Interim Condensed Consolidated Financial Statements of

NABIS HOLDINGS INC.

(formerly Innovative Properties Inc.)

Three and twelve-month periods ended
October 31, 2019
(Unaudited – Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim 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 standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited, in Canadian dollars)
As at

	Note		**October 31, 2019**		October 31, 2018
ASSETS					
Current Assets					
Cash and cash equivalents		**$**	**4,764,374**	$	705,836
Marketable securities			**-**		167,052
HST and other receivables			**608,910**		6,646
Inventory			**401,094**		-
Prepaids and deposits			**735,380**		35,000
			6,509,758		914,534
Non-Current Assets					
Property, plant and equipment	5		**12,339,176**		200,000
Intangible assets	4,6		**19,685,170**		-
Investment in Cannova Medical	4,7		**13,048,042**		-
Right-of-use assets	4,8		**390,862**		-
TOTAL ASSETS		**$**	**51,973,008**	$	1,114,534
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables and accrued liabilities	9	**$**	**1,323,642**	$	264,033
Interest payable	10,11		**467,840**		-
Lease liabilities	8		**154,715**		-
Mortgages payable	10		**3,202,316**		-
Note payable	4		**10,528,000**		-
			15,676,513		264,033
Long-Term Liabilities					
Convertible debentures	11		**22,871,218**		-
Lease liabilities	8		**227,126**		-
TOTAL LIABILITIES			**38,774,857**		264,033
SHAREHOLDERS' EQUITY					
Share capital	13		**20,258,680**		4,513,498
Advance subscriptions			**-**		687,500
Reserves	14		**16,876,488**		2,326,938
Accumulated other comprehensive income (loss) (AOCI)			**47,738**		-
Deficit			**(23,984,755)**		(6,677,435)
TOTAL SHAREHOLDERS' EQUITY			**13,198,151**		850,501
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**$**	**51,973,008**	$	1,114,534

Nature of operations	1
Commitments	16
Subsequent Events	17

On behalf of the Board:

"Emmanuel Paul"
Director

"Shay Shnet"
Director

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

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Three and Twelve Months ended October 31,
(Unaudited, in Canadian dollars)

	Note	Three months ended October 31 **2019**	2018	Twelve months ended October 31 **2019**	2018
Retail and wholesale revenues		$ **644,164**	$ -	$ **644,164**	-
Cost of goods sold		**443,457**	-	**443,457**	-
Gross profit		**200,707**	-	**200,707**	-
Operating expenses					
Selling, general and administrative	15	**2,100,608**	364,204	**11,440,958**	1,259,245
Share-based compensation		**27,860**	-	**1,362,432**	-
Depreciation and amortization		**209,075**	9	**348,903**	425
Total Operating Expenses		**2,337,543**	364,213	**13,152,293**	1,259,670
Loss from operations		**(2,136,836)**	(364,213)	**(12,951,586)**	(1,259,670)
Other Items					
Accretion expense	11	**(782,775)**	-	**(1,782,798)**	-
Change in fair value of marketable securities		**(63)**	141,895	**(167,052)**	(270,265)
Gain (loss) on sale of marketable securities		**-**	-	**-**	148,723
Foreign exchange gain (loss)		**(290,522)**	27	**(279,430)**	23
Interest and other income		**24,340**	8,057	**161,483**	8,204
Interest expense		**(942,853)**	-	**(2,022,630)**	-
Recovery of loan receivable		**-**	-	**-**	40,000
Write-off of GST receivable		**-**	(20,705)	**-**	(20,705)
Write-off of loans receivable		**-**	(3,800,000)	**-**	(3,800,000)
Share of loss of Cannova Medical	7	**(126,294)**	-	**(265,307)**	-
		(2,118,167)	(3,670,726)	**(4,355,734)**	(3,894,020)
Net loss for the period		**(4,255,003)**	(4,034,939)	**(17,307,320)**	(5,153,690)
Other comprehensive loss to be reclassified to net income (loss) in subsequent periods					
Unrealized gain (loss) on translation of foreign operations		**47,738**	-	**47,738**	-
Total Comprehensive loss		$ **(4,207,265)**	$ (4,034,939)	$ **(17,259,582)**	$ (5,153,690)
Basic and diluted loss per share		$ **(0.04)**	$ (0.16)	$ **(0.18)**	$ (0.21)
Weighted Average Number of Common Shares Outstanding		**109,642,527**	27,598,865	**97,671,751**	24,034,822

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

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, in Canadian dollars)

	Number of Shares	Amount	Option Reserve	Warrant Reserve	Loan Reserve	AOCI	Deficit	Total
Balance at October 31, 2017	16,414,966	$ 2,008,082	$ 130,901	$ 315,908	$ 123,504	$ -	$ (1,523,745)	$ 1,054,650
Private placement	11,183,899	2,882,442	-	1,591,118	-	-	-	4,473,560
Share issuance costs	-	(377,026)	-	-	-	-	-	(377,026)
Finders' fee warrants	-	-	-	165,507	-	-	-	165,507
Net and comprehensive loss	-	-	-	-	-	-	(1,118,751)	(1,118,751)
Balance at July 31, 2018	27,598,865	4,513,498	130,901	2,072,533	123,504		(2,642,496)	4,197,940
Net and comprehensive loss	-	-	-	-	-	-	(4,034,939)	(4,034,939)
Balance at October 31, 2018	27,598,865	4,513,498	130,901	2,072,533	123,504	-	(6,677,435)	163,001
Convertible debentures	-	-	-	6,062,556	6,063,163	-	-	12,125,719
Shares issued for acquisition	13,299,999	11,969,999	-	-	-	-	-	11,969,999
Private placement	63,333,333	5,500,000	-	-	-	-	-	5,500,000
Finders' fee shares	2,726,000	283,900	-	-	-	-	-	283,900
Share issuance costs	-	(2,918,911)	-	-	-	-	-	(2,918,911)
Finders' fee warrants	-	-	-	1,575,659	-	-	-	1,575,659
Exercise of warrants	846,238	488,464	-	(268,530)	-	-	-	219,934
Exercise of finders' fee warrants	1,250,000	220,510	-	(158,010)	-	-	-	62,500
Stock-based compensation	-	-	1,362,432	-	-	-	-	1,362,432
Exercise of options	550,000	175,720	(87,720)	-	-	-	-	88,000
Issue of shares for services	300,000	25,500	-	-	-	-	-	25,500
Unrealized gain on translation of foreign operations	-	-	-	-	-	47,738	-	47,738
Net loss	-	-	-	-	-	-	(17,307,320)	(17,307,320)
Balance at October 31, 2019	109,904,435	$ 20,258,680	$ 1,405,613	$ 9,284,208	$ 6,186,667	$ 47,738	$ (23,984,755)	$ 13,198,151

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

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)
CONSOLIDATED INTERIM STATEMENTS OF CASHFLOWS
For the Twelve Months ended October 31,
(Unaudited, in Canadian dollars)

		2019		2018
Operating Activities				
Net loss for the period	**$**	**(17,307,320)**	$	(5,153,690)
Adjustment for non-cash items				
Accretion		**1,782,798**		-
Amortization		**348,903**		425
Bad debt		**4,425**		-
Change in fair value of marketable securities		**167,052**		274,176
Gain from sale of marketable securities		**-**		(152,634)
Interest expense		**467,840**		-
Stock-based compensation		**1,362,432**		-
Share of Cannova Medical loss		**265,307**		-
Unrealized foreign exchange gain		**47,738**		-
Shares issued for services		**25,500**		-
Write-off of receivables		**-**		20,705
Write-off of loans receivable		**-**		3,800,000
Changes in non-cash working capital items:				
Receivables		**(597,839)**		(6,646)
Inventory		**(401,094)**		-
Prepaids and other deposits		**(700,380)**		(35,000)
Due from related parties		**-**		6,368
Trade payables and accrued liabilities		**1,059,609**		(237,721)
Net cash flow used in operating activities		**(13,475,029)**		(1,484,017)
Investing Activities				
Acquisition of property, plant and equipment		**(12,479,374)**		-
Acquisition of intangible assets		**(19,689,756)**		-
Acquisition of Cannova Medical		**(1,343,350)**		-
Disposal of equipment		**11,538**		-
Proceeds from sale of marketable securities		**-**		451,590
Loan to unrelated parties		**-**		(4,000,000)
Deposit		**-**		380,000
Net cash flow provided by investing activities		**(33,500,942)**		(3,168,410)
Financing Activities				
Issuance of shares for cash, net		**4,874,282**		4,378,740
Advance subscriptions		**-**		687,500
Exercise of warrants		**282,434**		-
Exercise of options		**88,000**		-
Issuance of debentures, net		**32,074,140**		-
Mortgages payable		**3,202,316**		-
Note payable		**10,528,000**		-
Cash payment of lease liabilities		**(14,663)**		-
Net cash flow provided by financing activities		**51,034,509**		5,066,240
Change in cash during the period		**4,058,538**		413,813
Cash, beginning of period		**705,836**		292,023
Cash, end of period	**$**	**4,764,374**	$	705,836

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

1. Nature and continuance of operations

Nabis Holdings Inc. (formerly Innovative Properties Inc.) (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 31, 2002. During the year ended October 31, 2017, the Company discontinued its previous business of providing administrative services. The head office, principal address and records office of the Company are located at Unit 1409, 5000 Yonge Street, Toronto, Ontario, Canada, M2N 7E9.

On January 30, 2018, the Company executed a binding letter of intent with Modular Block Mining Inc. ("Modular"), an arms-length private company, whereby the Company would acquire 100% of the issued and outstanding securities of Modular. During the year-ended October 31, 2018, the Company decided not to proceed with the proposed transaction. The Company intends to focus its business in the US cannabis sector and on May 29, 2019, the Company changed its name from Innovative Properties Inc. to Nabis Holdings Inc. and CSE ticker symbol remains as "NAB".

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31, 2019, the Company is not able to finance its day-to-day activities through operations and incurs losses. The continuing operations of the Company are dependent upon its ability to identify a viable business opportunity and to attain profitable operations and generate funds therefrom. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended October 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements for the three and twelve-month periods ended October 31, 2019 were reviewed and authorized for issue by the Board of Directors on December 30, 2019.

On October 7, 2019, the board of directors approved the change in the fiscal year end from October 31st to December 31st, to be better aligned with their industry peers, and to facilitate efficiencies in the administration, accounting, and production of the annual financial statements. This will result in the 2019 fiscal year being for a 14-month period ending December 31, 2019.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The interim consolidated financial statements include the results of Perpetual Healthcare Inc. ("Perpetual") as of October 11, 2019, the date of acquisition.

The following subsidiaries have been consolidated for all dates presented within these financial statements:

Subsidiary	Ownership	Location
Nabis Holdings Inc.	100%	Canada
Nabis Technologies Corp.	100%	Canada
Be In Synergy Inc.	100%	Canada
Abis Biopharma Corporation	100%	Canada
Nabis (US) Corp.	100%	USA
Nabis AZ, LLC	100%	USA
Nabis Arizona Property, LLC	100%	USA
Perpetual Healthcare, Inc.	100%	USA
Nabis Joint Ventures (AZ), LLC	100%	USA
Nabis Hemp Holdings, LLC	100%	USA
Nabis Holdings California Inc.	100%	USA
Nabis Holdings California, LLC	100%	USA
Nabis Holdings Michigan LLC.	100%	USA
Nabis NM LLC	100%	USA
Nabis Holdings Oklahoma Inc.	100%	USA
Nabis Oklahoma Patient Care Inc.	100%	USA
Nabis Holdings Washington, LLC	100%	USA

All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

(d) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entities is in Canadian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of assets when they are regarded as an adjustment to interest costs on those currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

(e) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future periods include the recoverability and measurement of deferred tax assets, the valuation of marketable securities, the recoverability of trade receivables and impairment considerations for loans receivable.

(f) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether the collection of revenue is reasonably assured.

3. New, amended and future IFRS pronouncements

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, which replace IAS 17 – Leases. The Company adopted IFRS 16 on January 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. Specifically, rent expense will be replaced by associated depreciation of the right-to-use asset and interest expense. Since the Company is not restating prior periods as part of adopting IFRS 16, current results will not be directly comparable to results for periods before 2019.

Under IAS 17, a lease of property and equipment was classified as an operating lease whenever the terms of the lease did not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments were recognized as rent expense on a straight-line basis over the lease term, except where another systematic basis was more representative of the time pattern in which the economic benefits are consumed.

Under IFRS 16, at inception of a contract, the Company assesses whether a contract conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. The Company recognizes a right-of-use asset (lease asset) and a lease liability at the lease commencement date. The asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The lease asset is subsequently amortized using the straight-line method from the commencement date to the end of the useful life of the right-of-use asset, considered to be indicated by the lease term. The lease asset is periodically assessed and adjusted for certain remeasurements of the lease liability and impairment losses, if any. The lease liability is initially measured at the present value of outstanding lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset with any excess over the carrying amount of the asset being recognized in profit or loss.

The Company has elected not to recognize lease assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets such as small equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. Acquisitions

(a) Acquisition of Assets of PDT Technologies, LLC

On May 30, 2019, the Company completed an acquisition of certain assets from PDT Technologies, LLC ("PDT"), a Washington-based private company, for consideration of $402,234 (US$300,000).

Among the assets acquired were extraction and production equipment, rights to lease PDT's current production facility and exclusive licensing rights throughout the State of Washington to Chong's Choice brand products. Upon closing of the acquisition, PDT leased back from the Company the extraction and production equipment through an equipment lease, the production facility through a sublease, as well as the licensing rights to Chong's Choice brand products for a fee of US$2,675 per month. On September 30, 2019, the licensing agreement with Chong's Choice was terminated.

In addition, the Company also acquired an assignable option to purchase PDT's license to process marijuana and marijuana products in the State of Washington for US$25,000, subject to applicable law. Thereafter, the Company assigned the option to a Washington company (the "Assignee") and the Assignee then elected to exercise the option prior to the Option expiry date. The Assignee will pay an additional US$25,000 to PDT once the licensing process has been finalized. Once the Assignee acquires the license, the Assignee will assume the Equipment Lease and the Sublease.

The acquisition constitutes an asset acquisition as the acquired assets did not meet the definition of a business, as defined in IFRS 3, Business Combinations.

(Unaudited, in Canadian dollars)

The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Assets acquired:		
Extraction and production equipment	$	141,411
Lease of production facility		99,067
Option to purchase processing license		260,823
Total assets acquired		501,301
Liabilities assumed:		
Lease liability of production facility		(99,067)
Total consideration transferred	$	402,234

(b) Investment in Cannova Medical Ltd.

On June 25, 2019, the Company completed its acquisition of 49% interest of Cannova Medical Ltd. ("Cannova"), a private company located in Israel that provides innovative solutions for cannabis consumption for a consideration of $1,343,350 (US$1,000,000) in cash and issuance of 5,911,111 common shares at a deemed price of $0.90 per share. The Company also has an option to acquire the remaining 51% interest of Cannova by issuing 7,388,888 common shares ("option shares") at a deemed price of $0.90 per share upon the completion of certain milestones. The option shares are being held in Escrow. The option to acquire the remaining 51% interest in Cannova has a 5-year life and if not exercised, will expire on May 23, 2024.

This acquisition constitutes an investment in associates as defined in IAS 28, Investments in Associates and Joint Ventures, as the Company had not acquired control over Cannova Medical Ltd. In accordance with IAS 28, the Company accounted for this investment using the equity method, by recording the initial investment at cost and subsequently adjusts the initial investment to reflect the changes in value due to Nabis' share in Cannova's income or losses.

As at October 31, 2019, the Company paid the cash consideration as well as issued a total of 13,299,999 Nabis common shares, of which 7,388,888 continue to be held in Escrow. As the milestones stipulated in the purchase agreement to acquire the remaining 51% interests have not been met, the Company has not obtained control of Cannova.

(c) Acquisition of Camp Verde asset

On September 10, 2019, the Company closed the acquisition of a 44,000 square foot cultivation, production and fulfillment facility located on 2.5 acres of land in Camp Verde, Arizona, near Phoenix for total consideration of $3,478,969 (US$2,645,000) which has been capitalized as production facilities in the amount of $3,287,485 and land in the amount of $197,284 at October 31, 2019.

(d) Acquisition of Assets of Perpetual Health Care, Inc. including Emerald Dispensary and Infusion Edibles

In October, 2019, the Company acquired exclusive rights to operate the Emerald dispensary in Phoenix, Arizona, whose license is held by Perpetual Healthcare, Inc. Total consideration for the transaction was $19,710,000 (US$15,000,000) of which US$7,000,000 was paid in cash up-front and $10,528,000 (US$8,000,000) is payable 12 months after closing. The note payable has an interest rate of 5%. Transfer of ownership occurred on October 10, 2019 and accordingly, the condensed consolidated results of operations reflect the operating results for the period of October 11, 2019 until October 31, 2019.

(Unaudited, in Canadian dollars)

The acquisition constitutes a business combination as the acquired assets meet the definition of a business, as defined in IFRS 3, Business Combinations. The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Assets acquired:		
Cash	$	247,204
Accounts receivable		109,084
Inventory		468,531
Prepaid assets		10,613
Capital assets		8,181
Licenses, trademarks, goodwill		18,914,490
Workforce		514,443
Right-to-use asset dispensary lease		104,208
Total assets acquired		20,376,754
Liabilities assumed:		
Accounts payable and accrued expenses		(562,546)
Dispensary lease liability		(104,208)
Total liabilities assumed		(666,754)
Total consideration transferred	$	19,710,000

Certain fair values have been estimated at the acquisition date, pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods, not to exceed one year from the acquisition date.

5. Property, plant and equipment

		Balance, October 31, 2018		Additions (Disposals)		Balance, October 31, 2019
Cost						
Land	$	-	$	6,107,410	$	6,107,410
Building and improvements		-		4,819,721		4,819,721
Equipment		200,000		1,501,102		1,492,856
Information technology		-		17,675		17,675
Leasehold improvements		-		21,928		21,928
		200,000		12,467,836		12,667,836
Accumulated amortization						
Land		-		-		-
Building and improvements		-		-		-
Equipment		-		(326,009)		(326,009)
Information technology		-		(2,651)		(2,651)
Leasehold improvements		-		-		-
		-		(328,660)		(328,660)
Net book value						
Land		-		6,107,410		6,107,410
Building and improvements		-		4,819,721		4,819,721
Equipment		200,000		1,175,093		1,166,847
Information technology		-		15,024		15,024
Leasehold improvements		-		21,928		21,928
Property, plant and equipment, net	$	200,000	$	12,139,176	$	12,339,176

(Unaudited, in Canadian dollars)

6. Intangible assets

	Assets Acquired from PDT (Note 4(a))	Assets Acquired from Perpetual (Note 4(d))	Total
Cost			
Balance at October 31, 2018	$ -	$ -	$ -
Processing license option	260,823	-	260,823
Licenses, trademarks, goodwill	-	18,914,490	18,914,490
Workforce		514,443	514,443
Foreign exchange movements	-	-	-
Balance, October 31, 2019	260,823	19,428,933	19,689,756
Accumulated amortization			
Balance at October 31, 2018	-	-	-
Amortization expense	(4,586)	-	(4,586)
Foreign exchange movements	-	-	-
Balance, October 31, 2019	(4,586)	-	(4,586)
Net book value as at October 31, 2018	-	-	-
Net book value as at October 31, 2019	$ 256,237	$ 19,428,933	$ 19,685,170

7. Investment in Cannova Medical

During the twelve-months ended October 31, 2019, the Company acquired 49% ownership of interests in Cannova Medical Ltd. (see note 4(b)). The Company accounted for this investment using the equity method.

As at October 31, 2019, the carrying value of this investment was $13,048,042, which included 49% of Cannova's loss for the period from the date of acquisition to October 31, 2019 in the amount of $265,307.

8. Right-of-use assets

In May 2019, the Company assumed the lease of a production facility in the State of Washington when it acquired certain assets from PDT Technologies (see Note 4). The lease expires on March 31, 2023. Under the terms of the lease, the Company is required to make monthly lease payments of US$1,725 from June 1, 2019 to May 31, 2020, US$1,775 from June 1, 2020 to May 31, 2021, US$1,825 from June 1, 2021 to May 31, 2022 and US$1,875 from June 1, 2022 to March 31, 2023.

On October 1, 2019 the Company entered into a lease for its office premises in Toronto, Ontario, Canada. Under the terms of the lease, the Company is required to make monthly lease payments in the amount of $6,017 for a 3 year period.

(Unaudited, in Canadian dollars)

In October, 2019, the Company assumed the lease of the Emerald dispensary when it acquired the assets of Perpetual Healthcare Inc. (see Note 4). The lease expires on December 31, 2021. Under the terms of the lease, the Company is required to make monthly lease payments of US$3,500 per month.

The statement of financial position shows the following amounts relating to leases:

	October 31, 2019 **$**	October 31, 2018 $
Right-of-use assets		
Rental leases	**390,862**	-
Lease liabilities		
Current	**154,715**	-
Non-current	**227,126**	-
	381,841	-

The statement of loss shows the following amounts relating to leases:

	October 31, 2019 **$**	October 31, 2018 $
Amortization charge of right-of-use assets		
Rental lease	**15,656**	-

9. Trade Payables and Accrued Liabilities

	October 31, 2019 **$**	October 31, 2018 $
Trade payables	**1,075,465**	233,879
Accrued liabilities	**248,177**	30,154
	1,323,642	264,033

10. Mortgages Payable

During the twelve months ended October 31, 2019, the Company acquired five properties in the state of Michigan, USA, and the vendors of these properties offered financing to the Company to facilitate with the acquisitions. These mortgages totaled $3,141,147 (US$2,355,000), at an interest rate of 4% per annum and are due within 12 months. The Company recorded $47,100 as total interest expense for the mortgages for the twelve-month period ended October 31, 2019 (October 31, 2018 - $Nil). See subsequent event note 17(b).

As at October 31, 2019, the Company had a balance of $3,202,316 in mortgages payable which includes both principal and interest amounts payable.

11. Convertible Debentures

On March 26, 2019, the Company issued 35,088 units of unsecured convertible debentures at a price of $1,000 per unit for total principal of $35,088,000; each unit also consists of 1,111 common share purchase warrants with an exercise price of $1.10 per common share and expires on March 26, 2022. These convertible debentures will mature on March 26, 2022, bear interest at 8% per annum, payable on the last day of each calendar quarter and are convertible into common shares of the Company at a conversion price of $0.90 per share at the option of the holder. The Company has recorded interest expense in the amount of $1,676,388 for the convertible debentures from the date of issuance to October 31, 2019.

(Unaudited, in Canadian dollars)

The Company paid cash commissions of $1,873,860 to the agents on the sale of the debenture units, and issued 1,855,334 broker warrants, each carrying the right to purchase one Broker unit at a price of $0.90 per Broker unit until March 26, 2021. Each Broker unit consists of one common share and one warrant.

The Company estimates 27% to be the market interest rate for a similar debt instrument without a conversion option of these convertible debentures and applied this rate to obtain the fair value ($21,201,400) of the convertible debentures at inception. The Company applied the residual method to record the fair value of the conversion option of $6,943,647 to the Company's loan reserve and $6,942,953 to the Company's warrant reserve. The fair value recorded was offset by the cash commissions paid to the agents.

As at October 31, 2019, these convertible debentures had a carrying value of $22,871,218 and interest payable of $233,920.

12. Related Party Transactions

Related Party Transactions
All transactions with related parties have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

		October 31, 2019		October 31, 2018
Rental income	**$**	**4,302**	$	-
Management and consulting fees		**207,695**		392,829
Data mining preparation fees		**14,048**		-
Professional fees		**219,462**		80,395
	$	**445,507**	$	433,083

As at October 31, 2019, $Nil (October 31, 2018 - $48,504) is included in trade payables and accrued liabilities from amounts owing to related parties.

13. Share Capital

(a) Authorized Share Capital

At October 31, 2019, the authorized share capital of the Company consists of an unlimited number of no par value common shares. The common shares are voting and are entitled to dividends if, as and when declared by the Board of Directors.

(b) Common shares issued and outstanding during the period

At October 31, 2019 there were 109,904,435 common shares issued and outstanding [October 31, 2018 – 27,598,865].

In late November 2018, the Company closed 2 tranches of a private placement financing. For the first tranche of financing, the Company issued 14,591,497 shares at a price of $0.15 per share for gross proceeds of $2,188,725. For the second tranche of financing, the Company issued 7,341,838 shares at a price of $0.15 per share for gross proceeds of $1,101,275, of which $45,000 were receivable from subscribers as at January 31, 2019.
Additionally, the Company issued 1,399,998 shares for debt settlement with certain arms-length creditors in the amount of $210,000 as part of the second tranche of financing. Total proceeds from this private placement were $3,500,000. The Company paid finders' fee of $221,400 in shares at $0.15 per share, and issued 1,476,000 brokers' warrants to purchase up to 1,476,000 common shares at $0.15 per share for 2 years following the issuance date. Using the Black-Scholes Option Pricing Model, brokers' warrants were valued at a fair value of $480,101, assuming a risk-free interest rate of 2.21% - 2.23%, an expected life of 2 years, an expected volatility of 153.50% - 154.27% and no expected dividends.

In early November 2018, the Company closed a private placement financing consisting of $40,000,000 shares at a price of $0.05 per share for gross proceeds of $2,000,000. In addition, the Company paid finders' fee of $62,500 in shares at $0.05 per share and issued 1,250,000 brokers' warrants to purchase up to 1,250,000 common shares at $0.05 per share for 2 years following the issuance date. Using the Black-Scholes Option Pricing Model, the brokers' warrants were valued at a fair value of $158,010, assuming a risk-free interest rate of 2.27%, an expected life of 2 years, an expected volatility of 145.87% and no expected dividends.

In February 2018, the Company closed its first tranche of a private placement financing consisting of 6,746,116 units at a price of $0.40 per unit of gross proceeds of $2,698,447. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire an additional share at a price of $0.75 per share until August 14, 2019. In March 2018, the Company closed its second and third tranches of its private placement financing consisting of 4,437,781 units at a price of $0.40 per unit for gross proceeds of $1,775,112. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.75 per share until September 12, 2019.

Total proceeds raised from this private placement were $4,473,560. The fair value of the total warrants issued in the private placements was estimated to be $1,737,608 and the residual value, $2,735,952, was assigned to the common shares.

In addition, the Company paid an aggregate of $211,490 in cash commission to eligible finders and issued 528,796 brokers' warrants to purchase up to 528,796 common shares for 18 months following the issuance date. The brokers' warrants were allocated a fair value of $184,672, estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of $1.78% - 1.79%, an expected life of 1.5 years, an expected volatility of 114% - 141% and no expected dividends.

In June 2019, the Company issued 13,299,999 common shares to acquire Cannova Medical Ltd. at a deemed price of $0.90 per common share (see Note 3). Out of the 13,299,999 shares issued, at October 31, 2019, 7,388,888 shares are held in escrow and will be released upon completion of certain milestones.

In October, 2019, the Company issued 300,000 common shares as compensation for consulting services received. Shares issued had a fair value of $25,500.

(Unaudited, in Canadian dollars)

(c) Stock Options

A continuity of the Company's stock options is as follows:

	Number of Options			Weighted Average Exercise Price
Balance at October 31, 2018	-	$	130,901	-
Stock options issued [i]	8,825,000		-	0.20
Stock options exercised [ii]	(550,000)		(81,043)	0.16
Stock based compensation expense	-		1,405,613	
Balance at October 31, 2019	8,275,000	$	1,455,471	0.22

[i] During the twelve-month period ended October 31, 2019, the Company issued 8,825,000 stock options with a fair value of $1,451,289.

[ii] During the twelve-month period ended October 31, 2019, 550,000 stock options were exercised. These options had a fair value of $81,043 and resulted in cash proceeds to the Company of $88,000.

[iii] The maximum possible cash proceeds to the Company from the exercise of the stock options outstanding at October 31, 2019 are $1,793,000.

The Company recorded stock-based compensation for the above option grants using the Black-Sholes option pricing model with the following assumptions:

Risk-free interest rate	1.42% - 2.36%
Dividend yield	0.00%
Expected volatility	70.9 - 154.62
Expected life	3 - 5 years

(d) Warrants

A continuity of the Company's warrants is as follows:

	Number of Common Share Purchase Warrants	Number of Brokers' Warrants		Weighted Average Exercise Price
Balance at October 31, 2018	5,591,949	528,796	$	0.75
Issued	38,982,768	4,581,334		1.03
Exercised	(846,220)	(1,250,000)		0.26
Expired unexercised	(5,436,950)	(528,795)		0.75
Balance at October 31, 2019	38,291,547	3,331,335	$	1.07

(Unaudited, in Canadian dollars)

The expiry of warrants is as follows:

Grant Date	Expiry Date	Number of warrants issued		Weighted Average Exercise Price
November 21, 2018	November 21, 2020	784,780		0.15
March 26, 2019	March 26, 2021	1,855,334		0.90
March 26, 2019	March 26, 2022	38,982,768		1.10
		41,622,882	$	1.07

The weighted average life remaining of these warrants outstanding at October 31, 2019 is 2.3 years.

14. Reserves

(a) Option reserve

The option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded will remain in the account.

(b) Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded will remain in the account.

(c) Loan reserve

The loan reserve records the equity portion of convertible debentures.

15. Selling, general and administrative expenses

Selling, general and administrative expenses for the three and twelve months ended October 31, 2019 and October 31, 2018 were as follows:

	Three months ended October 31		Twelve months ended October 31	
	2019	2018	**2019**	2018
Salaries and benefits	**368,983**	-	**929,328**	-
Sales and marketing	**704,499**	15	**2,435,839**	1,119
Consulting and management fees	**(174,227)**	231,347	**1,642,663**	879,372
Professional fees	**472,123**	127,811	**1,506,853**	334,069
Business development, investor relations and filing fees	**471,011**	4,009	**4,013,059**	24,427
Office and general	**119,402**	816	**330,934**	18,323
Insurance	**67,061**	-	**217,366**	-
Travel	**50,140**	-	**327,526**	-
Rent and occupancy	**17,198**	-	**28,256**	-
Banking and merchant fees	**4,418**	206	**9,134**	1,935
	2,100,608	364,204	**11,440,958**	1,259,245

(Unaudited, in Canadian dollars)

16. Commitments

Rental Lease

A schedule of the Company's future minimum payments over the term of the lease is as follows:

Year		
2019 (December 31, 2019)	$	22,484
2020		135,251
2021		132,351
2022		70,384
2023		9,375
Total	$	369,845

17. Subsequent events

(a) On November 15, the Board of Directors approved the grant of an aggregate of 8,725,000 Restricted Share Units ("RSUs") under the Company's Restricted Share Unit Plan (the "Plan") to certain Officers, Directors and Employees of the Company ("RSU Recipients"). The RSU's have been granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster long-term success of the Company. Each RSU carries the right to receive one common share of the Company upon vesting; certain RSU Recipients have vesting conditions attached to their grant. The issuance of the RSUs are subject to the terms of the Plan and all required approvals, including, if applicable, the approval of the CSE.

(b) On November 18 the Company announced that it had completed its investment in two strategically located properties that have municipal approvals for provisioning centers in Emmet Township and Kawkawlin, Michigan. Total consideration for the investments was US$1,600,000 of which US$240,000 was paid in cash and the balance of US$1,360,000 was financed by the vendor at an interest rate of 4% per annum, due within 12 months. Effective December 1, 2019, the Michigan cannabis market broadened beyond medical use as residents may legally purchase marijuana from stores for recreational use.