Nutritional High

Nutritional High International Inc.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended April 30, 2019 and 2018

(Expressed in Canadian Dollars, unless otherwise noted)

(Unaudited)

Notice of no auditor review of condensed interim consolidated financial statements

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 financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the company's management.

The Company's independent auditor has not performed an audit or review of these condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada.

Nutritional High International Inc.

For the three and nine months ended April 30, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

	Notes	April 30, 2019	July 31, 2018
ASSETS			
Current			
Cash		**$ 1,798,710**	$ 784,998
Short-term investment		**-**	2,010,360
Amounts receivable	5	**3,502,698**	2,206,348
Prepaid		**451,239**	557,418
Deposits	6	**105,881**	57,119
Inventory	7	**2,977,332**	1,293,125
Investments	9	**444,206**	378,505
Debenture receivable	8	**-**	100,000
		9,280,066	7,387,873
Non-current assets			
Financial guarantee receivable	8	**-**	75,000
Investment property	11	**1,417,808**	1,436,793
Investments in associate and joint ventures	12	**-**	873,873
Capital assets	14	**6,553,891**	6,397,115
Intangible assets	13	**7,248,248**	6,388,485
Goodwill	13	**1,606,552**	4,702,416
		$ 26,106,565	$ 27,261,555
LIABILITIES			
Current			
Accounts payable and accrued liabilities	15	**$ 8,831,886**	$ 4,029,618
Income taxes payable		**684,573**	169,221
Promissory note payable	16	**1,134,244**	1,421,816
Finance lease	17	**951,946**	366,051
Consideration payable	3,4	**2,857,342**	2,381,881
		14,459,991	8,368,587
Non-current liabilities			
Finance lease	17	**1,607,026**	687,949
Consideration payable	3,4	**-**	2,168,245
Convertible debentures	18	**7,210,920**	5,136,061
Derivative liabilities	18	**2,974,303**	-
Deferred gain on sale and leaseback	17	**182,968**	-
Put option guarantee liability	8	**-**	173,600
		$ 26,435,208	$ 16,534,442
Shareholders' Equity (Deficit)			
Capital stock	19	**$ 29,346,121**	$ 22,204,166
Shares to be issued	3,13,22	**52,501**	3,679,924
Reserve for share based payments	20	**3,218,761**	2,093,669
Reserve for warrants	21	**2,008,289**	2,261,831
Reserve for foreign currency translation		**(173,919)**	(95,736)
Equity component of convertible debenture	18	**352,933**	359,462
Non-controlling interest	23	**(14,750)**	(14,750)
Deficit		**(35,118,579)**	(19,761,453)
		$ (328,643)	$ 10,727,113
		$ 26,106,565	$ 27,261,555

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 26)
Subsequent events (Note 29)

Approved by the Board:
"*Adam Szweras*" Director　　"*Andres Tinajero*" Director

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

Nutritional High International Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended April 30, 2019 and 2018
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended 2019	Three months ended 2018	Nine months ended 2019	Nine months ended 2018
Sales		**$ 6,153,708**	$ 1,674,269	**$ 17,979,894**	$ 1,674,269
Cost of goods sold		**(4,523,430)**	(1,346,722)	**(13,710,779)**	(1,346,722)
Gross margin		**$ 1,630,278**	$ 327,547	**$ 4,269,115**	$ 327,547
Interest	10	**-**	74,143	**3,812**	174,560
License		**-**	-	**-**	3,312
Rental	10	**-**	292,131	**50,452**	831,615
		$ 1,630,278	$ 693,821	**$ 4,323,379**	$ 1,337,034
Operating expenses:					
Salaries, benefits and consulting fees		**2,260,325**	616,647	**7,066,317**	1,204,271
Professional fees		**105,972**	210,560	**652,125**	563,806
General and administrative		**1,484,006**	411,569	**3,664,800**	705,176
Acquisition and project evaluation costs		**32,686**	185,300	**430,034**	585,353
Share based payments		**331,287**	307,529	**1,171,748**	495,860
Sales, marketing and promotion		**923,489**	247,532	**1,218,453**	556,845
Loss and reserve on inventory	7	**2,229,010**	-	**2,600,142**	-
Amortization capital assets and intangible assets	11,13,14	**488,276**	139,765	**1,734,794**	249,276
Allowance for amounts receivable	5	**19,771**	-	**400,000**	-
Allowance for amounts due from Palo Verde LLC	10	**199,087**	569,838	**478,755**	1,915,562
Total operating expenses		**$ 8,073,909**	$ 2,688,740	**$ 19,417,168**	$ 6,276,149
Other items:					
Foreign exchange (gain) loss	16,18	**(805,780)**	164,767	**(594,717)**	281,174
Finance costs	16,18	**831,688**	328,914	**2,348,478**	537,147
Impairment of a joint venture	12	**-**	-	**-**	340,300
Loss (gain) on sale and leaseback	17	**(17,052)**	-	**37,718**	-
Other income	8	**-**	(100,000)	**(173,600)**	(100,000)
Unrealized loss on FVTPL investments	9	**7,700**	-	**109,299**	78,540
Gain on sale of interest in a joint venture	12	**-**	-	**(3,706,003)**	-
Gain on sale of property	14	**-**	-	**(818,790)**	-
Change in fair value of derivative liability	18	**1,346,422**	-	**681,882**	-
Gain on debt settlement	19	**(24,000)**	-	**(143,387)**	-
Gain on settlement of Pasa Verde consideration payable	3	**(4,890,001)**	-	**(4,890,001)**	-
Impairment of goodwill	13	**3,197,895**	-	**3,197,895**	-
Impairment of intangible assets	13	**3,403,219**	-	**3,403,219**	-
Loss from investments in associate and joint venture	12	**-**	(116,882)	**85,399**	(151,990)
Total other items		**$ 3,050,091**	$ 276,799	**$ (462,608)**	$ 985,171
Loss before income taxes		**$ (9,493,722)**	$ (2,271,718)	**$(14,631,181)**	$ (5,924,286)
Income tax expense					
Current		**279,049**	-	**725,945**	-
Net loss		**(9,772,771)**	(2,271,718)	**(15,357,126)**	(5,924,286)
Other comprehensive loss					
Exchange differences on translating foreign operations		**31,335**	(125,445)	**(78,183)**	(45,589)
Net loss and comprehensive loss		**$ (9,741,436)**	$ (2,397,163)	**$(15,435,309)**	$ (5,969,875)
Net loss attributable to:					
Non-controlling interest	23	**-**	-	**-**	-
Parent company		**(9,772,771)**	(2,271,718)	**(15,357,126)**	(5,924,286)
		$ (9,772,771)	$ (2,271,718)	**$(15,357,126)**	$ (5,924,286)
Net loss and comprehensive loss attributable to:					
Non-controlling interest	23	**-**	-	**-**	-
Parent company		**(9,741,436)**	(2,397,163)	**(15,435,309)**	(5,969,875)
		$ (9,741,436)	$ (2,397,163)	**$(15,435,309)**	$ (5,969,875)
Weighted average number of common shares outstanding					
Basic		**305,209,027**	258,562,069	**300,560,087**	261,733,358
Diluted		**305,209,027**	258,562,069	**300,560,087**	261,733,358
Net loss per share					
Basic		**$ (0.03)**	$ (0.01)	**$ (0.05)**	$ (0.02)
Diluted		**$ (0.03)**	$ (0.01)	**$ (0.05)**	$ (0.02)

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

Nutritional High International Inc.
Condensed Interim Consolidated Statements of Cash Flow
For the three and nine months ended April 30, 2019 and 2018
(Unaudited - Expressed in Canadian Dollars)

	Notes	2019	2018
Cash provided by (used in)			
Operating activities:			
Net loss		**$(15,357,126)**	$ (5,924,286)
Items not affecting cash			
Interest income		**(3,812)**	-
Amortization of capital assets and intangible assets		**1,734,794**	220,259
Shares issued for services		**259,000**	157,500
Impairment of a joint venture		**-**	340,300
Unrealized loss on FVTPL investments		**109,299**	78,540
Gain on sale of interest in joint venture		**(3,706,003)**	-
Impairment of intangible assets		**3,403,219**	-
Impairment of goodwill		**3,197,895**	-
Other income		**(173,600)**	(100,000)
Change in fair value of derivative liabilities		**681,882**	-
(Gain) loss from investment in associate and joint venture		**85,399**	(151,991)
Gain on debt settlement		**(143,387)**	-
Accretion and finance costs		**2,348,478**	237,516
Gain on settlement with Pasa Verde		**(4,890,001)**	-
Share based payments		**1,171,748**	495,860
Gain on sale of property		**(818,790)**	-
Allowance for amounts receivable		**400,000**	-
Allowance for amounts due from Palo Verde LLC		**478,755**	1,915,562
Net change in non-cash working capital:			
Amounts receivable		**(797,761)**	(416,518)
Promissory note receivable		**-**	(535,095)
Investments		**-**	(312,500)
Prepaid		**106,179**	(513,742)
Inventory		**(1,684,207)**	(251,636)
Put option guarantee receivable		**-**	(75,000)
Amounts due from Mt. Baker Greeneries LLC		**-**	(96,470)
Put option guarantee liability		**-**	387,500
Amounts due from Palo Verde LLC		**-**	(1,120,350)
Income taxes payable		**515,352**	-
Promissory note payable		**-**	(77,272)
Accounts payable and accrued liabilities		**4,802,268**	677,520
Deferred gain on sale and leaseback		**182,968**	(79,640)
Net cash used in operating activities:		**$ (8,097,451)**	$ (5,143,943)
Investing activities:			
(Payment) Refund of deposits		**(48,762)**	1,527,754
Amounts due from Palo Verde LLC		**(478,755)**	(637,145)
Redemption of short-term investments		**2,010,360**	(2,500,000)
Consideration paid pursuant to Calyx acquisition		**(774,565)**	(958,476)
Amounts due from Green Therapeutics LLC		**(872,495)**	-
Assets acquisition of Moses Garden LLC		**(920,088)**	-
Proceeds from sale of property		**1,718,565**	-
Purchase of intangible assets		**-**	(51,536)
Purchase of investment property		**-**	(38,848)
Purchase of capital assets		**(893,468)**	(950,662)
Proceeds on sale of interest in a joint venture		**4,747,192**	-
Additions to investment in associate		**(249,060)**	-
Net cash generated from (used in) investing activities		**$ 4,238,924**	$ (3,608,913)
Financing activities:			
Issuance of convertible debenture units, net of issue costs		**3,671,276**	7,245,772
Proceeds on sale and leaseback		**1,922,203**	-
Interest paid on promissory note		**(190,965)**	-
Repayment of promissory note		**(539,800)**	-
Interest paid on convertible debenture		**(723,696)**	-
Finance lease payments		**(781,574)**	-
Shares issued on warrants exercised		**233,217**	4,051,187
Shares issued on options exercised		**73,582**	259,825
Proceeds on shares to be issued		**-**	34,733
Proceeds from private placement		**1,302,709**	-
Net cash generated from (used in) investing activities		**$ 4,966,952**	$ 11,591,517
Net increase in cash		**$ 1,108,425**	$ 2,838,661
Effects of exchange rate changes on cash		**(94,713)**	158,586
Cash at beginning of period		**784,998**	1,924,736
Cash at end of period		**$ 1,798,710**	$ 4,921,983

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

Nutritional High International Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Unaudited - Expressed in Canadian Dollars)

	Share Capital	Shares to be issued	Reserve for Share based Payments	Reserve for Warrants	Reserve for foreign currency translation	Equity component of Convertible Debentures	Accumulated Deficit	Attributable to Owners of parent	Non-controlling interest	Total
Balance - July 31, 2017	**$ 12,218,693**	**$ 52,500**	**$ 1,357,328**	**$ 2,447,639**	**$ 47,541**	**$ -**	**$ (10,055,137)**	**$ 6,068,564**	**$ (14,750)**	**$ 6,053,814**
Convertible debentures	-	-	-	1,578,503	-	933,347	-	2,511,850	-	2,511,850
Share issue costs	-	-	-	(193,728)	-	(212,689)	-	(406,417)	-	(406,417)
Share based payments (Note 20)	-	-	495,860	-	-	-	-	495,860	-	495,860
Shares issued on exercise of warrants (Note 21)	5,628,254	7,333	-	(1,577,067)	-	-	-	4,058,520	-	4,058,520
Shares issued on exercise of options (Note 20)	415,370	-	(155,545)	-	-	-	-	259,825	-	259,825
Shares issued pursuant to Calyx acquisition (Note 3)	516,480	-	-	-	-	-	-	516,480	-	516,480
Shares issued for service (Note 19)	157,500	-	-	-	-	-	-	157,500	-	157,500
Foreign exchange translation	-	-	-	-	(45,589)	-	-	(45,589)	-	(45,589)
Warrants issued pursuant to promissory note extension (Note 16)	-	-	-	167,942	-	-	-	167,942	-	167,942
Warrants modified pursuant to promissory note extension (Note 16)	-	-	-	53,186	-	-	-	53,186	-	53,186
Not loss for the period	-	-	-	-	-	-	(5,924,286)	(5,924,286)	-	(5,924,286)
Balance - April 30, 2018	**$ 18,936,297**	**$ 59,833**	**$ 1,697,643**	**$ 2,476,475**	**$ 1,952**	**$ 720,658**	**$ (15,979,423)**	**$ 7,913,435**	**$ (14,750)**	**$ 7,898,685**
Balance - July 31, 2018	**$ 22,204,166**	**$ 3,679,924**	**$ 2,093,669**	**$ 2,261,831**	**$ (95,736)**	**$ 359,462**	**$ (19,761,453)**	**$ 10,741,863**	**$ (14,750)**	**$ 10,727,113**
Share based payments (Note 20)	-	-	1,171,748	-	-	-	-	1,171,748	-	1,171,748
Shares issued on exercise of warrants (Note 21)	565,207	-	-	(331,990)	-	-	-	233,217	-	233,217
Shares issued on exercise of options (Note 20)	120,238	-	(46,656)	-	-	-	-	73,582	-	73,582
Shares issued pursuant to Calyx acquisition (Note 3)	536,460	(536,460)	-	-	-	-	-	-	-	-
Shares issued pursuant to Pasa Verde acquisition (Note 3)	-	(2,509,659)	-	-	-	-	-	(2,509,659)	-	(2,509,659)
Shares issued for debt settlement (Note 19)	81,908	-	-	15,024	-	-	-	96,932	-	96,932
Shares issued for service (Note 19)	278,324	(181,304)	-	-	-	-	-	97,020	-	97,020
Conversion of debentures (Note 18)	220,457	-	-	-	-	(6,529)	-	213,928	-	213,928
Warrants issued pursuant to sale and leaseback (Note 17)	-	-	-	63,424	-	-	-	63,424	-	63,424
Shares issued for pursuant to Moses Garden acquisition (Note 4)	3,828,148	-	-	-	-	-	-	3,828,148	-	3,828,148
Shares issued for interest on convertible debenture (Note 18)	208,504	-	-	-	-	-	-	208,504	-	208,504
Foreign exchange translation	-	-	-	-	(78,183)	-	-	(78,183)	-	(78,183)
Private placement (net of share issue costs) (Note 19)	1,302,709	-	-	-	-	-	-	1,302,709	-	1,302,709
Shares to be issued (Note 13)	-	(400,000)	-	-	-	-	-	(400,000)	-	(400,000)
Net loss for the period	-	-	-	-	-	-	(15,357,126)	(15,357,126)	-	(15,357,126)
Balance - April 30, 2019	**$ 29,346,121**	**$ 52,501**	**$ 3,218,761**	**$ 2,008,289**	**$ (173,919)**	**$ 352,933**	**$ (35,118,579)**	**$ (313,893)**	**$ (14,750)**	**$ (328,643)**

1. Nature of operations and going concern

Nutritional High International Inc. ("Nutritional High" or "the Company" or "NHII") is a publicly traded company incorporated in Canada on July 19, 2004 under the Canada Business Corporations Act. The Company is listed on the Canadian Securities Exchange (CSE) under the symbol "EAT", quoted on the OTCQB Marketplace under US the symbol "SPLIF" and on the Frankfurt Stock Exchange (FRANKFURT) under the symbol "2NU". The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1. The Company is focused on developing, manufacturing and distributing products and recognized brands in the hemp and marijuana-infused products industries, including edibles and oil extractions for nutritional, medical and adult recreation use in the Unites States. The Company works exclusively through licensed facilities in jurisdictions where such activity is permitted and regulated by US state law.

The condensed interim consolidated financial statements for the three and nine months ended April 30, 2019 were approved by the Board of Directors on July 2, 2019.

The Company has been incurring operating losses and cash flow deficits since its inception, as it executes on its business plan to capitalize on the opportunity that is emerging in the United States on the cannabis sector, a sector that has been legalized by certain U.S. states but remains federally illegal and is subject to legislative uncertainty. The Company's operations are not yet sustaining. As such, the Company has been depleting its invested capital and is dependent upon obtaining necessary financing from time to time to finance its on-going and planned activities and to cover administrative costs. There is no assurance that any prospective project in the medical cannabis industry will be successfully initiated or completed. Further, regulatory evolution and uncertainty may require the Company to alter its business plan and make further investments to react to regulatory changes.

As at April 30, 2019, the Company had working capital deficiency of $5,179,925 (July 31, 2018 – $980,714), spent $8,097,451 (2018 - $5,143,943) of cash for operating activities, had not yet achieved profitable operations, has accumulated losses of $35,118,579 (July 31, 2018 - $19,761,453) and expects to incur further losses in the development of its business, all of which describes the material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned business operations, meet its ongoing levels of corporate overhead and discharge its liabilities and commitments as they come due. There is no assurance that the Company will successfully raise additional financing. These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern, which could be material.

2. Basis of preparation

2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim financial statements should be read in conjunction with the Company's most recently issued audited financial statements for the year ended July 31, 2018.

2.2 Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and acquisition-related contingent consideration which are measured at fair value.

2.3 Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and 51% owned subsidiary, Eglinton Medicinal Advisory Ltd. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

Intercompany balances and transactions and unrealized and realized gains or losses arising from intercompany transactions are eliminated in preparing these condensed interim consolidated financial statements.

2. Basis of preparation (continued)

Non-controlling interest is shown as a component of equity on the statement of financial position and the share of the profit or loss attributable to non-controlling interest is shown as a component of profit or loss for the year in the statement of loss and comprehensive loss.

The Company's subsidiaries and investments in associate and joint venture are listed below:

	Effective ownership		
Subsidiary/Affiliate	**April 30, 2019**	**July 31, 2018**	**Accounting method**
NHII Holdings Ltd. ("NHHL")	100%	100%	Consolidation
NHC IP Holdings Corp. ("NHCIP")	100%	100%	Consolidation
Nutritional High (Colorado) Inc. ("NHCI")	100%	100%	Consolidation
NH Properties Inc. ("NHPI")	100%	100%	Consolidation
NHC Edibles LLC ("NHC")	100%	100%	Consolidation
Nutritional High (Oregon) LLC ("NHOL")	100%	100%	Consolidation
Nutritional Traditions Inc. ("NTI")	100%	100%	Consolidation
Nutritional IP Holdings LLC ("NIPH")	100%	100%	Consolidation
NH (Oregon) Properties LLC ("NHOP")	100%	100%	Consolidation
NH Processing (Nevada) Inc. ("NHPN")	100%	100%	Consolidation
NH Operations LLC ("NHOC")	100%	100%	Consolidation
NH Nevada LLC ("NHNC")	100%	100%	Consolidation
NH (Pennsylvania) LLC ("NHPL")	100%	100%	Consolidation
NH Properties (Nevada) LLC ("NPNL")	100%	100%	Consolidation
Eastgate Property Holding LLC ("EPHC")	100%	100%	Consolidation
NH Processing (California) LLC ("NHPC")	100%	100%	Consolidation
NH Bellingham Property Holdings LLC ("NHBH")	100%	100%	Consolidation
NH Distribution California LLC ("NHDC")	100%	100%	Consolidation
Pasa Verde, LLC ("Pasa Verde")	100%	100%	Consolidation
Nutritional High Group, LLC ("NHG")	100%	100%	Consolidation
Eglinton Medicinal Advisory Ltd. ("EMAL")	51%	51%	Consolidation
NH Medicinal Holdings LLC ("NHMH")	100%	100%	Consolidation
NH Medical Dispensaries LLC ("NHMD") (1)	-	50%	Equity
Aura Health Inc. ("Aura")	19%	16%	Equity

(1) The Company sold its 50% interest in NHMD in October 2018 (Note 12)

2.4 Functional and presentation of foreign currency

The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company, NHHL, NHCIP. and EMAL is the Canadian dollar. The functional currency of the remaining subsidiaries is the US dollar.

2.5 New and revised standards and interpretations to be adopted in the future

New accounting standards, amendments and interpretations issued but only effective for the Company beginning on or after January 1, 2019 are as follows:

- IFRS 16, *Leases* ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company has identified and collected data relating to existing agreements that will extend beyond August 31, 2019 and is in the process of quantifying the accounting impact of its adoption. .

(Unaudited - Expressed in Canadian Dollars)

2. Basis of preparation (continued)

- IFRIC 23, *Uncertainly over Income Tax Treatments* ("IFRIC 23")

IFRIC 23 was issued in June 2017. IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and permits early adoption. The Company is currently assessing the potential impact of IFRIC 23.

3. Business Acquisitions

Calyx Brands Inc.

On March 15, 2018, the Company acquired all assets of Calyx Brands Inc. ("Calyx"), a California-based distributor of cannabis products for a large network of dispensaries ("the Acquisition"). The Company determined that the Acquisition was a business combination in accordance with the definition in IFRS 3, *Business Combinations* ("IFRS 3"), and as such, has accounted for it in accordance with this standard, with the Company being the accounting acquirer on the acquisition date of March 15, 2018 ("the Acquisition date").

Goodwill arose from the acquisition comprised of assembled workforce, expected revenue growth, and future market development. These benefits were not recognized separately from goodwill as they do not meet the criteria for identifiable intangible assets.

The following table summarizes the purchase price allocation based on the fair value of the consideration transferred as of the Acquisition date:

Total purchase price consideration	**$**
Cash (i)	651,600
Issued shares (ii)	1,032,960
Settlement of pre-existing working capital advances (iii)	514,290
Deferred consideration payable (iv)	1,146,208
Contingent consideration payable (v)	781,920
	4,126,978
Identified tangible assets and liabilities assumed	
Cash	207,414
Prepaid	29,259
Accounts receivable	285,992
Inventory	466,713
Capital assets	22,963
Accounts payable and accrued liabilities	(962,166)
Identified intangible assets	
Management agreement	1,146,088
Trade name	400,110
Proprietary data	77,881
Customer relationships	903,552
Goodwill	1,549,172
	4,126,978

(i) Total cash consideration of $651,600 (US$500,000) were settled in November 2017 and on the Acquisition date.

(ii) The Company issued 2,025,411 common shares on the Acquisition date. The fair value of the common shares was determined based on the share price on the Acquisition date.

(iii) The Company advanced a total of $514,290 (US$394,637) to Calyx for working capital prior to the Acquisition date. These advances were effectively settled through the Acquisition.

(iv) The Company issued a promissory note of US$950,000 ("the Calyx Note") which was subject to the working capital adjustment on the Acquisition date and due on September 15, 2018. On September 1, 2018, the settlement of the Calyx Note was amended to issuance of 486,500 common shares (issued) and US$595,041 in cash due on September 15, 2018 (paid) and US$172,500 in cash due on September 15, 2019.

(Unaudited - Expressed in Canadian Dollars)

3. Business Acquisitions (continued)

(v) The Company is committed to a payment of up to $788,640 (US$600,000) based on the achievement of sales targets of up to US$12,000,000 within 24 months after the Acquisition date which will be payable 50% in cash and 50% in common shares. The sales targets have been met as of March 15, 2019 and accordingly 1,482,445 common shares at $0.27 in the total value of $390,510 (US$300,000) per share were issued on April 22, 2019 and US$300,000 was paid subsequent to April 30, 2019.

The Company incurred $299,166 in expenditures related to this acquisition. On closing, the Company and Calyx entered into a management service agreement whereby the Company will be compensated for services through assignment of Calyx's results of operation.

As at April 30, 2019, $634,237 (July 31, 2018 - $1,165,075) was included in a current consideration payable, $Nil (July 31, 2018 - $224,543) was included in long-term consideration payable and $390,510 (July 31, 2018 - $536,460) was included in common shares to be issued.

Pasa Verde, LLC

On July 26, 2018, the Company, through its wholly-owned subsidiary, NHNC, acquired a 100% membership interest in Pasa Verde. Pasa Verde is a California limited liability company which operates a licensed cannabis extraction facility which provides toll manufacturing services and develops, acquires and designs products for brands in the cannabis infused edible and oil extracts sectors of the medical and adult use cannabis markets in the State of California.

The acquisition of the 100% membership interest of Pasa Verde has been accounted for in accordance with IFRS 3 using the acquisition method. The results of operations are included in the consolidated statements of income (loss) and comprehensive income (loss) from the date of acquisition, which was July 26, 2018 (the "Closing date"). The following table summarizes the estimated fair values of the identifiable assets and liabilities acquired at the date of acquisition:

Total purchase price consideration	**$**
Cash – paid (i)	327,200
Deferred cash consideration (ii)	654,400
Settlement of pre-closing advances on working capital(iii)	96,851
Shares issued (iv)	1,083,096
Contingent consideration payable (v)	5,046,696
	7,208,243
Identified tangible assets and liabilities assumed	
Cash	146
Accounts receivable	35,701
Inventory	451,930
Deposits	23,035
Capital assets	1,462,814
Accounts payable and accrued liabilities	(214,062)
Finance lease liability	(1,021,992)
Identified intangible assets	
License	2,447,788
Trade name	466,744
Customer relationship	389,456
Goodwill	3,166,683
	7,208,243

Goodwill arose from the acquisition comprised of assembled workforce, expected revenue growth, and future market development. These benefits were not recognized separately from goodwill as they do not meet the criteria for identifiable intangible assets.

(i) Total cash consideration paid on closing was $327,200 (US$250,000).
(ii) The Company will pay $654,400 (US$500,000) (the "Permitting Payment") upon Pasa Verde providing documentation of receipt of local authorization approval from the City of Sacramento which is subject to a working capital adjustment on closing.

(Unaudited - Expressed in Canadian Dollars)

3. Business Acquisitions (continued)

(iii) The Company advanced a total of $96,851 (US$78,000) to Pasa Verde for working capital prior to the Closing date. These advances were effectively settled through the Closing date.
(iv) The Company issued 3,094,560 common shares on the date of acquisition. The fair value of the shares was determined based on the share price on the Closing date.
(v) The Company was obligated to pay up to $6,899,010 (US$5,300,000) ("the Earn-out payment") at certain intervals between 12 months to 24 months from closing date which will be payable contingent on Pasa Verde achieving adjusted gross revenue ("Gross Revenue") targets which will be settled 50% in cash and 50% in shares.

The fair value of the Earn Out payment was recorded as contingent consideration payable and was calculated by assessing the amount expected to be paid out for each distinct Earn Out period, assessing the probability as to the likelihood of the payout occurring and using a 20% discount rate, equivalent to the market rate of interest expected to be incurred by the Company to finance the obligation in the case of early payment.

In connection with the acquisition, the Company incurred $36,776 of legal fees and 4% of the transaction value in finders' fee to FMI Capital Advisory, a related party (Note 22).

On May 24, 2019, the Company entered into a settlement agreement (the "Settlement Agreement") in connection with acquisition of Pasa Verde on July 26, 2018. Pursuant to the terms of the Settlement Agreement, the Company agreed to pay an aggregate of US$650,000, US$55,000 for legal fees and issue 39,557 common shares of the Company (the "Common Shares"). Pursuant to the Settlement Agreement, as a result of the reduction in the consideration payable, the Company recognized a gain of $4,890,001 on the settlement of Pasa Verde.

As at April 30, 2019, $880,805 (July 31, 2018 - $1,216,806) was included in a current consideration payable, $Nil (July 31, 2018 - $1,943,702) was included in a long-term consideration payable and $Nil (July 31, 2018 - $2,509,659) was included in shares to be issued.

4. Asset acquisition

On January 3, 2019, the Company acquired certain assets of Moses Garden LLC, a Washington-based limited liability company ("Moses Garden"). The Company determined that the transaction as acquisition of assets in accordance with the definition in IFRS 3, *Business Combination*s ("IFRS 3"), and as such, has accounted for it in accordance with his standard.

Total purchase price consideration	**$**
Cash (i)	905,018
Issued shares (ii)	3,828,148
Contingent consideration payable (iii)	1,350,100
Transaction costs (iv)	7,271
	6,090,536
Identified tangible assets and liabilities assumed	
Equipment	904,393
Identified intangible assets	
Assignment of license and trademark (v)	5,186,143
	6,090,536

(i) Total cash consideration paid was $905,018 (US$675,000).
(ii) The Company issued 13,432,098 common shares on closing. The fair value of the common shares was determined based on the share price on the closing date.
(iii) The Company is obligated to issue US$500,000 worth of common shares six months after closing and US$500,000 worth of common shares nine months after closing.

(Unaudited - Expressed in Canadian Dollars)

4. Asset acquisition (continued)

(iv) The Company incurred $7,271 in expenditures related to this acquisition.
(v) Assignment of license and trademark is to license a number of well-known brands, including Marley Natural brand, for use in connection with inhalable cannabis products in Washington and Oregon.

As at April 30, 2019, $1,342,300 (July 31, 2018 - $Nil) was included in current consideration payable.

5. Amounts Receivable

The breakdown of the amounts receivable balance is as follows:

	April 30, 2019	July 31, 2018
	$	$
Trade accounts receivable	**1,945,628**	1,314,768
Harmonized Sales Tax ("HST") recoverable	**169,169**	36,923
Promissory note receivable (i)	**1,658,132**	761,875
Other receivable	**129,769**	92,782
Provision (ii)	**(400,000)**	-
Balance	**3,502,698**	2,206,348

(i) Promissory note receivable is made up of:
- $785,637 (US$585,292) of advances to TKO Products LLC ("TKO") as per the terms of the letter of intent ("LOI") entered into on November 14, 2017 and amended on December 28, 2017. The LOI provided the Company the ability to purchase certain assets of TKO for US$3,025,000 and to pay earn-out payments, up to US$4,000,000 upon achieving certain revenue targets payable in a combination of cash and common shares. In July 2018, the Company decided to terminate the LOI with TKO as it has decided to pursue other opportunities. The promissory note receivable has a one-year term with the earliest note due in January 2019 and is secured by personal guaranty of TKO's shareholders. On February 27, 2019, the Company filed a lawsuit in Los Angeles County, California against TKO and former shareholders of TKO seeking damages for the failure to repay advances due to the Company. The company intends to aggressively pursue repayment of the advances plus interest at the legal rate; and

- $872,495 (US$650,000) of advances to Green Therapeutics, LLC (Note 26), which will either be offset against the purchase price on closing or due on termination of MIPA (Note 26).

(ii) For the nine months ended April 30, 2019, the Company recorded a provision for amounts receivable of $400,000 (2018 – $Nil).

6. Deposits

Deposits consists of $89,773 (US$66,880) (July 31, 2018 - $57,119) of security deposits on leased facilities and $16,108 (US$12,000) (July 31, 2018 - $Nil) of refundable deposit.

7. Inventory

The breakdown of inventory was as follows:

	April 30, 2019	July 31, 2018
	$	$
Raw materials	**753,214**	470,077
Work-in-progress	**16,692**	-
Finished goods	**2,740,760**	823,048
Provision	**(533,334)**	-
Total	**2,977,332**	1,293,125

Inventory recognized as an expense during the nine months ended April 30, 2019 was $13,502,683 (2018 - $1,346,722). For the nine months ended April 30, 2019, the Company recorded loss and reserve on inventory of $2,600,142 (2018 - $Nil) which consisted primarily of $1,695,676 (2018 - $Nil) of overstatement of inventory, $371,132 (2018 - $Nil) destruction of raw materials, and $533,334 (2018 - $Nil) for slow moving inventory.

8. Debenture receivable

On May 12, 2017, the Company purchased 100 units from Lineage Grow Company Ltd. ("Lineage") at a price of $1,000 per unit for aggregate proceeds of $100,000. Each unit consists of $1,000 principal amount of secured convertible debentures and 4,000 warrants (“Lineage warrants”). The debentures bore interest at 12%, matured 24 months from the date of issuance and were convertible into common shares of Lineage at $0.25 per share, adjusted to $0.20 per share on July 29, 2018. Each Lineage warrant is exercisable into one common share of Lineage at a price of $0.325 and expire on May 12, 2019. On September 5, 2018, the Company converted the full amount of its debenture receivable into 500,000 Lineage shares.

On February 1, 2018, the Company amended and restated the letter or intent (the “LOI”) dated February 22, 2017, as amended on June 30, 2017, to assist Lineage to enter into a strategic partnership with Mt. Baker Greeneries LLC (“Mt. Baker”), in the State of Washington. As partial consideration for introducing Mt. Baker to Lineage, the Company received 400,000 common shares of Lineage in April 2018 with a fair value of $100,000. In addition, Lineage will enter into a joint venture (the “Pueblo Joint Venture”) with the Company and Palo Verde, LLC (“Palo Verde”) by entering into a series of agreements with the Company and Palo Verde in connection with the expansion of the Company’s cannabis facility located in Pueblo, Colorado. Upon the completion of the Pueblo Joint Venture, Lineage will issue to the Company 100,000 Lineage Shares at $0.25 per share as partial consideration for providing consulting services to Lineage in preparation for entering into the Pueblo Joint Venture. Lastly, the Company will enter into a put option agreement (the “Put Option Agreement”) to purchase up to $2.5 million principal of Convertible Debentures of Lineage (“Lineage Debentures”) issued in May 2017.

Pursuant to the LOI, the Company entered into a Put Option Agreement with KW Capital Partners Ltd. (“KW”), pursuant to which, in certain circumstances (set out below), the Company would be obligated, at the election of KW, to purchase the Lineage Debentures at a price equal to the amount of all principal and accrued interest outstanding thereon. The Company has agreed to enter into the Put Option Agreement in consideration for:

1. The issuance of 1,250,000 Lineage Shares at $0.25 per share to the Company with a total fair value of $312,500 (Note 9);
2. $75,000 cash paid to the Company in the form of a 5% royalty on all revenue of Lineage paid on an installment basis with the balance of any amount owing and not yet paid by October 16, 2019, to be paid in a lump sum (the “Royalty payment”); and
3. If Lineage acquires any dispensary in a state in which the Company’s products are sold, Lineage shall purchase the Company’s products to stock at least 20% of the dispensary’s shelf space per product category at a price equal to the Company’s best regular wholesale price to the Company’s customers in the state, subject to availability of supply (the “Shelf Space Commitment”).

On initial recognition, the Company recorded a Put Option guarantee liability of $387,500 which was the equivalent of the premium receivable on the financial guarantee. As at April 30, 2019, a total of $2.5 million (July 31, 2018 - $1.38 million) of Lineage Debentures had been converted and the Company’s obligation subject to the Put Option Agreement was reduced to $Nil (July 31, 2018 - $1.2 million). As a result of the conversion, the Company’s put option guarantee liability was reduced to $Nil and the reduction of $387,500 was recognized in condensed interim statement of income (loss) and comprehensive income (loss) as other income.

On January 25, 2019, the Company and Lineage agreed to terminate the LOI upon full and final completion of the following:

(i) Settlement of Royalty payment of $75,000 was satisfied through issuance of common shares in the capital of Lineage at a deemed price of $0.165 per common shares; and
(ii) The Company waived the Shelf Space Commitment by Lineage in April 2019.

On May 30, 2019, Lineage completed the RTO Transaction with FLRish. The RTO Transaction was completed by way of a “three-cornered merger” whereby FLRish merged with Merger Sub to form a merged corporation and a wholly owned subsidiary of the Company. The Resulting Issuer had changed its name to Harborside Inc.

(Unaudited - Expressed in Canadian Dollars)

9. Investments

The Company's investments are comprised of the following:

	April 30, 2019	July 31, 2018
FVTPL	**$**	$
Lineage Grow Company Ltd. ("Lineage")		
2,682,545 Shares (2018 – 1,728,000 shares)	**442,620**	354,240
400,000 Warrants (2018 – 400,000 warrants)	**-**	24,265
Aura Health Inc. ("Aura")		
200,000 Warrants (2018 – 200,000 warrants)	**1,586**	-
Balance	**444,206**	378,505

For the nine months ended April 30, 2019, the Company recognized unrealized losses of $109,299 (2018 – $78,540) on the change in fair value of investments.

10. Amounts due from Palo Verde LLC

	Revolving loan(i)	Proprietary packaging(ii)	Promissory note(iii)	Total
	$	**$**	**$**	**$**
Balance at July 31, 2017	459,172	-	-	459,172
Additions	706,996	326,451	150,655	1,184,102
Effect of movement in exchange rates	(76,105)	-	-	(76,105)
Provision (iv)	(1,090,063)	(326,451)	(150,655)	(1,567,169)
Balance at July 31, 2018	-	-	-	-
Additions	-	233,587	245,168	478,755
Provision (iv)	-	(233,587)	(245,168)	(478,755)
Balance at April 30, 2019	**-**	**-**	**-**	**-**

(i) The revolving loan agreement is unsecured, bears interest at 10% per annum effective June 1, 2018 (12% prior to June 1, 2018). The loan matures on June 1, 2023 and Palo Verde shall make agreed upon monthly payments towards deferred lease up to June 1, 2023 with the remaining balance due and payable on the same date.

(ii) Proprietary packaging materials purchased for Palo Verde.

(iii) On June 1, 2018, the Company issued a one-year, 10% commercial promissory note to fund up to US$300,000. For the nine months ended April 30, 2019, the Company advanced a total of $245,168 (2018 - $Nil).

(iv) An allowance was recorded on account of uncertainties surrounding the Company's recoverability of the amount due to Palo Verde due to the timing and unexpected financing delays. For the nine months ended April 30, 2019, the Company recorded a provision on the revolving loan and promissory loan to Palo Verde of $(478,755) (2018 - $1,915,562).

On April 12, 2019, the Company entered into assignment and assumption agreements with High Pita Corporation to sell and assign the balances due on revolving loan and promissory note of US$1,384,356 and US$300,000 respectively for US$100 each.

The Company leased Pueblo property and equipment in Colorado to Palo Verde (Notes 11 & 14). On April 18, 2017, the lease agreement was amended to extend the term to April 17, 2027 and defer payment ("deferred lease") until Palo Verde attains certain gross sales targets. The agreement was further amended on June 1, 2018 to modify monthly lease rates and 10% per interest per annum will be applied on deferred lease. In addition, Palo Verde shall make agreed upon monthly payments towards deferred lease up to June 1, 2021 with the remaining balance due and payable on the same date.

(Unaudited - Expressed in Canadian Dollars)

10. Amounts due from Palo Verde LLC (continued)

For the nine months ended April 30, 2019, the Company received $50,452 (US$38,318) (2018 - $Nil) of lease payments from Palo Verde, and as a result, the Company recognized $50,452 (2018 - $Nil) of rental income on the condensed interim consolidated statements of loss and comprehensive loss.

Future minimum lease payments receivable on the investment property are as follows:

	$
Less than 1 year	**820,048**
1-5 years	**3,499,893**
5 years and over	**443,007**
	4,762,948

11. Investment property

Cost	Land	Building	Leasehold Improvement	Total
	$	$	$	$
Balance at July 31, 2017	**208,165**	**1,330,866**	**418,171**	**1,957,202**
Additions	-	-	41,755	41,755
Effect of movement in exchange rates	6,650	40,432	22,160	69,242
Balance at July 31, 2018	**214,815**	**1,371,298**	**482,086**	**2,068,199**
Effect of movement in exchange rates	5,075	30,856	15,036	50,967
Balance at April 30, 2019	**219,890**	**1,402,154**	**497,122**	**2,119,166**

Accumulated Amortization	Land	Building	Leasehold Improvement	Total
	$	$	$	$
Balance at July 31, 2017	**52,102**	**481,001**	**-**	**533,103**
Amortization	-	34,110	58,284	92,394
Effect of movement in exchange rates	-	4,909	1,000	5,909
Balance at July 31, 2018	**52,102**	**520,020**	**59,284**	**631,406**
Amortization	-	25,590	37,108	62,698
Effect of movement in exchange rates	-	4,701	2,553	7,254
Balance at April 30, 2019	**52,102**	**550,311**	**98,945**	**701,358**

Net Book Value	Land	Building	Leasehold Improvement	Total
	$	$	$	$
Balance at July 31, 2017	**156,063**	**849,865**	**418,171**	**1,424,099**
Balance at July 31, 2018	**162,713**	**851,278**	**422,802**	**1,436,793**
Balance at April 30, 2019	**167,788**	**851,843**	**398,177**	**1,417,808**

The Pueblo property is located in Pueblo West, Colorado (“Pueblo”) and is leased to Palo Verde (Note 10). The fair value of the investment property as at April 30, 2019 and July 31, 2018 exceeded its carrying value.

12. Investments in associate and joint venture

NHMD and Small’s Mill Holdings Inc. (“SMHI”)
Pursuant to the restate letter agreement entered on April 4, 2016 between the Company and ILDISP, LLC (“ILDISP”), ILDISP acquired 50% interest and equal control in NHMD and SMHI on September 17, 2016. Consequently, since September 17, 2016, NHMD and SMHI had been accounted for as joint ventures using the equity method.

SMHI was dissolved in 2018 and consequently, the Company wrote off its investments in SMHI from $340,300 to $Nil in October 2017.

(Unaudited - Expressed in Canadian Dollars)

12. Investments in associate and joint venture (continued)

NHMD operates The Clinic Effingham dispensary in Effingham, Illinois since September 2016 and in September 2018, the Company received its first distribution income from NHMD of $147,493 (US$111,500). On October 29, 2018, the Company sold its 50% interest in NHMD to ILDISP for gross proceeds of $4,599,700 (US$3,500,000) and as a result, the Company recognized a gain on the sale of $3,706,003.

For the nine months ended April 30, 2019, the Company recognized its share of NHMD's income up to the date of sale of $163,661 (2018 – profit from NHMD of $222,078 and loss from SMHI of $76). As at April 30, 2019, the carrying value of the Company's investment in NHMD was $Nil (July 31, 2018 - $873,873).

Aura

Aura is engaged in the building an international network of vertically integrated cannabis assets and is targeting a downstream business in the legalized medical marijuana sector in the European and Israeli markets. Aura owned interest in four (4) medical marijuana clinics in the United States which were dispose of on April 30, 2019. The medical health clinics test prospective patients and issue medical-use certificates to qualified patients in the United States.

On November 14, 2016, Aura issued a promissory note of US$120,000 to the Company, bearing interest at 12% per annum, maturing 24 months from the date of issue ("Maturity date"). At the option of the Company, on or after November 14, 2017, and prior to the Maturity date, the promissory note together with accrued and unpaid interest shall be convertible into Aura's units at the conversion price of $0.05. Each of Aura's units comprise of one Aura common share and one-half Aura warrant exercisable, until the earlier of 5 years from the date of issuance or 2 years from the date of listing of Aura's shares on the CSE, into one Aura's common share at the exercise price of $0.075. As consideration for the promissory note, Aura issued 4,000,000 common shares to the Company.

On August 9, 2018, the Company invested $98,000 for 200,000 units of Aura. Each unit comprises one common share and one warrant exercisable at $0.75 for a period of 24 months from closing.

On December 3, 2018, the Company converted US$120,000 of the promissory note and the interest accrued into 4,028,272 Aura's units which are comprised of 4,028,272 Aura common shares and 2,014,136 Aura warrants, Following the conversion, the Company exercised the 2,014,136 warrants at the exercise price of $0.075.

As at April 30, 2019, the Company's ownership in Aura was 19.0% (July 31, 2018 – 16.30%). For the nine months ended April 30, 2019, the Company recorded a loss from Aura of $249,060 (2018 – $70,164). The carrying value of the Company's investment in Aura as at April 30, 2019, was $Nil (July 31, 2018 - $Nil).

The following table summarizes the financial information of the associate as at March 31, 2019:

	Aura
	$
Cash	600,471
Current assets	1,081,522
Non-current assets	3,590,959
Current liabilities	1,391,396
Non-current liabilities	563,791
Revenue for the period*	-
Profit (loss) for the period*	168,566

** For the nine months ended March 31, 2019.*

The following table summarizes the financial information of the associate as at March 31, 2018:

	Aura
	$
Cash	236,683
Current assets	55,825
Non-current assets	296,178
Current liabilities	960,240
Non-current liabilities	621,198
Revenue for the year*	-
Profit (loss) for the year*	(617,772)

** For the nine months ended March 31, 2018.*

13. Intangible assets and Goodwill

Purple Haze

On June 5, 2015, the Company entered into the agreement with Purple Haze Properties LLC ("PHP") for the exclusive right to manufacture and distribute cannabis and hemp oil-infused products, and non-exclusive rights to manufacture and distribute certain apparel and accessories in the United States and Canada ("Licensing Agreement").

The agreement provides for annual exclusivity fees and royalties ("annual fees") of no less than US$1,000,000 over five years (US$200,000 for license and US$50,000 for royalty per year) with an additional renewal option for an additional five years.

The Company was informed by PHP that a complaint was filed with the United States District Court, Southern District of New York ("Complaint") alleging that PHP and parties related to PHP attempted to improperly exploit the intellectual property rights contained in the Licensing Agreement and are seeking equitable relief and damages. Due to the uncertainties on the outcome of the Complaint, the Company had written the license and prepaid royalty down to $1 in 2017. On January 25, 2018, the parties entered into a license agreement addendum ("Addendum") whereby, the second (2017) and third (2018) annual fees are to be satisfied through the payment of $340,869 (US$265,000) (paid) in cash and issuance of 750,000 common shares (issued), respectively. The payments were expensed and recorded in the condensed interim consolidated statement of loss and comprehensive loss.

As per the terms of the Addendum, one-half (50%) of all common share issuances and 100% of monetary royalties shall be placed in a litigation escrow account ("Escrow account") for contingencies until the sum of $2,572,600 (US$2,000,000) is reached. The Addendum also includes two one-year options to extend the Licensing Agreement at the Company's sole discretion. As at April 30, 2019, no actions have been brought against the Company in relation to the Licensing Agreement with PHP.

Dab Stick

On January 30, 2017, the Company entered into an IP assignment and option agreement to acquire a dispenser for viscous liquid substances (the "Dab Stick") and the technology and the intellectual property and rights for the purpose of allowing the Company to make, have made, use, sell and market products using such technology and intellectual property rights. As a consideration, the Company shall issue common shares to the vendors as follows:

(i) Upon confirmation, to the Company's satisfaction, that the Dab Stick product satisfactorily functions for its intended purpose, the Company shall issue an aggregate of 416,667 common shares at a deemed price of $0.24 per share (issued on July 14, 2017 with a fair value of $43,751);
(ii) Upon the commercial sale at fair market value of the first 100 Dab Stick products, an aggregate of $100,000 worth of common shares;
(iii) Upon the commercial sale at fair market value of the next 500 Dab Stick products, an aggregate of $100,000 worth of common shares; and
(iv) Upon the grant of a patent by the United States Patent and Trademark Office ("USPTO") for a provisional patent application filed in October 2016, an aggregate of $200,000 worth of common shares. Should the vendors fail to advance the application which results in application going abandoned, the $200,000 worth of common shares shall become due on the date of abandonment.

In July 2018, the Company recognized the remaining $400,000 obligation as noted in (ii) to (iv) as shares to be issued, due to the Company's assessment of their likelihood of occurrence in the near future then. In April 2019, the Company became aware of possible defects in Dab Stick which may bring viability into questions. The Company is investigating the concerns and exploring ways to resolve the issues. Due to the delay and uncertainty as to the timing of the commercialization of Dab Stick, the Company has determined to de-recognize the $400,000 obligation to the vendors. In addition, the Company recognized impairment losses of trade mark and IP related to Dab Stick of $212,124 (2018 - $Nil) in the condensed interim consolidated statements of loss and comprehensive loss.

In February 2019, the City of Sacramento Cannabis Policy & Enforcement rescinded local authorization for cannabis manufacturing for Pasa Verde. Without the local authorization in place, the California Department of Public Health was required to revoke Pasa Verde's state temporary manufacturing license and all production and commercial activity have since been suspended. As a result, the Company recognized impairment losses of intangible assets (license, trade name and customer relationship) and goodwill acquired through acquisition of Pasa Verde (Note 3) of $3,191,0952 (2018 - $Nil) and $3,197,895 respectively (2018 - $Nil) in the condensed interim consolidated statements of loss and comprehensive loss.

(Unaudited - Expressed in Canadian Dollars)

13. Intangible assets and Goodwill (continued)

Cost	Licenses, Management agreement	Trade name and IP	Proprietary data	Customer relationships	Total Intangible assets	Goodwill	Total of Intangible assets and Goodwill
	$	$	$	$	$	$	$
Balance at July 31, 2017	43,751	-	-	-	43,751	-	43,751
Additions	619,911	-	-	-	619,911	-	619,911
Additions from business acquisitions	3,593,876	866,854	77,881	1,293,008	5,831,619	4,715,855	10,547,474
Effect of movement in exchange rate	(44)	777	554	2,494	3,781	(13,439)	(9,658)
Balance at July 31, 2018	**4,257,494**	**867,631**	**78,435**	**1,295,502**	**6,499,062**	**4,702,416**	**11,201,478**
Additions	5,237,430	-	-	-	5,237,430	-	5,237,430
Impairment	(3,070,386)	(468,741)	-	(391,122)	(3,930,249)	(3,180,232)	(7,110,481)
Effect of movement in exchange rate	45,295	13,226	1,782	26,281	86,584	84,368	170,952
Balance at April 30, 2019	**6,469,833**	**412,116**	**80,217**	**930,661**	**7,892,827**	**1,606,552**	**9,499,379**

Accumulated Amortization	Licenses, Management agreement	Trade name and IP	Proprietary data	Customer relationships	Total Intangible assets	Goodwill	Total of Intangible assets and Goodwill
	$	$	$	$	$	$	$
Balance at July 31, 2017	-	-	-	-	-	-	-
Additions	2,577	31,278	6,088	70,634	110,577	-	110,577
Effect of movement in exchange rate	-	-	-	-	-	-	-
Balance at July 31, 2018	**2,577**	**31,278**	**6,088**	**70,634**	**110,577**	**-**	**110,577**
Additions	68,943	132,150	11,846	492,293	705,232	-	705,232
Impairment	(61,213)	(72,748)	-	(151,755)	(285,716)	-	(285,716)
Effect of movement in exchange rate	-	35,737	369	78,380	114,486	-	114,486
Balance at April 30, 2019	**71,520**	**126,417**	**18,303**	**489,552**	**644,579**	**-**	**644,579**

Net Book Value	Licenses, Management agreement	Trade name and IP	Proprietary data	Customer relationships	Total Intangible assets	Goodwill	Total of Intangible assets and Goodwill
	$	$	$	$	$	$	$
Balance at July 31, 2017	**43,751**	**-**	**-**	**-**	**43,751**	**-**	**43,751**
Balance at July 31, 2018	**4,254,917**	**836,353**	**72,347**	**1,224,868**	**6,388,485**	**4,702,416**	**11,090,901**
Balance at April 30, 2019	**6,398,313**	**285,699**	**61,914**	**441,109**	**7,248,248**	**1,606,552**	**8,854,800**

(Unaudited - Expressed in Canadian Dollars)

14. Capital Assets

Cost	Land	Building	Leasehold improvement	Computer and software	Mfg. Equipment	Vehicles	Furniture and equipment	Total
	$	$	$	$	$	$	$	$
Balance, July 31, 2017	**203,092**	**317,657**	**20,126**	**2,496**	**734,759**	**-**	**-**	**1,278,130**
Additions	-	1,011,584	607,603	237,105	1,773,740	136,468	-	3,766,500
Additions from business acquisitions	-	-	246,781	-	1,216,768	-	22,963	1,486,512
Effect of movement in exchange rates	8,654	13,536	21,048	106	32,356	-	(9,735)	65,965
Balance, July 31, 2018	**211,746**	**1,342,777**	**895,558**	**239,707**	**3,757,623**	**136,468**	**13,228**	**6,597,107**
Additions	-	2,600	409,403	13,344	1,203,070	168,615	829	1,797,861
Additions – sale and leaseback	-	-	-	-	2,014,151	-	-	2,014,151
Dispositions – sale and leaseback	-	-	-	-	(2,088,075)	-	-	(2,088,075)
Disposal	-	(1,036,776)	-	-	-	-	-	(1,036,776)
Effect of movement in exchange rates	6,604	32,922	34,283	7,701	201,164	5,548	438	288,660
Balance, April 30, 2019	**218,350**	**341,523**	**1,339,244**	**260,752**	**5,087,933**	**310,631**	**14,495**	**7,572,928**

Accumulated Amortization	Land	Building	Leasehold improvement	Computer and software	Mfg. Equipment	Vehicles	Furniture and equipment	Total
	$	$	$	$	$	$	$	$
Balance, July 31, 2017	**-**	**-**	**-**	**363**	**66,485**	**-**	**-**	**66,848**
Additions	-	-	-	7,027	113,147	5,610	2,075	127,859
Effect of movement in exchange rates	-	-	-	204	5,081	-	-	5,285
Balance, July 31, 2018	**-**	**-**	**-**	**7,594**	**184,713**	**5,610**	**2,075**	**199,992**
Additions	-	7,798	206,681	132,706	298,609	47,966	2,797	696,557
Additions – sale and leaseback	-	-	-	-	271,213	-	-	271,213
Dispositions – sale and leaseback	-	-	-	-	(209,643)	-	-	(209,643)
Effect of movement in exchange rates	-	92	2,871	2,225	54,570	931	229	60,918
Balance, April 30, 2019	**-**	**7,890**	**209,552**	**142,525**	**599,462**	**54,507**	**5,101**	**1,019,037**

Net Book Value	Land	Building	Leasehold improvement	Computer and software	Mfg. Equipment	Vehicles	Furniture and equipment	Total
	$	$	$	$	$	$	$	$
Balance, July 31, 2017	**203,092**	**317,657**	**20,126**	**2,133**	**668,274**	**-**	**-**	**1,211,282**
Balance, July 31, 2018	**211,746**	**1,342,777**	**895,558**	**232,112**	**3,572,911**	**130,858**	**11,153**	**6,397,115**
Balance, April 30, 2019	**218,350**	**333,633**	**1,129,692**	**118,227**	**4,488,471**	**256,124**	**9,394**	**6,553,891**

On March 24, 2017, the Company acquired a real estate property in the City of La Pine ("La Pine") located in Deschutes County, Oregon for $498,152 (US$399,000). The property is the security for the financing arrangement closed on June 5, 2017 (Note 16).

On June 24, 2018, the Company acquired a 9,000 square foot real estate property located in Sacramento, California for $1,018,660 (US$775,000). In October 2018, the Company decided to put the property on the market which was originally acquired for manufacturing expansion in California. On November 21, 2018, the Company sold the real estate property for $1,840,160 (US$1,400,000) and the Company paid $110,410 (US$84,000) in commission.

As at April 30, 2019, capital assets include $1,773,675 (July 31, 2018 - $1,206,321) of equipment subject to finance lease.

(Unaudited - Expressed in Canadian Dollars)

15. Accounts payable and accrued liabilities

The breakdown of the accounts payable balance is as follows:

	April 30, 2019	July 31, 2018
	$	$
Trade accounts payable	**5,424,460**	3,528,029
Payroll tax payable	**959,396**	-
Excise tax payable	**2,245,530**	459,825
Other payable and accrued liabilities	**202,500**	41,764
Balance	**8,831,886**	4,029,618

16. Promissory Note Payable

Pueblo, Colorado

On April 19, 2016, the Company entered into a refinancing arrangement of its Pueblo, Colorado property in the amount of US$800,000 in the form of a twelve-month promissory note. The note bears interest at 13% per annum payable monthly. As part of the arrangement, the Company issued 3,333,334 warrants at an exercise price of $0.06 expiring on October 14, 2017 valued at $29,000.

On April 18, 2017, the lender amended and restated the loan note to extend the US$800,000 loan to April 18, 2018. As consideration for the extension, the Company paid a 1% renewal fee plus a 1% extension fee of the principal amount, from 1,000,000 warrants with exercise price of $0.15 and expiry date of October 18, 2018 valued at $62,000 and extended the expiry date of 3,333,334 warrants issued on April 19, 2015 from April 26, 2017 to October 18, 2018, which resulted in an increased value from $29,000 to $69,000.

On April 18, 2018, the lender further amended and restated the loan note of US$800,000 for an additional twelve months to April 18, 2019, with an option to extend for a further six months. As consideration for the extension, the Company paid the lender a renewal fee of $20,182 (US$16,000), issued 750,000 warrants at an exercise price of $0.70 per share, expiring on October 18, 2019, valued at $167,942 and extended the expiry of the previously issued 3,333,334 warrants and 1,000,000 warrants to October 18, 2019. The extension resulted in a fair value increase of these warrants of $53,186. The Company recorded a loss on extinguishment of promissory note of $102,198.

On April 18, 2019, the Company amended and restated the terms of loan note to extend US$400,000, representing first half of loan, for an additional 6 months to October 18, 2019 for a one-time extension fee of $16,108 (US$12,000), bearing interest at 16% per annum payable monthly and to extend US$400,000, the second half of loan, for 30 days along with a fee of US$60,000 (paid).

La Pine, Oregon

On June 5, 2017, the Company closed a financing arrangement secured against its real estate property in La Pine, Oregon (Note 14) in the amount of US$400,000 in the form of an eighteen-month promissory note. The note bore interest at 13% per annum payable monthly. As part of the arrangement, the Company issued 1,217,391 warrants at an exercise price of $0.165 expiring on June 6, 2019, valued at $48,000. The loan was due and repaid on December 31, 2018.

(Unaudited - Expressed in Canadian Dollars)

16. Promissory Note Payable (continued)

For the nine months ended April 30, 2019, the Company recorded accretion expense of $165,092 (2017- $274,770) which is included within finance costs.

The breakdown of the promissory note balance is as follows:

	April 30, 2019	July 31, 2018
	$	$
Opening balance	**1,421,816**	1,327,740
Extinguishment of promissory note	**(539,800)**	102,198
Loss on extinguishment of promissory note	**-**	(1,009,120)
Issuance of new promissory note (discounted)	**-**	1,133,014
Deferred financing costs	**-**	(246,040)
Finance costs	**302,210**	387,520
Interest paid	**(77,954)**	(208,761)
Effect of movement in exchange rates	**27,972**	(64,735)
	1,134,244	1,421,816
Current	**1,134,244**	1,421,816
Long-term	**-**	-

17. Finance lease

On February 15, 2017, the Company entered into a lease agreement in relation to equipment at the Pueblo facility (Note 14) for $5,949 (US$4,635) per month for 30 months, expiring August 15, 2019.

Pursuant to the acquisition of Pasa Verde (Note 3), the Company entered into a lease agreement for extraction equipment for US$26,573 per month, expiring June 29, 2021.

On May 1, 2018, the company entered an equipment sale leaseback line of credit agreement (the “sale leaseback agreement”) with a lender for up to $2,628,800 (US$2,000,000) for a three-year term with fixed monthly lease rental payments. The Company may extend the lease term for a minimum of twelve months. At the end of the lease term, the Company has the option to purchase all equipment for the then fair market value which shall not exceed 20% of the cost.

For the nine months ended April 30, 2019, the Company drew down a total of $1,922,203 (US$1,550,104) from equipment sale leaseback line of credit. Pursuant to the agreement, the Company issued 553,609 common share purchase warrants to the lender. Each warrant entitles the lender to purchase one common share at a price of $0.70 per share for a period of 24 months from the date of issuance.

Future minimum lease payable are as follows:

	April 30, 2019	July 31, 2018
	$	$
Less than 1 year	**1,300,223**	493,520
1-5 years	**1,820,968**	795,580
More than 5 years	**-**	-
Total future minimum lease payments	**3,121,191**	1,289,100
Less: amount representing interest	**(562,219)**	(235,100)
Present value of minimum lease payments	**2,558,972**	1,054,000
Less: non-current portion	**1,607,026**	687,949
	951,946	366,051

18. Convertible debentures

March 2018 Convertible debentures

On March 15, 2018, the Company issued 8,000 Convertible Debentures Units (the “CD Units”) for gross proceeds of $8,000,000. Each CD Unit consists of $1,000 principal amount of 10% senior unsecured convertible debentures payable semi-annually and 1,667 common share purchase warrants of the Company. The convertible debentures mature on March 15, 2021.

The debentures are convertible into common shares of the Company at a conversion price of $0.60 per share. Each warrant is exercisable to acquire one common share of the Company for a period of 36 months following Closing at an exercise price of $0.70 per share.

Beginning July 16, 2018, the Company may force the conversion of all the principal amount of the then outstanding debentures at the conversion price on not less than 30 days' notice should the daily volume weighted average trading price of the common shares be greater than $1.20 for any 20 consecutive trading days.

The Company paid cash fees of $947,956 and issued an additional 190 Units. In addition, the Agents received 1,066,666 warrant units (“Agents’ Units”). Each Agents’ Unit is exercisable into one Agents’ Unit at a price of $0.60 per Agents’ Unit. Each Agents’ Unit consists of one common share and one warrant. Each warrant exercisable for a period of 2 years following Closing at an exercise price of $0.70 per share.

The convertible debentures are compound financial instruments. On initial recognition, the residual method was used to allocate the fair value of the debt and equity components. The fair value of the liability was calculated as $6,406,521 using a discount rate of 20%. The residual proceeds of $1,783,479 were allocated between warrants and conversion option on a pro-rata basis relative to their fair values. Total financing costs of $1,866,327 have been allocated proportionately to the equity and liability components.

For the nine months ended April 30, 2019, holders converted a combined total of $147,000 principal amount of convertible debentures resulting in the issuance of 244,999 common shares. The Company paid accrued interest of $1,214 upon conversions. On conversions, the Company reduced the present value of the liability by $99,921 and related equity component by $6,529.

For the nine months ended April 30, 2019, the Company recorded accretion expense on the convertible debentures of $549,847 (2018 - $Nil) which is included within finance costs, of which $195,634 is outstanding in accounts payable and accrued liabilities as at April 30, 2019 (Note 15).

August 2018 Convertible debentures

On August 3, 2018, the Company issued 4,200 Convertible Debentures Units (the “Units”) for aggregate proceeding of $4,200,000. Each Unit consists of $1,000 principal amount of 10% senior secured convertible debentures and 1,429 common share purchase warrants of the Company payable semi-annually. The convertible debentures mature on August 7, 2021.

The debentures are convertible into common shares at a conversion price of $0.70 per share. Each warrant is exercisable to acquire one common share for a period of 36 months following closing at an exercise price of $0.80 per share.

The interest is payable in cash or by issuing common shares against the amount due at the sole option of the Company. If the Company elects to issue the common shares as interest payment, the price per common share shall equal the 20-day volume-weighted average price (VWAP), and the effective interest rate shall be increased to 12% from 10%.

The convertible debentures are secured by the assets of the Company and its subsidiaries, subject to subordination in certain situations. The Company paid finder’s a cash commission of $336,000, of which $42,000 was paid to FMI Capital Advisory Inc., a related party (Note 22). Additionally, the Company issued 480,000 finder's options, valued at $162,696, to acquire finder units exercisable at a price of $0.70 per Finder Unit for a term of 24 months following the closing date. Each Finder Unit will be comprised of one common share and one Finder Warrant, with each Finder Unit Warrant entitling the holder to acquire one additional common share at 0.80 per share.

(Unaudited - Expressed in Canadian Dollars)

18. Convertible debentures (continued)

If the Company undertakes an equity financing at a price per common shares of less than $0.45 per common share while the convertible debentures are outstanding, the conversion price of the convertible debentures will be reduced to the new financing price and the warrant exercise price will be reduced to a price that is 20% premium to the new financing price, subject to compliance with applicable securities laws and stock exchange rules. If the common shares trade at a VWAP under $0.25 for a period of 50 consecutive trading days while the convertible debentures are outstanding, the conversion price shall be reduced to $0.30. In accordance to IFRS, the conversion feature of the convertible debenture and warrant meet the definition of a derivative liability as certain events will result in adjustment to the conversion price.

Consequently, on issuance, the convertible debentures were split amongst the financial liability, the conversion feature and warrants. The financial liability portion was determined by subtracting issuance costs and the fair value of the conversion feature and warrants from the principal of the debentures. The fair value of the equity conversion feature and warrants are calculated using the Black-Scholes pricing model and re-measured each reporting period with changes between periods recognized in the condensed interim consolidated statements of income (loss) and comprehensive income (loss). Expected volatility used is based on the Company's share price volatility over the relevant period to expiry. The financial liability portion is measured at amortized cost and accreted such that carrying amount of the convertible debentures will equal the face value of the convertible debenture at maturity.

On initial recognition, the fair value of the derivative liability components was valued first at $2,600,979 and the residual of $1,599,021 was allocated to the non-derivative host debenture. Total transaction costs of $691,420 have been allocated proportionately to the derivative liability and debenture components. Changes in the fair value of the derivative liability are recognized at fair value through profit and loss. For the nine months ended April 30, 2019, the Company recognized an unrealized loss on the change in fair value of the derivate liabilities of $681,882.

In March and April 2019, holders converted a combined total of $178,470 principal amount of convertible debentures resulting in the issuance of 661,000 common shares at a conversion price of $0.27 per share since the Company undertook an equity financing at a price per common shares of less than $0.45 per common share and the conversion price of the convertible debentures was reduced to the new financing price of $0.27 (Note 19). The Company paid accrued interest of $Nil upon conversions. On conversions, the Company reduced the present value of the liability by $68,637 and derivative liabilities by $43,071.

For the nine months ended April 30, 2019, the Company recorded accretion expense on the convertible debentures of $316,021 (2018 - $Nil) which is included within finance costs, of which $164,633 is outstanding in accounts payable and accrued liabilities as at April 30, 2019 (Note 15).

The following is a summary of the convertible debenture liability activity:

	April 30, 2019	July 31, 2018
	$	$
Balance, beginning of period/year	**5,136,061**	-
Issuance of convertible debentures	**4,200,000**	8,190,000
Conversion of principal debenture	**(325,470)**	(100,000)
Unamortized present value discount and transaction costs	**(497,870)**	(3,206,465)
Estimated fair value of derivative liability on date of issuance (net of transaction costs)	**(2,335,492)**	-
Discount amortized	**1,033,691**	252,526
Balance, end of period/year	**7,210,920**	5,136,061

The changes to the embedded derivative liabilities are as follows:

	$
Balance, July 31, 2018	**-**
Estimated fair value of derivative liability on date of issuance (net of transaction costs)	**2,335,492**
Derecognition of derivative liabilities on conversion	**(43,071)**
Estimated fair value changes of derivative liabilities during the period	**681,882**
Balance, April 30, 2019	**2,974,303**

(Unaudited - Expressed in Canadian Dollars)

18. Convertible debentures (continued)

The Company used the Black-Scholes valuation model to estimate the fair value of the embedded derivative liabilities upon the initial measurement and as at April 30, 2019 using the following assumptions:

	April 30, 2019	August 2, 2018
Risk-Free Interest Rate	**1.57%-1.91%**	2.08%-2.12%
Expected Dividend Yield	**0%**	0%
Expected Stock Price Volatility	**90-146%**	136%-137%
Expected Life of Debentures	**1.26-2.26 years**	2-3 years
Forfeiture Rate	**0%**	0%

19. Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

	Number of Shares	**Amount**
Balance, July 31, 2017	**251,200,400**	**$ 12,218,693**
Issued on exercise of warrants	31,610,858	6,805,987
Issued for services (i)	228,571	102,500
Issued on exercise of options	1,996,272	543,957
Issued pursuant to Calyx acquisition (ii)	2,025,411	1,032,960
Issued pursuant to Pasa Verde acquisition (iv)	3,094,560	1,083,096
Issued for intangible assets (iii)	750,000	345,000
Issued on conversion of debentures (Note 18)	166,666	71,973
Balance, July 31, 2018	**291,072,738**	**$ 22,204,166**
Issued on exercise of options	698,711	120,238
Issued on exercise of warrants	1,385,128	565,207
Issued pursuant to Pasa Verde acquisition (v)	123,782	43,324
Issued pursuant to Calyx acquisition (vi)	1,968,945	536,460
Shares for debt settlement (vii)	364,035	81,908
Issued for services (viii)	883,334	235,000
Issued on conversion of debentures (ix)	905,999	220,457
Shares issued pursuant to Moses Garden acquisition (x)	13,432,098	3,828,148
Shares for interest on convertible debt (xi)	1,076,847	208,504
Private placement (xi)	5,100,000	1,302,709
Balance, April 30, 2019	**317,011,617**	**$ 29,346,121**

(i) On January 17, 2018, the Company issued 178,571 common shares valued at $75,000 as compensation for services where the fair value of the common shares was determined based on the value of services received. The Company also issued 50,000 common shares valued at $27,500 to an employee of the Company pursuant to an employment agreement, where the fair value of the common shares was based on the share price on the date of issuance.

(ii) On March 15, 2018, the Company issued 2,025,411 common shares to Calyx (Note 3), valued at $1,032,960 based on the share price on the date of issuance.

(iii) On June 5, 2018, the Company issued 750,000 common shares to Purple Haze Properties, LLC valued at $345,000 based on the share price on the date of issuance pursuant to the amended Purple Haze agreement (Note 13).

(iv) On July 26, 2018, the Company issued 3,094,560 common shares to Pasa Verde (Note 3), valued at $1,083,096 based on the share price on the date of issuance.

(v) On August 10, 2018, the Company issued 123,782 common shares to FMI Capital Advisory Inc., a related party, valued at $43,324 as a finders' fee pursuant to the acquisition of Pasa Verde (Note 3).

(Unaudited - Expressed in Canadian Dollars)

19. Share Capital (continued)

(vi) On September 28, 2018, the Company issued 486,500 common shares to shareholders of Calyx (Note 3), valued at $145,960 based on the share price on the date of issuance. On April 22, 2019, 1,482,445 common shares valued at $390,510 (US$300,000) were issued to Calyx's shareholders.

(vii) On November 22, 2018, the Company issued 364,035 units to settle outstanding debt owing to a vendor in the amount of $163,816. Each unit is comprised of one common share and one-half warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.80 per share for a period of 24 months from issuance. A gain of $119,387 is recognized on the settlement of this debt settlement.

(viii) On December 12, 2018, the Company issued 50,000 common shares valued at $10,000 as compensation for services where the fair value of the common shares was determined based on the value of services received. On February 28, 2019, the Company issued 133,334 common shares valued at $36,000 as compensation for services where the fair value of the common shares was determined based on the value of services received. On March 14, 2019, 700,000 common shares valued at $189,000 as compensation for services where the fair value of the common shares was determined based on the value of services received.

(ix) For the nine months ended April 30, 2019, March 2018 convertible debenture of $147,000 (Note 18) were converted to 244,999 common shares at a price of $0.60 per share.

For the nine months ended April 30, 2019, August 2018 convertible debenture of $178,470 (Note 18) were converted to 661,000 common shares at a price of $0.27 per share.

(x) On January 4, 2019, the Company issued 13,432,098 common shares to Moses Garden LLC (Note 4), valued at $3,828,148 based on the share price on the date of issuance.

(xi) On January 7, 2019 and January 18, 2019, the Company issued 1,076,847 common shares to the holders of August 2018 convertible debenture (Note 18), representing 12% interest payment from August 3, 2018 to December 31, 2018.

(xi) On March 14, 2019, the Company issued 5,000,000 common shares at $0.27 per share for gross proceeds of $1,350,000 through a non-brokered private placement. A referral fee of $27,000 and 100,000 common shares was paid to a third party in connection with the completion of the private placement.

20. Reserve for Share Based Payments

The Company has a stock option plan, and effective July 11, 2018, an RSU plan (‘RSU”) to provide additional incentive to its officers, directors, employees and consultants in their effort on behalf of the Company in the conduct of its affairs (“Option Plan”). The maximum number of common shares reserved for issuance for RSUs that may be granted under the Plan is 5% of the total issued and outstanding common shares. The maximum number of common shares reserved for issuance for options and RSU that may be granted under the Plan is 10% of the total issued and outstanding common shares which was 317,011,617 at April 30, 2019. As at April 30, 2019, the Company has not issued any RSUs.

The following table reflects the continuity of Options:

	Number of Options	Amount
Balance, July 31, 2017	**16,642,500**	**$ 1,357,328**
Granted (i)(ii)(iii)(iv)(v)(vi)	6,500,000	955,532
Exercised	(1,996,272)	(219,191)
Forfeited	(950,000)	-
Expired	(250,000)	-
Balance, July 31, 2018	**19,946,228**	**$ 2,093,669**
Granted (vii)(viii)(ix)(x)(xi)(xii)(xiii)(xiv)	3,930,000	1,171,748
Exercised	(698,711)	(46,656)
Forfeited/cancelled	(1,000,000)	-
Expired	(1,115,000)	-
Balance, April 30, 2019	**21,062,517**	**$ 3,218,761**

* Amount includes share-based payments for stock options granted in the prior years and vested during the period/year.

20. Reserve for Share Based Payments (continued)

(i) On October 30, 2017, 500,000 options valued at $58,000 were granted to a consultant of the Company. The options are exercisable into common shares of the Company at a price of $0.13 per common share for a period of 5 years from the date of issuance. A total of 150,000 options vest immediately, and the remaining 350,000 options shall vest every six months in equal amount over eighteen months.

(ii) On January 17, 2018, 500,000 options valued at $230,401 were granted to an employee of the Company. The options are exercisable into common shares of the Company at a price of $0.58 per common share for a period of 5 years, vesting one-third per year over three years.

(iii) On February 21, 2018, 500,000 options valued at $220,152 were granted to an officer of the Company. The options are exercisable at a price of $0.50 per common share for a period of 5 years from the date of issuance. A total of 140,000 options vested immediately, and the remaining 360,000 options vest every 6 months in equal amount over thirty-six months.

(iv) On March 15, 2018, 900,000 options valued at $402,580 were granted to employees. The options are exercisable at a price of $0.51 per common share for a period of 5 years from the date of issuance. The options vest 25% immediately and 25% every 8 months thereafter.

(v) On May 7, 2018, 400,000 options valued at $118,311 were granted to a consultant. The options are exercisable at a price of $0.40 per common share for a period of 5 years from the date of issuance. The options vest 25% every three months from date of issuance.

(vi) On May 8, 2018, 3,700,000 options valued at $1,137,393 were granted to directors and consultants of the Company. The options are exercisable at a price of $0.36 per common share, for a period of 5 years from issuance. The options vest every six months over 18 months, in equal amount until fully vested.

(vii) On August 14, 2018, 730,000 options valued at $57,695 were granted to employees and consultants of the Company. The options are exercisable at a price of $0.35 per common share, for a period of 5 years from issuance. The options vest one-third every six months from the date of issuance.

(viii) On August 14, 2018, 100,000 options valued at $25,085 were granted to a consultant of the Company. The options are exercisable at a price of $0.35 per common share, for a period of 5 years from issuance. The options vest 50% every six months from the date of issuance.

(ix) On December 6, 2018, 750,000 options valued at $94,763 were granted to employees and consultants of the Company. The options are exercisable at a price of $0.30 per common share, for a period of 5 years from issuance. The options vest one-third every six months from the date of issuance.

(x) On December 6, 2018, 650,000 options valued at $51,224 were granted to employees and consultants of the Company. The options are exercisable at a price of $0.30 per common share, for a period of 2 years from issuance. The options vest one-third every six months from the date of issuance.

(xi) On January 7, 2019, 300,000 options were issued to a former officer of the Company to replace 300,000 options granted on February 21, 2019 and an additional value of $6,997 was recognized on issuance. The options are exercisable at a price of $0.30 per common share, for a period of 2 years from issuance and vest immediately.

(xii) On January 30, 2019, 500,000 options valued at $89,339 were granted to an employee and a consultant of the Company. The options are exercisable at a price of $0.30 per common share, for a period of 2 years from issuance. The options vest one-third every six months from the date of issuance.

(xiii) On March 14, 2019, 650,000 options valued at $146,520 were granted to employees and consultants of the Company. The options are exercisable at a price of $0.30 per common share, for a period of 5 years from issuance. The options vest one-third every six months from the date of issuance.

(xiv) On April 12, 2019, 250,000 options valued at $33,142 were granted to a consultant of the Company. The options are exercisable at a price of $0.30 per common share, for a period of 1.5 years from issuance. The options vest immediately upon granting.

(Unaudited - Expressed in Canadian Dollars)

20. Reserve for Share Based Payments (continued)

In connection to the options granted to consultants during the nine months ended April 30, 2019 and year-ended July 31, 2018, the fair value of services received cannot be estimated reliably, thus the fair value of the options has been measured using the Black-Scholes option pricing model which used the fair value of common shares of the Company as a reference on grant date.

The estimated fair value of options granted during the nine months ended April 30, 2019 and year-ended July 31, 2018 were determined using the Black-Scholes option pricing model with the following assumptions:

	April 30, 2019	July 31, 2018
Risk-Free Interest Rate	**1.82%-22.23%**	1.63%-2.16%
Expected Dividend Yield	**0%**	0%
Expected Stock Price Volatility	**122%-144%**	131%-140%
Expected Life of Options	**1.5-5 years**	5 years
Forfeiture Rate	**0%**	0%

Option pricing models require the input of highly subjective assumptions and changes in the input assumptions can materially affect the fair value estimated. Expected volatility is based on the historical volatility of other companies that the Company considers comparable. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the zero-coupon government of Canada bonds with a remaining term equal to the expected life of the options.

As at April 30, 2019, the following stock options were outstanding:

Expiry Date	**Exercise Price**	**Number of Options Outstanding**	**Number of Options Exercisable**
July 7, 2019	$0.10	1,200,000	1,200,000
March 18, 2020	$0.10	1,825,000	1,825,000
June 10, 2020	$0.10	400,000	400,000
October 12, 2020	$0.30	250,000	250,000
December 6, 2020	$0.30	650,000	-
December 21, 2020	$0.075	350,000	350,000
January 7, 2021	$0.30	300,000	300,000
January 30, 2021	$0.30	500,000	-
April 21, 2021	$0.07	2,500,000	2,500,000
October 17, 2021	$0.135	1,500,000	1,500,000
April 17, 2022	$0.15	2,900,000	2,900,000
April 17, 2022	$0.15	1,600,000	1,600,000
July 10, 2022	$0.12	200,000	200,000
October 30, 2022	$0.13	257,517	257,517
February 21, 2023	$0.50	200,000	200,000
March 15, 2023	$0.51	800,000	400,000
May 7, 2023	$0.40	200,000	200,000
May 8, 2023	$0.36	3,700,000	1,233,333
August 14, 2023	$0.35	230,000	76,667
August 14, 2023	$0.35	100,000	50,000
December 6, 2023	$0.30	750,000	-
March 14, 2024	$0.30	650,000	-
		21,062,517	**15,442,517**

As at April 30, 2019, the weighted average exercise price of options exercisable was $0.163 (July 31, 2018 - $0.131), the weighted average exercise price of options outstanding was $0.211 (July 31, 2018 - $0.195) and the weighted average remaining contractual life of stock options was 2.67 years (July 31, 2018 – 3.25 years). For the nine months ended April 30, 2019, the weighted average exercise price of stock options exercised was $0.105 (July 31, 2018 - $0.163).

(Unaudited - Expressed in Canadian Dollars)

21. Reserve for Warrants

The following table reflects the continuity of warrants:

	Number of Warrants	Amount
Balance, July 31, 2017	**37,751,548**	**$ 2,447,639**
Warrants pursuant to convertible debenture (Note 18)	14,719,396	1,384,775
Warrants issued and modified pursuant to promissory note (Note 16)	750,000	221,128
Warrants issued	1,005,486	-
Warrants expired	(492,346)	-
Warrants exercised	(31,610,858)	(1,791,711)
Balance, July 31, 2018	**22,123,226**	**$ 2,261,831**
Warrants pursuant to convertible debenture (Note 18)	6,481,800	-
Warrants pursuant to sale and leaseback (Note 17)	553,609	63,424
Warrants pursuant to debt settlement (Note 19 (vii))	182,018	15,024
Warrants issued	511,197	-
Warrants exercised	(1,385,128)	(331,990)
Warrants expired	(229,157)	-
Balance, April 30, 2019	**28,237,565**	**$ 2,008,289**

The estimated fair value of warrants granted during the nine months ended April 30, 2019 and year-ended July 31, 2018 was determined using the Black-Scholes option pricing model with the following assumptions:

	April 30, 2019	July 31, 2018
Risk-Free Interest Rate	**1.86%-2.35%**	1-75%-1.88%
Expected Dividend Yield	**0%**	0%
Expected Stock Price Volatility	**123-159%**	141%-147%
Expected Life of Warrants	**2 – 3 years**	1.5 – 3 years

As at April 30, 2019, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants
June 6, 2019	$0.165	1,217,390
October 18, 2019	$0.15	1,000,000
October 18, 2019	$0.06	3,333,334
October 18, 2019	$0.70	750,000
March 15, 2020	$0.60	13,336,000
March 15, 2020	$0.60	1,066,666
March 15, 2020	$0.70	316,730
August 3, 2021	$0.80	6,001,800
August 3, 2020	$0.80	480,000
November 7, 2020	$0.70	264,689
November 12, 2020	$0.70	156,574
November 22, 2020	$0.80	182,018
January 24, 2022	$0.70	132,364
		28,237,565

As at April 30, 2019, the weighted average exercise price of the warrants was $0.449 (July 31, 2018 - $0.462) and the weighted average remaining contractual life of the warrants was 1.094 years (July 31, 2018 – 1.42 years). For the nine months ended April 30, 2019, the weighted average exercise price of the warrants exercised was $0.168 (July 31, 2018 - $0.159).

22. Related Parties and Key Management

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The following is a summary of the related party transactions, including the key management compensation for the nine months ended April 30, 2019 and 2018:

a. Incurred professional fees of $126,919 (2018 - $150,904) from Branson Corporate Services ("BCS") and consulting fees of $248,580 (2018 - $204,864) from FMI Capital Advisory Inc. ("FMICA"). BCS is a company in which Foundation Financial Holdings Corp.("FFHC") and Adam Szweras have a 60% and 15% ownership interest respectively. FMICA is a subsidiary of FFHC, an entity in which Adam Szweras is a director and whereas his children hold an indirect interest. The Company issued 123,782 shares pursuant to the Pasa Verde acquisition (Note 3) as finders' fees valued at $43,324 to FMICA. In connection with the August 2018 Convertible debentures (Note 18), the Company paid FMICA a cash finder's fee of $42,000.

   As at April 30, 2019, $83,620 (2018 - $18,080) was due to FMI and $211 (2017 - $6,662) was due from FMICA.

b. Incurred marketing expenses of $266,150 (2018 - $71,413) from Plexus Cybermedia Ltd., a company in which a director, Brian Presement, has a 33% ownership interest in. As at April 30, 2019, $68,823 (2018 - $Nil) was due to Plexus Cybermedia Ltd.

c. Incurred professional fees of $122,437 (2018 - $222,451) from Fogler, Rubinoff, LLP, a law firm in which a director, Adam Szweras, is a partner. As at April 30, 2019, $68,144 (2018 - $181,457) was due to Fogler Rubinoff, LLP.

d Incurred management compensation to key management and directors of $475,054 (2018 – $356,825) in cash and $969,432 (2018 - $281,412) in stock-based payments. As at April 30, 2019, $52,500 (2018 - $52,500) is included in shares to be issued to an officer of the Company and $18,080 (2018 - $Nil) is owed to a director of the Company.

e. Incurred professional fees of $268,221 (2018 - $Nil) from JRG Attorneys, a law firm in which a director, Aaron Johnson, is a partner. Aaron Johnson was appointed to the board on Feb 20, 2018. As at April 30, 2019, $150,839 (2018 - $Nil) was due to JRG Attorneys.

f. As at April 30, 2019, the Company received a loan of $228,357 (2018 - $Nil) from an officer/director of the Company which was returned subsequent to April 30, 2019. An officer owed $56,345 (2018 - $Nil) to the Company as of April 30, 2019.

g. In connection with the IP assignment and option agreement of Dab Sticks (Note 13), a director of the Company, Billy Morrison, is one of the vendors.

23. Non-controlling interest

The Company's 51% interest in Eglinton Medicinal Advisory Ltd. is condensed interim consolidated into the Company's condensed interim consolidated financial statements. The 49% interest attributable to a minority shareholder is presented as "non-controlling interest" within shareholders' equity on the condensed interim consolidated statements of financial position. For the nine months ended April 30, 2019, the Company recorded $Nil (2018 - $Nil) of the net loss and comprehensive loss related to EMAL.

24. Management of Capital

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended April 30, 2019. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, shares to be issued, reserve for warrants, reserve for share-based payments, reserve for foreign currency translation, equity component of convertible debentures, non-controlling interest, and deficit, which as at April 30, 2019 totaled $(328,643) (July 31, 2018 - $10,727,113).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

25. Financial Instruments

Fair Value of Financial Instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

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

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company designated its cash and short-term investments as fair value through profit and loss, which is measured at fair value and is classified as Level 1. The Company designated its investments as fair value through profit and loss, which is measured at fair value and is classified as Level 2. The Company designated derivative liability as fair value through profit and loss, which is measured at fair value and classified as Level 2.

The recorded value of the Company's accounts receivable, promissory note receivable, debenture receivable, financial guarantee receivable, accounts payable and accrued liabilities, finance lease, promissory note payable, and consideration payable approximate their fair value.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

25. Financial Instruments (continued)

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to amounts receivable. The Company has no other significant concentration of credit risk arising from operations. Cash and short-term investments are held with a reputable credit union which is closely monitored by management. Amounts receivable consists of trade amounts receivable, harmonized sales tax due from the Canadian government, promissory note receivable and other receivable from third parties. The Company has provided a provision for

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

As at April 30, 2019, the Company had working capital deficiency of $5,179,925 (2018 – $980,714), current assets of $9,280,066 (July 31, 2018 - $7,387,873) and current liabilities of $14,459,991 (July 31, 2018 -$8,368,587).

Foreign currency exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus is exposed to the financial risk fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

An increase (decrease) of 10% in the currency exchange rate of the Canadian dollar versus US dollar would have impacted net loss by $472,152 (2018 – $485,591) as a result of the Company's exposure to currency exchange rate fluctuations.

Concentration risk

During the nine months ended April 30, 2019, line of products produced by one supplier represented approximately 80% (2018 - 70%) of total sales.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Financial instruments that potentially subject the Company to interest rate risk include financial liabilities with fixed interest rates. The Company manages interest rate risk by monitoring market conditions and the impact of interest rate fluctuations on its debt.
Net earnings are sensitive to the impact of a change in interest rates on the average balance of interest-bearing financial liabilities during the year. An increase (decrease) of 25 basis points would have impacted net loss by $18,177 (2018 - $5,779) because of the Company's exposure to interest rate fluctuations.

26. Commitments and Contingencies

Abba Medix Corp.

On October 11, 2017, the Company entered into an Agreement ("the Abba Agreement") with Canada House Wellness Group Inc.'s wholly-owned subsidiary, Abba Medix Corp. ("Abba") to create a joint venture ("Joint Venture") to manufacture cannabis oil extracts and cannabis-infused products in Canada under the Access to Cannabis for Medical Purposes Regulations (Canada) ("ACMPR"). On November 9, 2017, the parties amended the Abba Agreement as binding. The Joint Venture will focus on two main product lines: (i) a line of products offered exclusively to existing Abba patients; and (ii) a line of FLI-branded products that will be offered to eligible patients across Canada and to the adult-use market, when permitted by regulation.

Bellingham, Washington

On October 16, 2017, the Company, through its subsidiary, NHBH, entered into a commercial lease with option to purchase a tier two cannabis cultivation and processing facility ("Property") for a base rent of US$12,000 ("Base rent") per month ("Bellingham lease"). The lease commenced on October 1, 2017 expiring on September 30, 2020 with the option to renew for a two-year term ("Renewal Term").

26. Commitments and Contingencies (continued)

For and in exchange for the sum of $72,000 (“Option fee”), which the Company paid on October 17, 2017, the Company has the sole and exclusive right to purchase the Property for US$1,200,000 (“Purchase price”) on the final day of the initial three-year term (“Option Date”). If the Company renews the lease for the Renewal Term, the Company may extend the Option Date to the final day of the Renewal Term, for an additional $50,000 option fee (“Option Fee Extension”).

If the Company exercises the option to purchase the property, the following amounts will be credited to the Purchase Price:
(i) US$50,000 of Option fee;
(ii) US$6,000 of each months’ Base Rent paid under the lease; and
(iii) US$50,000 of Option Extension Fee.

On October 27, 2017, the Company, through its subsidiaries, entered the following agreements with Mt. Baker Greeneries LLC (“Mt. Baker”):

(i) Sub-lease agreement for base rent of US$10,000 per month effective October 7, 2017 expiring on September 30, 2020;
(ii) Equipment purchase and leaseback agreement whereby the Company bought certain equipment for US$25,350 from Mt. Baker and leased it back for a period of two years at US$1,181 per month; and
(iii) Equipment, technology, exclusive license, materials and packaging agreement expiring December 31, 2022, to supply certain materials and packaging, equipment and technology to Mt. Baker. In consideration for an exclusive license to use the technology, Mt. Baker shall pay $61,465 (US$50,000) no later than 18 months from the date of the agreement.

The Company has decided that it is no longer proceeding with Mt. Baker and has terminated all agreements with Mt. Baker and Bellingham lease in 2019.

Green Therapeutics, LLC
On September 30, 2018, the company entered into a membership interest purchase agreement ("MIPA") to acquire 75% of Green Therapeutics LLC ("GTL"), a Nevada limited liability company, with its founding members (“the sellers”), for US$18 million, to be paid as follows:

(i) US$2,000,000 in cash due to GTL and US$4,000,000 in shares to be issued to the sellers at a price which is the lesser of (i) US$0.27 per share, or (ii) the 20-day volume weighted average price (“VWAP”) due upon closing;
(ii) US$4,600,000 in cash due to GTL on a mutually agreed time but no later than within 18 months post-closing; and
(iii) US$7,400,000 in promissory note (the “Note”) to the sellers with US$3,400,000 of which shall mature 12 months from closing, and $4,000,000 of which shall mature 24 months from closing.

At any time after the date the secured notes have been satisfied and paid in full and then upon fifteen days prior written notice (“Option Notice”) to GTL, the Company has an option to acquire the remaining 25% of GTL at any time after the payment or conversion of the Note for (i) US$7,500,000 if the Option Notice is sent on or before the second anniversary of the Closing; or thereafter (ii) the greater of (a) US$7,500,000 or (b) the trailing 12-month EBITDA multiplied by seven (7), multiplied by 25%. The purchase price will be paid in cash, or at the election of the sellers, 50% in common shares.

GTL has an put option to require the Company to buy their 25% remaining interest in GTL at any time after the second anniversary after the Closing at a price equal to the trailing 12-month EBITDA multiplied by seven (7), multiplied by 25%. If the put option is exercised, the purchase price will be paid half in cash and common shares.

Concurrent with the closing of the acquisition, the Company will purchase a property for US$1,519,000 consisting of cultivation facilities and parcels of land for cultivation expansion utilized by GTL ("GTL cultivation properties").

During the nine months ended April 30, 2019, the Company advanced US$650,000 (Note 5) to GTL, which is due earlier of the closing or termination of the MIPA.

Subsequent to April 30, 2019, the Company and GTI amended MIPA as disclosed in Note 29.

(Unaudited - Expressed in Canadian Dollars)

26. Commitments and Contingencies (continued)

Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2021 and contain certain renewal provisions.

Future minimum lease payments under non-cancellable operating leases having an initial or remaining term of more than one year are as follows:

	$
2020	478,091
2021	104,163
2022	-
Total	**582,254**

27. Supplemental Information for condensed interim consolidated statements of cash flows

	2019	2018
	$	$
Interest paid	**269,442**	97,803
Shares issued for services	**235,000**	157,500
Shares issued for settlement of debt	**81,908**	-
Conversion of Aura debenture	**120,000**	-
Shares received for settlement of put option	**75,000**	-
Shares issued pursuant to Calyx acquisition	**536,460**	516,480
Shares issued for debenture interest	**208,504**	-

28. General and Administrative

	Nine months ended April 30, 2019	Nine months ended April 30, 2018
	$	$
Insurance	**320,870**	69,883
Listing and investor relation	**160,612**	65,932
Office and administrative	**1,316,272**	86,969
Permit and licenses	**91,103**	3,479
Rent and property taxes	**379,183**	192,859
Research and development	**38,617**	-
Security	**310,401**	2,457
Supplies and maintenance	**172,828**	29,209
Transportation	**519,332**	69,529
Travel	**355,582**	184,859
Total	**3,664,800**	705,176

29. Subsequent events

Green Therapeutics, LLC Amending Agreement
On May 21, 2019, the Company entered into an agreement (the “Amending Agreement”) amending certain terms in its MIPA with GTL dated September 30, 2018 (Note 26).

Pursuant to the Amending Agreement, the purchase price to acquire a 75% membership interest in GTL has been reduced from US$18 million to US$9 million and to exclude certain assets and the planned purchase of GTL properties (Note 26) which had been intended for cannabis cultivation.

The US$9 million purchase price will be paid as follows:
(i) US$3,000,000 due and payable on or before 18 months after closing to GTL;
(ii) US$4,000,000 in shares to be issued to the sellers at a price which is the lesser of (i) US$0.27 per share, or (ii) the 20-day volume VWAP due upon closing;
(iii) US$2,000,000 of in promissory note (the "Amended Notes") to the sellers with US$1,000,000 of which shall mature 12 months from closing, and $1,000,000 of which shall mature 24 months from closing.

The Company has agreed to advance US$500,000, which is due earlier of the closing (offset against cash due on closing) or due on termination of the MIPA. The Company has advanced US$250,000 out of the US$500,000 in June 2019.

Pasa Verde's final Settlement
On May 24, 2019, the Company entered into a settlement agreement (the "Settlement Agreement") with Anthony Westfall ("Westfall") in connection with the Membership Interest Purchase Agreement dated July 8, 2018 (the "Purchase Agreement") (Note 3). Pursuant to the terms of the Settlement Agreement, the Company paid Westfall, an aggregate of US$650,000, US$55,000 for legal fees and 3,134,117 common shares of the Company (the "Common Shares") at a deemed value of $0.21 per Common Share in exchange for the return for 3,094,560 Common Shares previously issued and held in escrow pursuant to the Purchase Agreement.

Private placement
On May 29, 2019, the Company closed a brokered private placement pursuant to which the Company issued 18,117,000 units of the Company (each, a “Unit”) at a price of $0.20 per Unit (the "Issue Price"), for gross proceeds of $3,623,400 (the “Brokered Offering”).

Concurrently with the Brokered Offering, the Company closed a non-brokered private placement of 7,670,000 Units at the Issue Price, for gross proceeds of $1,534,000 (together with the Brokered Offering, the "Offering").

Each Unit consists of one common share of the Company, and one Warrant . Each Warrant entitles the holder thereof to purchase one Unit, at a price per of $0.30 per Unit, for a period of 36 months (the “Expiry Date”) after May 29, 2019 (the “Closing Date”). The Company reserves the right to accelerate the Expiry Date at any time, following the date that is four months and one day from the Closing Date, to 30 days from delivery of such written notice, in the event that the Common Shares trade on the Canadian Securities Exchange at a price per common share that is equal to or above $0.60 per common share for 20 consecutive trading days at any time after the date which is four months and one day from the Closing Date.

In connection with the Brokered Offering, the Agents received (i) an aggregate cash commission of $289,872, (ii) compensation options to purchase up to 1,449,360 Units, at a price per Unit that is equal to the Issue Price, for a period of 36 months following the Closing Date and (iii) 145,000 advisory warrants to purchase up to 145,000 Units at a price per Unit that is equal to the Issue Price, for a period of 36 months following the Closing Date.

In connection with the non-brokered private placement, the Company paid a finder a cash fee of $87,900 and issued a finder's warrant to purchase up to 439,500 Units at a price per Unit that is equal to the Issue Price, for a period of 36 months following the Closing Date.