subscriptions Receivable $	Deficit $	Total $
As at May 31, 2017	13,930,611	16,947,446	2,359,322	–	(19,506,476)	(199,708)
Units issued for cash	2,000,000	180,000	–	–	–	180,000
Issued as finders' fees	22,500	2,025	–	–	–	2,025
Share issuance costs	–	(3,752)	–	–	–	(3,752)
Net loss for the period	–	–	–	–	(468,485)	(468,485)
As at November 30, 2017	15,953,111	17,125,719	2,359,322	–	(19,974,961)	(489,920)
As at May 31, 2018	30,937,044	18,138,016	2,439,630	(105,800)	(20,634,111)	(162,265)
Units issued for cash	17,225,000	1,384,000	–	–	–	1,384,000
Share subscriptions received	–	–	–	145,800	–	145,800
Share-based compensation	–	–	277,457	–	–	277,457
Net loss for the period	–	–	–	–	(1,066,731)	(1,066,731)
As at November 30, 2018	48,162,044	19,522,016	2,717,087	40,000	(21,700,842)	578,261

1. CORPORATE INFORMATION, NATURE AND CONTINUANCE OF OPERATIONS

Quizam Media Corporation (the "Company") was incorporated on September 15, 2000 under the provisions of the Company Act of British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "QQ" (moved from the TSX Venture Exchange ("TSX-V") effective July 12, 2018). The Company's principal business activities consist of providing computer training and consulting services, marketing of a computer based educational program and film production. During the period, the Company also entered the retail cannabis market. The address of the Company's corporate office and its principal place of business is Suite 650 – 609 Granville Street, Vancouver, BC, V7Y 1G6.

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has a history of significant losses, sizeable accumulated deficits and working capital deficits. These factors form a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on completing equity financings, obtaining support from related parties or generating consistent profitable operations in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Presentation

These interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, On-Track Computer Training Ltd. and Quantum 1 Cannabis Corp. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, have been eliminated on consolidation.

The consolidated financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

b) New accounting standards adopted

IFRS 9, Financial Instruments ("IFRS 9")

The Company has adopted new accounting standard IFRS 9, *Financial Instruments*, effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date. IFRS 9 was issued by the IASB in July 2014 and has replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The following summarizes the significant changes in IFRS 9 compared to the current standard:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New accounting standards adopted (continued)

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, does not have an impact on the carrying amounts of financial assets.

The adoption of IFRS 9 on the Company's financial statements did not have a material impact.

IFRS 15 Revenue from Contracts with Customers

The Company has adopted new accounting standard IFRS 15, *Revenue from Contracts with Customers*, effective for annual periods beginning on or after January 1, 2018 using the retrospective method of adoption. In May 2014, the IASB issued 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.

The Company principally generates the following revenue sources: Training revenue, On-Track TV revenue, Software revenue, License Fee revenue, and Movie Distribution License revenue. The Company has reviewed its sources of revenue using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company's revenue from these sources as compared to the previous standards.

The adoption of IFRS 15 on the Company's financial statements did not have a material impact.

IFRS 2 Share-Based Payment

In June 2016, the Board issued the final amendments to IFRS 2 *Share-Based Payment* as follows:

(a) Effects that vesting conditions have on the measurement of a cash-settled share-based payment;

(b) Accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled;

(c) Classification of share-based payment transactions with net settlement features.

The adoption of IFRS 2 on the Company's financial statements did not have a material impact.

c) New accounting standards not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for the Company's accounting periods beginning after June 1, 2019, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The following accounting standards and amendments are effective for the Company's fiscal year beginning on June 1, 2019:

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

The Company has not yet determined the full impact of IFRS 16 on its consolidated financial statements. The Company believes that the most significant impact will be the recognition of a right-of-use asset and a corresponding lease liability on the statement of financial position for certain facilities currently treated as operating leases.

3. PROPERTY AND EQUIPMENT

Cost	**Computer Hardware**	**Furniture and Fixtures**	**Leasehold Improvements**	**Library**	**Total**
As at May 31, 2018	$ 415,836	$ 93,780	$ 89,537	$ 4,755	$ 603,907
Additions	2,409	3,276	–	–	5,685
As at November 30, 2018	$ 418,245	$ 97,056	$ 89,537	$ 4,755	$ 609,592
Accumulated Depreciation					
As at May 31, 2018	$ 385,747	$ 80,166	$ 34,512	$ 4,755	$ 505,179
Depreciation	7,422	1,985	6,492	–	15,899
As at November 30, 2018	$ 393,169	$ 82,151	$ 41,004	$ 4,755	$ 521,078
Carrying Amounts					
Balance, May 31, 2018	$ 30,089	$ 13,614	$ 55,025	$ –	$ 98,728
Balance, November 30, 2018	$ 25,076	$ 14,905	$ 48,533	$ –	$ 88,514

4. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common voting shares without par value. Disclosures on any common shares issued are also provided in the interim consolidated statements of changes in equity (deficiency).

Transaction during the six months ended November 30, 2018:

On August 21, 2018, the Company issued 4,200,000 units at a price of $0.06 per unit for proceeds of $252,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.10 per share. The Company's CEO subscribed for 400,000 units.

On October 22, 2018, the Company issued 4,375,000 units at a price of $0.08 per unit for proceeds of $350,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.20 per share. The Company's CEO subscribed for 400,000 units.

(Expressed in Canadian dollars)

4. SHARE CAPITAL (continued)

On November 1, 2018, the Company issued 4,150,000 units at a price of $0.08 per unit for proceeds of $332,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.20 per share. The Company's CEO subscribed for 200,000 units.

On November 19, 2018, the Company issued 4,500,000 units at a price of $0.10 per unit for proceeds of $450,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.18 per share.

Transaction during the six months ended November 30, 2017:

On November 3, 2017, the Company issued 2,000,000 units at a price of $0.09 per unit for proceeds of $180,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable at a price of $0.30 per share for the first 12 months and at a price of 40.50 per share for an additional 12 months. In connection with the private placement, the Company issued 22,500 shares as finders' fees with a fair value of $2,025.

5. STOCK OPTIONS

The following table summarizes the continuity of the Company's stock options:

	Number of Underlying Shares	Weighted Average Exercise Price
Outstanding, May 31, 2018	1,505,000	$ 0.23
Granted	1,930,000	0.28
Expired/Cancelled	(200,000)	0.46
Outstanding, November 30, 2018	3,235,000	$ 0.24

All of the options outstanding at November 30, 2018, were fully vested.

The weighted average remaining contractual life of the stock options outstanding as at November 30, 2018 was 2.22 years (May 31, 2018 – 1.47 years).

6. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Underlying Shares	Weighted Average Exercise Price
Balance, May 31, 2018	15,580,000	$ 0.14
Expired	(480,000)	0.50
Issued	17,225,000	0.17
Balance, November 30, 2018	32,325,000	$ 0.16

At November 30, 2018, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,000,000	$0.50	November 1, 2019
4,600,000	$0.15*	February 2, 2021

(Expressed in Canadian dollars)

8,500,000	$0.08**	May 29, 2021
4,200,000	$0.10	August 21, 2021
4,375,000	$0.20	October 22, 2021
4,150,000	$0.20	November 5, 2021
4,500,000	$0.18	November 21, 2021
32,325,000		

* Exercise price increases to $0.25 per share on February 3, 2019

** Exercise price increases to $0.10 per share on December 1, 2019

The weighted average remaining contractual life of the warrants outstanding as at November 30, 2018, was 2.56 years (May 31, 2018 – 2.61 years).

7. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

The Company derives sales from training services, software sales and licensing, and film distribution licenses sales.

(a) Training Services and UK On-Track TV sales and expenses for the six months ended November 30, 2018 and 2017, respectively:

	2018 $	2017 $
Revenue	245,910	317,375
Expenses	(622,081)	(486,218)
Profit (loss)	(376,171)	(168,843)

(b) Software and Licensing sales and expenses for the six months ended November 30, 2018 and 2017, respectively:

	2018 $	2017 $
Revenue	199,140	–
Expenses	(190,136)	(73,070)
Profit (loss)	9,004	(73,070)

The Company's operations are centralized whereby the Company's head office is responsible for the operational results. All of the Company’s assets are in Canada. The Company’s revenues include sales generated in Canada, USA and in Europe as follows:

	2018 $	2017 $
Canada	245,910	317,375
USA	199,140	–
Europe	–	–
	445,050	317,375

(Expressed in Canadian dollars)

8. PRODUCT DEVELOPMENT COSTS

(a) On-Track TV

During fiscal 2018 and 2017, the Company finished a complete set of on-line curriculum for its training division called On-Track TV. The costs associated with development of the On-Track TV, which are included in expenses for the six months ended November 30, 2018 and 2017, are as follows:

	2018 $	2017 $
Salary, wages and fees	64,941	8,170
Production costs	100,673	115,495
	165,614	123,665

(b) Quizam software

The costs associated with development of the Quizam educational software, which are included in the interim consolidated statement of operations, and comprehensive loss for the six months ended November 30, 2018 and 2017, are as follows:

	2018 $	2017 $
Salary, wages and fees (management, programming and marketing)	81,550	39,150

9. RELATED PARTY TRANSACTIONS

(a) Key management compensation

The Company has identified its Directors, President and Chief Executive Officer, and Chief Financial Officer as its key management personnel and the compensation costs and fees related to them were recorded at their exchange amounts as agreed upon by transacting parties. Expenses incurred for key management compensation are summarized as follows:

	2018 $	2017 $
Management fees	72,000	72,000

For the six months ended November 30, 2018 and 2017, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

(b) Amounts due to related parties

At November 30, 2018, $81,026 (May 31, 2018 – $242,535) was owed to a significant shareholder and companies owned by a significant shareholder, who is also a director and officer, and to a company owned by his relative.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

(c) Related party transactions

During the six months ended November 30, 2018, an amount of $636,633 (2017 - $366,052) was included in expenses for services provided by companies owned by a significant shareholder, who is also a director and officer, and immediate family of the significant shareholder. The breakdown of expenses included in the interim consolidated statement of operations and comprehensive loss is as follows:

	2018 $	2017 $
Accounting and legal	72,850	59,150
Investor and finance development	53,044	39,550
Management fees	72,000	72,000
Office and miscellaneous	32,073	32,025
On-Track TV development costs	84,623	57,000
Research and development	185,785	81,575
Software development costs	16,050	2,500
Travel and business development	78,000	10,650
Wages and benefits	42,208	11,602
	636,633	366,052

10. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares, options and warrants for a total amount of $22,279,103 at November 30, 2018 (May 31, 2018 – $20,471,846). The Company's principal source of capital is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital funding to be able to meet the Company's educational software development, internet training development and film production to ensure the growth of activities.

11. LINE OF CREDIT

As at November 30, 2018, the Company has a line of credit of $5,000 bearing interest at the bank's prime rate plus five percent. The line of credit is guaranteed by the assets of the Company. There was no outstanding balance as of November 30, 2018, and 2017.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable, and due to related parties. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	November 30, 2018 $	May 31, 2018 $
FVTPL (i)	534,942	76,253
Loans and receivables (ii)	117,827	13,660
Other financial liabilities (iii)	(158,921)	(357,198)

(i) Cash and cash equivalents
(ii) Accounts receivable
(iii) Accounts payable, amounts due to related parties and promissory notes payable

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level	November 30, 2018 $	May 31, 2018 $
Cash and cash equivalents	1	534,942	76,253

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable. Credit risk from accounts receivable encompasses the default risk of its customers. The Company manages its exposure to credit risk by only working with reputable companies and by performing on-going credit evaluations of its customers' financial condition and requires letters of credit or other guarantees whenever deemed appropriate. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The following table provides information regarding the aging of financial assets that are past due but which are not impaired as at November 30, 2018:

	Neither past due nor impaired	31-60 days	61-90 days	91 days and over	Carrying value
Trade accounts receivable	$ 117,827	–	–	–	117,827

Liquidity Risk

The Company manages its ability to meet its short-term obligations through the capital management described in Note 10. The Company has a working capital deficit and requires additional financing to fund operations.

Foreign Exchange Risk

As the Company generates a portion of its revenues in the U.K., and a portion is in the U.S. (movie sales), the Company's foreign exchange risk arises with respect to the U.K. pound sterling and U.S. dollar. Financial instruments that subject the Company to foreign currency exchange risk include cash and accounts receivable. Approximately 0% of the Company's revenues are denominated in the U.K. pound sterling (2017 – 4%), and 45% in U.S. dollars (2017 – 0%) while a significant amount of the Company's expenses are denominated in Canadian dollars. In management's opinion, the Company is not exposed to significant foreign exchange rate risk.

Interest Rate Risk

In management's opinion, the Company is not exposed to significant interest rate risk.

13. COMMITMENTS

The Company has committed to pay rent, taxes and operating costs under various rental agreements until March 2024. Minimum lease payments are as follows:

2019	$ 158,157
2020	400,082
2021	405,236
2022	415,353
2023 and onwards	500,550
Total	$ 1,879,378

The Company entered into a Memorandum of Understanding ("MOU") with Weeds Glass and Gifts ("WeedsG&G") to open Cannabis Dispensaries in Canada and other countries when and where it becomes legal. WeedsG&G currently operates 15 Cannabis Retail Platforms across Canada. Key terms of the MOU include, but are not limited to: exclusive use of the trademarked names "Weeds" and "Mary Jane"; the goodwill, knowhow and systems of the existing business; the online business; and the first right of refusal to purchase any of the existing dispensaries in the Chain when they are granted a license.

14. SUBSEQUENT EVENTS

On December 6, 2018, the Company issued 1,000,000 units at a price of $0.12 per unit for proceeds of $120,000. Each unit consisted on one common share and one share purchase warrant. Each warrant is exercisable for three years at a price of $0.20 per share. The Company's CEO subscribed for 183,333 units. The Company received proceeds of $40,000 prior to the period end, which is included in share subscriptions received at November 30, 2018.