JUSHI, INC. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2019 and the period from January 23, 2018 (inception date) to March 31, 2018

(Expressed in United States Dollars)

JUSHI, INC. AND SUBSIDIAIRIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS		March 31, 2019 (unaudited)	December 31, 2018
CURRENT ASSETS:			
Cash		$ 42,683,511	$ 38,113,861
Investment in trading securities	Note 3	1,241,750	1,233,228
Accounts receivable		89,000	261,748
Due from related party		172,408	263,729
Prepaid expenses and other current assets, including $83,333 and $83,333 from a related party		983,556	353,494
Deferred acquisition costs	Note 4	2,570,000	-
Inventory	Note 5	710,625	-
Total Current Assets		48,450,850	40,226,060
OTHER ASSETS:			
Financial asset	Note 6	5,454,252	5,454,252
Property, plant and equipment	Note 7	4,626,374	-
Other assets		328,250	413,250
Goodwill		170,000	170,000
Intangible assets, net	Note 8	4,039,998	3,917,232
Total Other Assets		14,618,874	9,954,734
Total Assets		$ 63,069,724	$ 50,180,794

LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable		$ 1,125,303	$ 404,260
Accrued expenses		1,580,736	871,822
Short-term lease obligation	Note 9	268,343	-
Total Current Liabilities		2,974,382	1,276,082
LONG-TERM LIABILITIES:			
Other liabilities		202,415	-
Long-term lease obligation	Note 9	513,565	-
Redemption liability		7,475,492	7,388,547
Total Liabilities		11,165,854	8,664,629
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Share capital	Note 10,11	75,914,663	59,572,141
Accumulated deficit		(24,010,793)	(18,055,976)
Total Stockholders' Equity		51,903,870	41,516,165
Total Liabilities and Stockholders' Equity		$ 63,069,724	$ 50,180,794

Approved and authorized on behalf of the Board of Directors on June 17, 2019:

Chief Executive Officer

Chief Financial Officer

See accompanying notes to the condensed consolidated financial statements.

JUSHI, INC. AND SUBSIDIAIRIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

		Three Months Ended March 31, 2019	Period from January 23, 2018 (inception date) to March 31, 2018
		(unaudited)	(unaudited)
REVENUE, including $100,887 and $8,114 from a related party		$ 380,689	$ 12,309
OPERATING EXPENSES:			
Impairment of goodwill		-	8,990,000
Share-based compensation expense	Note 10,11	401,044	1,684,375
Depreciation and amortization expense	Note 7,8	146,655	8,436
Selling, general, and administrative expenses, including $125,000 and $0 to related parties	Note 4,13	5,709,890	270,207
Total Operating Expenses		6,257,589	10,953,018
LOSS FROM OPERATIONS		(5,876,900)	(10,940,709)
OTHER INCOME (EXPENSE):			
Interest income		42,386	21,202
Interest expense and finance charges		(120,303)	-
Total Other Income (Expense)		(77,917)	21,202
NET LOSS		(5,954,817)	(10,919,507)

See accompanying notes to the condensed consolidated financial statements.

JUSHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Number of Shares					
	Common Stock	Class A Common Stock	Class B Common Stock	Share Capital	Accumulated Deficit	Total Stockholders' Equity
Balances - January 23, 2018 (inception date)	-	-	-	-	-	-
Issuance of Common Stock for cash	14,944,658	-	-	7,472,329	-	7,472,329
Issuance of Common Stock as repayment to officers for capital contribution	5,805,342	-	-	2,902,671	-	2,902,671
Issuance of Common Stock for financial asset	250,000	-	-	125,000	-	125,000
Conversion of Common Stock to Class A Common Stock	(21,000,000)	21,000,000	-	-	-	-
Issuance of Class B Common Stock for cash	-	-	14,650,000	14,650,000	-	14,650,000
Issuance of Class B Common Stock for TGSNH acquisition	-	-	5,000,000	5,000,000	-	5,000,000
Capital raising costs	-	-	-	(397,055)	-	(397,055)
Share-based payments	-	-	-	1,684,375	-	1,684,375
Net loss	-	-	-	-	(10,919,507)	(10,919,507)
Balances - March 31, 2018 (unaudited)	-	21,000,000	19,650,000	31,437,320	(10,919,507)	20,517,813
Balances - December 31, 2018	-	21,000,000	42,194,281	59,572,141	(18,055,976)	41,516,165
Issuance of Class B Common Stock for cash			8,050,000	16,100,000		16,100,000
Capital raising costs				(158,522)		(158,522)
Share-based payments				401,044		401,044
Net loss	-	-	-	-	(5,954,817)	(5,954,817)
Balances - March 31, 2019 (unaudited)	-	21,000,000	50,244,281	75,914,663	(24,010,793)	51,903,870

See accompanying notes to the condensed consolidated financial statements.

JUSHI, INC. AND SUBSIDIAIRIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2019	For the Period from January 23, 2019 (inception date) to March 31, 2019
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,954,817)	$ (10,919,507)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	146,655	8,436
Share-based payments	401,044	1,684,375
Impairment of goodwill	-	8,990,000
Accrued interest	-	(199,291)
Change in present value of redemption liability	86,945	-
Finance charge on lease liabilities	29,002	-
Change in fair value of investments	(8,522)	-
Changes in operating assets and liabilities:		
Accounts receivable	172,749	(151,015)
Due from related party	91,321	97,450
Prepaid expenses and other current assets	(680,062)	42,000
Inventory	(710,625)	-
Other assets	84,998	-
Accounts payable and accrued expenses	1,429,957	592,828
Net cash flows (used in) provided by operating activities	(4,911,355)	145,276
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(3,880,272)	-
Payments made for deferred acquisition costs	(2,520,000)	-
Cash acquired in acquisition of TGSNH	-	12,568
Investment in trading securities	-	(223,287)
Investment in financial asset	-	(4,875,001)
Investment in notes receivable	-	(1,612,352)
Net cash flows used in investing activities	(6,400,272)	(6,698,072)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on lease obligations	(60,201)	-
Issuance of Common Stock for cash, net	-	7,472,329
Issuance of Class B Common Stock for cash, net	15,941,478	14,252,945
Net cash flows provided by financing activities	15,881,277	21,725,274
NET CHANGE IN CASH	4,569,650	15,172,478
CASH, BEGINNING OF PERIOD	38,113,861	-
CASH, END OF PERIOD	42,683,511	15,172,478
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	-	-
Income tax	-	-
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Right of use assets from lease liabilities upon adoption of IFRS 16	$ 614,074	$ -
Right of use assets from lease liabilities	$ 199,033	$ -
Accrual for development of intangible assets	$ 202,415	$ -
Issuance of Class B Common Stock for TGSNH acquisition	$ -	$ 5,000,000
Issuance of Common Stock as repayment to officers for capital contributi	$ -	$ 2,902,671
Issuance of Common Stock in exchange for financial asset	$ -	$ 125,000
Redemption liability incurred from acquisition	$ -	$ 7,296,568
Exchange of due from related party for note receivable	$ -	$ 1,992,550

See accompanying notes to the condensed consolidated financial statements.

1. NATURE OF OPERATIONS

Jushi Inc (the "Company" or "Jushi") was incorporated under the laws of the State of Delaware on January 23, 2018, primarily to engage globally in the business of cultivation, manufacturing, distribution and retail of both medical and adult use products derived from cannabis and hemp.

Since its incorporation, Jushi's strategic approach to cannabis is to target large adult use markets such as California and Nevada as well as limited license medical markets such as New York, Ohio, Pennsylvania, Florida and Virginia.

Jushi either purchases controlling interests in existing licenses or applies for licenses directly. Jushi, through its subsidiaries, currently has operations in the state of New York.

Jushi's hemp initiative targets California, Colorado, Florida, and New York for purposes of the cultivation, extraction and processing of hemp-derived cannabidiol. Jushi will leverage its medically formulated Mend brand acquired in 2018. Jushi will distribute hemp-derived CBD via the wholesale channel or direct to consumers online and via dedicated Mend retail storefronts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the three months ended March 31, 2019.

The condensed interim consolidated financial statements for the three months ending March 31, 2019 and the period from January 23, 2018 (inception date) to March 31, 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2018.

These condensed interim consolidated financial statements have been prepared in U.S dollars on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value.

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements as of December 31, 2018 and for the period from January 23, 2018 (inception date) to December 31, 2018.

These condensed interim consolidated financial statements were approved by the Board of Directors on June 17, 2019.

(Amounts Expressed in United States Dollars)

(b) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10 *Consolidated Financial Statements*. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. All intercompany balances and transactions are eliminated on consolidation.

The following are the Company's subsidiaries that are included in these condensed interim consolidated financial statements as of March 31, 2019:

Name	Place of Incorporation	Ownership Percentage
TGS National Holdings, LLC and Subsidiaries	Colorado	51%
JMGT, LLC	Florida	100%
Sound Wellness, INC and Subsidiaries	Delaware	100%
Jushi PA, LLC	Pennsylvania	100%
JREHCA, LLC	California	100%
Bear Flag Assets, LLC	California	100%
MEND Products LLC	Delaware	100%
JCVCA, LLC	California	100%

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

(d) Policies Adopted in Current Year

<u>Property, Plant and Equipment</u>

Property, plant and equipment ("PP&E") is stated at cost, less accumulated depreciation and are depreciated using the straight-line method over their estimated useful lives. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Land has an unlimited useful life and is, therefore, not depreciated.

PP&E are depreciated from the date of acquisition or at the date they become available for use, if these dates differ. Internally constructed assets are depreciated from the date the asset is available for use.

The useful life and depreciation method applied to each class of assets are reassessed at each reporting date. The useful lives applicable to each class of asset are as follows:

- Buildings and building components: 30 – 40 years
- Computer hardware: 5 years
- Leasehold improvements: Over the life of the improvement or the life of the lease, whichever is shorter
- Furniture and fixtures: 5 – 10 years

On an annual basis, the Company reviews the carrying amounts of its PP&E to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating business unit to which the asset belongs. Cash generating business units are determined by management based on locations of facilities.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is immediately recognized in comprehensive income. To date, the Company has recognized no impairments on its PP&E.

<u>Capitalization of Internally Generated Intangible Assets</u>

The Company capitalizes expenditures on the development phase of an internal project when all of the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

<u>Inventory</u>

Inventories of purchased finished goods and packing materials are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies and consumables are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written-down to net realizable value.

The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventory. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

(e) New Standards Adopted in Current Year

<u>Leases</u>

(i) Accounting Policy

In January 2016, the IASB issued IFRS 16, *Leases (“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.

At commencement of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A ROU asset and lease liability is recognized at the lease commencement date. The lease liability is initially measured at the present value of all future lease payments that have not been paid as of the commencement date of the lease, discounted using the Company's incremental borrowing rate, in the absence of a readily identifiable rate of interest implicit to the lease.

The ROU asset is initially measured at cost, which is calculated as the initial amount of the lease liability, with an adjustment for any initial direct costs incurred, plus adjustments for any lease payments made in advance of the commencement date, and less any lease incentives received. Subsequent to initial recognition, the ROU asset is depreciated on a straight-line basis over the term of the lease, with inclusion for any options to extend that the Company reasonably expects to exercise. ROU assets are tested for impairment in accordance with IAS 36 *Impairment of assets*.

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured when there is a change in future lease payments resulting from a change in index or rate or if the Company changes its assessment of whether it will exercise an option to extend, purchase or terminate. Should the corresponding right-of-use asset have been reduced to zero when the lease liability is remeasured, the adjustment would be recorded through profit or loss.

The lease liability is subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

(Amounts Expressed in United States Dollars)

The Company has exercised judgment to determine both the applicable discount rate as well as the lease term for lease contracts that contain renewal options. The discount rate used is based on the Company's incremental borrowing rate and is risk-adjusted based on a variety of factors, such as location and planned use. The assessment of whether the Company is reasonably certain to exercise renewal options impacts the lease term, which directly affects the amount of right-of-use assets and lease liabilities recognized.

The Company has included the carrying value of ROU assets under property, plant, and equipment on the statement of financial position as of March 31, 2019.

(ii) Impact of Transition to IFRS 16

The Company previously classified leases as either operating or finance leases from the perspective of the lessee. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. The Company adopted IFRS 16 using the modified retrospective cumulative catch-up approach beginning on January 1, 2019. Under this approach, the Company did not restate its comparative amounts and recognized a right-of-use asset equal to the present value of the future lease payments.

The Company has elected to apply the practical expedient to account for leases for which the lease terms ends within 12 months of the date of the initial application as short-term leases. When measuring lease liabilities, the Company discounted the lease payments using its incremental borrowing rate as of January 1, 2019. The Company's weighted average borrowing rates was 15% based on the underlying countries and asset class related risks.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's annual consolidated financial statements, to the lease obligation recognized on initial application of IFRS 16 at January 1, 2019:

Reconciliation - IAS 17 to IFRS 16	
Operating lease obligations as at December 31, 2018	$ 1,055,136
Gross lease liability for lease in service at January 1, 2019	$ 870,000
Gross lease liability for lease not in service at January 1, 2019	185,136
Discounting for lease in service in January 1, 2019	(255,926)
Present value of IFRS 16 lease liabilities at January 1, 2019	$ 614,074

3. TRADING SECURITIES

Trading securities represent investments in mutual funds, which were valued at $1,241,750 as of March 31, 2019.

(Amounts Expressed in United States Dollars)

4. DEFERRED ACQUISITION COSTS AND DEPOSITS

The Company makes advance payments and deposits to certain acquisition targets for which the transfer is pending closing conditions inclusive of certain regulatory approvals prior to the acquisition date.

As at March 31, 2019 and December 31, 2018, the Company had the following deferred acquisition costs and deposits, which are expected to be offset against the consideration payable for the related future purchases:

Acquisition Target	March 31, 2019	December 31, 2018
a) GSG SBCA, Inc.	$ 2,250,000	$ -
b) Pennsylvania Permit Holder	70,000	50,000
c) Franklin BioScience, NV - Nevada, LLC	250,000	-
	$ 2,570,000	$ 50,000

a) GSG SBCA, Inc.

In February 2019, the Company entered into a binding term sheet to acquire (i) 100% of GSG SBCA Inc. (“GSGSB”), subject to the fulfillment of certain conditions, and (ii) the contract to purchase the associated real estate. GSGSB has the right to operate one of only three adult use cannabis dispensaries in the City of Santa Barbara, California. The Company’s acquisition of the real estate closed on March 3, 2019. An escrow account was established to hold funds on behalf of the Company (“Buyer”) and GSGSB (“Seller”) in accordance with a Securities Purchase Agreement (“SPA”) dated March 3, 2019, in the amount of $2,250,000 that will be applied against the purchase price. It is expected that the closing of the GSGSB acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

b) Pennsylvania Medical Marijuana Dispensary Permit Holder

The permit holder received a provisional dispensary permit in Round II from the Pennsylvania Department of Health and plans to open three dispensaries to sell medical cannabis. The Company has entered into a binding letter of intent, subject to negotiation of definitive documents and subsequent receipt of applicable regulatory approval, to purchase a majority stake in the permit holder. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019. The Company has advanced $70,000 as of March 31, 2019 that will be applied against the purchase price.

c) Franklin BioScience NV, LLC

An escrow account was established to hold funds on behalf of the Company and Franklin BioScience NV, LLC (“FBS NV”) in accordance with a letter of intent in January 2019, in the amount of $250,000 that will be applied to the purchase price. In April 2019, the Company entered into a definitive agreement to purchase 100% of the equity interests of Franklin BioScience NV, LLC (“FBS NV”), as well as related real estate owned by Farman LLC, for a combination of cash and sellers’ notes. FBS NV holds medical and adult use cannabis cultivation, processing and hemp handlers’ licenses issued by the Nevada Department of Taxation and currently operates a cultivation and production facility in North Las Vegas, Nevada. FBS NV has also applied for a cannabis distributor license. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals. The Company and FBS NV entered into a Credit and Security Agreement on April 23, 2019, which provides for advances of up to $500,000, of which $0 has been advanced to FBS NV as of March 31, 2019, for working capital and capital expenditure purposes. The Credit and Security Agreement terminates on April 22, 2020.

(Amounts Expressed in United States Dollars)

5. INVENTORY

As at March 31, 2019, inventory consists of hemp-related cultivation inventory purchased from third parties.

6. FINANCIAL ASSET

During 2018, the Company made several purchases of equity for cash totaling $5,454,252 representing a 16.5% stake in Gloucester Street Capital, LLC ("GSC"), the parent company of New York state licensed cannabis operator Valley Agriculturals, LLC. In October 2018, the owners of GSC executed definitive agreements to sell 100% of the company to Cresco Labs Inc. for a combination of cash, stock and contingent consideration. The closing of the sale remains subject to regulatory approval.

7. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the beginning and ending balances of capital assets and accumulated depreciation and amortization during the three months ended March 31, 2019 is as follows:

	Buildings and Improvements	Land	Leasehold Improvements	Computer Equipment	Office Equipment	Furniture and Fixtures	ROU Assets (1)	Total
Cost								
Balance, January 1, 2019	$ -	$ -	$ -	$ -	$ -	$ -	$ 614,074	$ 614,074
Additions	2,345,319	1,363,285	70,586	36,879	3,749	60,454	199,033	4,079,305
Balance, March 31, 2019	$ 2,345,319	$ 1,363,285	$ 70,586	$ 36,879	$ 3,749	$ 60,454	$ 813,107	$ 4,693,379
Accumulated Depreciation and Amortization								
Balance, January 1, 2019	$ -	$ -	$ -	$ -		$ -	$ -	$ -
Expense	(12,419)		-	(1,490)	(62)	(2,638)	(50,396)	(67,005)
Balance, March 31, 2019	$ (12,419)	$ -	$ -	$ (1,490)	$ (62)	$ (2,638)	$ (50,396)	$ (67,005)
Carrying Amount								
At December 31, 2018	$ -	$ -	$ -	$ -		$ -		$ -
At March 31, 2019	$ 2,332,900	$ 1,363,285	$ 70,586	$ 35,389	$ 3,687	$ 57,816	$ 762,711	$ 4,626,374

(1) A right-of-use asset of $614,074 was recognized at January 1, 2019 in connection with the adoption of IFRS 16. Refer to Note 2 for further information. Substantially all of the Company's ROU assets pertain to building leases. Rent expense pertaining to low-value leases during the three months ended March 31, 2019 was not material. The Company has ROU assets ranging in term from 2 years to 5 years.

A summary of building and land acquisitions completed for the three months ended March 31, 2019 is as follows:

(i) On January 31, 2019, the Company purchased a commercial property on 28 Carpenter Street, Reading, Pennsylvania for approximately $195,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc. As of March 31, 2019, the Company had not incurred any costs to develop the purchased commercial property.

(ii) On March 6, 2019, the Company purchased a commercial property located at 3516 State Street, Santa Barbara, California for approximately $3,100,000. The property includes a building with suitable retail

(Amounts Expressed in United States Dollars)

space of approximately 3,900 square feet. The Company agreed to develop and lease a portion of the property to GSG SBCA, Inc. As of March 31, 2019, the Company had not incurred any costs to develop the purchased commercial property.

(iii) On March 8, 2019, the Company purchased a commercial property on 101 N. Centre Street in Pottsville, Pennsylvania for approximately $340,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc. As of March 31, 2019, the Company had not incurred any costs to develop the purchased commercial property.

Total depreciation expense for the three months ended March 31, 2019 and for the period from January 23, 2018 (inception date) to March 31, 2018 was $67,005 and $0, respectively. Of the total expense, $0 was allocated to inventory during the three months ended March 31, 2019 and for the period from January 23, 2018 (inception date) to March 31,2018, respectively.

8. INTANGIBLE ASSETS

As of March 31, 2019, intangible assets consisted of the following:

	Balance at December 31, 2018	Additions	Accumulated Amortization	Balance at March 31, 2019	Estimated Useful Life
Finite life intangible asset -					
Franchise Agreements	$ 1,850,000	$ -	$ (136,940)	$ 1,713,060	15 Years
Intellectual Property	1,290,000	-	(127,317)	1,162,683	10.5 Years
Patient Database	880,000	-	(23,186)	856,814	14 Years
Tradename	50,000	-	(1,317)	48,683	15 Years
Non-compete	8,000	-	(1,657)	6,343	5 Years
	4,078,000	-	(290,417)	3,787,583	
Indefinite life intangible asset -					
Formulations	50,000	-	-	50,000	Indefinite
Internally Generated Intangibles	-	202,415	-	202,415	Indefinite
	50,000	202,415	-	252,415	
Total Intangible Assets	**$ 4,128,000**	**$ 202,415**	**$ (290,417)**	**$ 4,039,998**	

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense of $79,650 for the three months ended March 31, 2019 and $8,436 for the period from January 23, 2018 (inception date) to March 31, 2018.

9. LEASE LIABILITY

The Company leases certain business facilities in Florida, New York, and California from third parties under lease agreements that specify minimum rentals. The leases expire between 2021 and 2023 and contain certain renewal provisions.

There are no variable lease payments which are not included in the measurement of lease obligations. All extension options that are reasonably certain to be exercised have been included in the measurement of lease obligations. The Company reassesses the likelihood of extension option exercise if there is a significant event or change in circumstances within its control.

(Amounts Expressed in United States Dollars)

On January 15, 2019, the lease agreement with MCC for the California facility has been amended to extend seven years from the regulatory permit date. Upon receiving the regulatory permit in California, the rent expense for that facility will increase to $70,000 a month for the first year, $76,000 for the second year and an increase of 3% every year until October 2023.

On February 19, 2019, the Company entered into a commercial lease agreement to lease office space on 461 Ellicott Street, Second Floor, Buffalo, New York. The lease began on March 1, 2019 for a two-year term. The monthly rental fee is $2,425 for 2,315 square feet.

The Company's net rent expense for the three months ended March 31, 2019 and the period from January 23, 2018 (inception date) to December 31, 2018 was $49,102 and $0 respectively.

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

Less than one year	$	300,984
One to five years		737,772
Greater than five years		-
Total undiscounted lease obligations	$	1,038,756

Lease liabilities included in the Statement of Financial Position at March 31, 2019:

Short-term	$268,343
Long-term	$513,566

10. STOCKHOLDERS' EQUITY

(a) Authorized

The Company has authorized share capital of 400,000,000 shares of Common Stock in two classes.

(i) **Class A Common Stock**
200,000,000 shares as Class A Common Stock with a par value of $0.00001. Holders are entitled to 10 votes in respect of each share of Class A Common held. Holders of Class A Common Stock are entitled to receive as and when declared by the board of directors of the Company, dividends in cash or property of the Company.

(ii) **Class B Common Stock**
200,000,000 shares as Class B Common Stock with a par value of $0.00001. Holders of Class B Common Stock are entitled to one vote in respect of each share of Class B Common Stock held. Holders of Class B Common Stock are entitled to receive as and when declared by the board of directors of the Company, dividends in cash or property of the Company.

(Amounts Expressed in United States Dollars)

(b) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares is as follows:

	Class A Common Stock	Class B Common Stock	Class B Common Restricted Stock
Balance as of December 31, 2018	21,000,000	42,194,281	650,001
Class B Common Stock issued for:			
Cash received, net of fees	-	8,050,000	-
Balance as of March 31, 2019	**21,000,000**	**50,244,281**	**650,001**

(c) Non-Brokered Private Placement of Common Stock

In February and March 2019, Jushi completed a non-brokered private placement consisting of 8,050,000 shares of Class B Common Stock and warrants to purchase an additional 4,025,000 shares of Class B Common Stock at $3.00 per share for gross proceeds of $16,100,000. The Company incurred $158,222 of costs related to the private placement.

(d) Warrants

A reconciliation of the beginning and ending balance of the warrants outstanding is as follows:

	Number of Warrants	Weighted-Average Exercise Price
Balance as of December 31, 2018	51,484,639	$ 1.42
Granted	4,692,875	$ 2.81
Balance as of March 31, 2019	**56,177,514**	**$ 1.54**

During the three months ended March 31, 2019, the Company issued 4,025,000 warrants in connection with the non-brokered private placement mentioned in Note 10 (c).

During the three months ended March 31, 2019, the Company amended a consulting agreement with an individual into an employment agreement and issued warrants to purchase 467,875 shares of Class B Common Stock exercisable at $1.50 per share. The warrants are subject to vesting restrictions.

During the three months ended March 31, 2019, the Company entered into a consulting agreement with an entity for services and issued warrants to purchase 100,000 shares of Class B Common Stock exercisable at $2.00 per share. The warrants are subject to vesting restrictions.

During the three months ended March 31, 2019, the Company entered into the Nevada Dispensary Certificate Agreement with a group of entities and individuals. In connection with this agreement the Company issued warrants to purchase an aggregate of 100,000 shares of Class B Common Stock exercisable at $2.00 per share.

The following table summarizes the warrants that remain outstanding as of March 31, 2019:

(Amounts Expressed in United States Dollars)

Security Issuable	Exercise Price	Number of Warrants		Expiration Date
Class A Common Stock	$ 0.50	4,812,500	*(1)*	February 13, 2028
Class A Common Stock	$ 1.00	21,000,000	*(2)*	February 13, 2028
Total Class A Common Stock		**25,812,500**		
Class B Common Stock	$ 1.00	750,000	*(1)*	November 10, 2019
Class B Common Stock	$ 1.35	1,000,000	*(1)*	July 1, 2028
Class B Common Stock	$ 1.50	750,000	*(1)*	May 10, 2020
Class B Common Stock	$ 1.50	325,000	*(3)*	September 27, 2023
Class B Common Stock	$ 2.00	7,075,000	*(2)*	March 16, 2020
Class B Common Stock	$ 2.00	925,000	*(2)*	March 30, 2020
Class B Common Stock	$ 2.00	3,000,000	*(2)*	April 30, 2020
Class B Common Stock	$ 2.00	2,210,863	*(2)*	May 29, 2020
Class B Common Stock	$ 2.00	2,564,610	*(2)*	June 4, 2020
Class B Common Stock	$ 2.00	1,181,297	*(2)*	June 8, 2020
Class B Common Stock	$ 2.00	398,148	*(2)*	June 20, 2020
Class B Common Stock	$ 2.00	242,221	*(2)*	June 27, 2020
Class B Common Stock	$ 2.00	750,000	*(1)*	October 11, 2020
Class B Common Stock	$ 2.00	1,000,000	*(4)*	June 12, 2020
Class B Common Stock	$ 2.00	2,500,000	*(5)*	March 20, 2020
Class B Common Stock	$ 2.00	100,000	*(6)*	March 24, 2021
Class B Common Stock	$ 2.25	1,000,000	*(2)*	October 29, 2020
Class B Common Stock	$ 1.50	467,875	*(1)*	January 1, 2029
Class B Common Stock	$ 3.00	787,500	*(2)*	February 1, 2021
Class B Common Stock	$ 3.00	62,500	*(2)*	February 2, 2021
Class B Common Stock	$ 3.00	437,500	*(2)*	February 4, 2021
Class B Common Stock	$ 3.00	125,000	*(2)*	February 7, 2021
Class B Common Stock	$ 2.00	100,000	*(1)*	February 12, 2029
Class B Common Stock	$ 3.00	187,500	*(2)*	February 13, 2021
Class B Common Stock	$ 3.00	62,500	*(2)*	February 15, 2021
Class B Common Stock	$ 3.00	250,000	*(2)*	February 25, 2021
Class B Common Stock	$ 3.00	25,000	*(2)*	February 26, 2021
Class B Common Stock	$ 3.00	210,000	*(2)*	February 27, 2021
Class B Common Stock	$ 3.00	62,500	*(2)*	February 28, 2021
Class B Common Stock	$ 3.00	25,000	*(2)*	March 1, 2021
Class B Common Stock	$ 3.00	50,000	*(2)*	March 2, 2021
Class B Common Stock	$ 3.00	10,000	*(2)*	March 3, 2021
Class B Common Stock	$ 3.00	155,000	*(2)*	March 4, 2021
Class B Common Stock	$ 3.00	67,500	*(2)*	March 5, 2021
Class B Common Stock	$ 3.00	56,250	*(2)*	March 6, 2021
Class B Common Stock	$ 3.00	20,000	*(2)*	March 7, 2021
Class B Common Stock	$ 3.00	125,000	*(2)*	March 8, 2021
Class B Common Stock	$ 3.00	300,000	*(2)*	March 14, 2021
Class B Common Stock	$ 3.00	137,500	*(2)*	March 15, 2021
Class B Common Stock	$ 3.00	93,750	*(2)*	March 17, 2021
Class B Common Stock	$ 3.00	275,000	*(2)*	March 18, 2021
Class B Common Stock	$ 3.00	500,000	*(2)*	March 20, 2021
Total Class B Common Stock		**30,365,014**		
	Total Warrants	**56,177,514**		

(1) - Issued for services rendered

(2) - Issued with the sale of stock

(3) - Issued in connection with a contemplated financing

(4) - Issued in connection with the sale of notes receivable

(5) - Issued in connection with the acquisition of TGS National Holdings

(6) - Issued in connection with the Nevada Dispensary Certificate Agreement.

(Amounts Expressed in United States Dollars)

The expiration dates of the warrants in the table above are based upon the terms of the warrants beginning on the warrant issuance date. Many of the warrants have expiration dates that are subject to certain terms described in the warrant agreements. Specifically, many of the warrants have an expiration date that does not start until there is an exercise trigger/liquidity event. For this purpose, an exercise trigger/liquidity event is an amalgamation, share exchange, merger, plan or arrangement, or other form of business combination pursuant to which the Company's Common Stock (or the common shares of the resulting issuer) becomes listed on the Canadian Securities Exchange or any other securities exchange. In addition, many of the warrants contain terms under which the Company can accelerate the expiration date following a liquidity event if the volume weighted average price for any twenty consecutive trading days equals or exceeds a certain per share price.

During the three months ended March 31, 2019, the Company recorded share-based compensation expense related to warrants issued for services rendered of $57,593, including $12,724 to related parties, issued with a fair value ranging from $0.21 to $0.53 per warrant.

The fair value of warrants issued during the three months ended March 31, 2019 was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

Risk-Free Annual Interest Rate	2.54% - 2.58%
Expected Annual Dividend Yield	0%
Expected Stock Price Voliatility	85%
Expected Life of Stock Options	5 - 6 years
Forfeiture Rate	-

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that stock options issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the options. The Company currently does not anticipate paying dividends in the foreseeable future. As a result, the expected annual dividend yield is assumed to be 0%.

As of March 31, 2019, warrants outstanding have a weighted-average remaining contractual life of 4.9 years.

11. SHARE-BASED COMPENSATION

In February 2018, the Company adopted the 2018 Equity Incentive Plan (the "Plan"). The Plan authorizes the issuance of the lessor of: (i) 20,000,000 shares and (ii) 15% of the number of outstanding shares of common stock (of all classes) of the Company.

A summary of share-based compensation expense from stock options and restricted stock grants for the three months ended March 31, 2019 is as follows:

(Amounts Expressed in United States Dollars)

Stock Options:	
Directors	$ 78,651
Employees	218,216
Total Stock Options	296,867
Restricted Stock Grants	46,583
	$ 343,450

(a) Stock Options

A reconciliation of the beginning and ending balance of stock options outstanding is as follows:

	Number of Stock Options	Weighted-Average Exercise Price
Balance as of December 31, 2018	6,574,998	$1.10
Granted	300,000	$1.50
Forfeited	(1,153,846)	$1.00
Balance as of March 31, 2019	**5,721,152**	**$1.14**

The following table summarizes the stock options that remain outstanding as of March 31, 2019:

Security Issuable	Exercise Price	Expiration Date	Stock Options Outstanding		Stock Options Exercisable
Class B Common Stock	$ 1.00	May 25, 2028	3,546,152	*(1) (2)*	-
Class B Common Stock	$ 1.35	October 12, 2028	925,000	*(1)*	-
Class B Common Stock	$ 1.35	December 1, 2028	950,000	*(1)*	-
Class B Common Stock	$ 1.50	January 16, 2029	300,000	*(1)*	-
			5,721,152		**-**

(1) - Issued to employees of certain subsidiaries of the Company under the Company's Plan. Such options expire in ten years from the date of grant and generally have the following vesting conditions: 1/3rd of the options will vest on each anniversary of the grant date.

(2) - Includes 2,219,229 stock options issued to current and former directors of the Company under the Company's Plan.

The fair value of stock options granted during the three months ended March 31, 2019 was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

Risk-Free Annual Interest Rate	2.54% - 2.58%
Expected Annual Dividend Yield	0%
Expected Stock Price Voliatility	85%
Expected Life of Stock Options	5 - 6 years
Forfeiture Rate	-

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that stock options issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the options. The Company does not anticipate paying dividends in the foreseeable future. As a result, the expected annual dividend yield is expected to be 0.

For the three months ending March 31, 2019, the weighted-average fair value of stock options granted was $0.53 per option. As of March 31, 2019, stock options outstanding have a weighted-average remaining contractual life of 9.33 years.

(b) Restricted Stock Grants

As of March 31, 2019, the Company had granted 650,001 restricted Class B Common Stock shares to consultants and employees. The restricted shares will vest one-third on each anniversary of the grant date. These shares were valued using the Company stock valuation as of the grant dates.

12. COMMITMENTS AND CONTINGENCIES

(a) Reverse Takeover

As of November 2, 2018, the Company entered into a letter agreement (the "Letter Agreement") with Tanzania Minerals Corp. ("Tanzania") pursuant to which the Company would affect a reverse takeover ("RTO") of Tanzania. The proposed transaction was structured as an amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction or a series of transactions that have a similar effect with Tanzania acquiring all voting securities of the Company. The final structure for the proposed transaction is subject to satisfactory tax, corporate and securities law advice as determined by the Company.

On April 29, 2019, a special shareholder meeting of Tanzania was held to approve all required matters in connection with the proposed transaction. The closing of the transaction occurred on June 6, 2019. See Note 15, "Subsequent Events" for further information.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of March 31, 2019, medical marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

(c) Consulting Agreements

On August 20, 2018, the Company entered into a consulting agreement with CCIntegrated LLC ("CCI") to assist the Company in forming a special purpose entity ("the SPE") in connection with the Culver City, California cannabis business regulations, specifically the Company's intention to obtain retail storefront business license to operate within Culver City. As of March 31, 2019, the license is still pending. The Company is obligated to pay a onetime success fee of $10,000 to CCI, if the SPE is awarded the license. If the SPE is awarded the licenses and upon receiving the certificate of occupancy and opening the business, there is an additional one-time success fee of $10,000 and CCI will be granted a 5% equity interest in the SPE. A commitment fund will also be set up to fund $100,000 annually towards non-profit organizations in Culver City, California.

On May 23, 2018, the Company entered into a consulting agreement with Orbis to assist the Company in the 2018 Culver City Cannabis License application process. As of March 31, 2019, the application was still pending. The Company is obligated to pay Orbis $125,000 success fee per approved license, business or location.

(d) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2019, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

On June 1, 2018, TGS National, which controls TGS National Franchise, LLC ("**TGS**"). TGS, a franchisor, filed a lawsuit in Colorado state court against San Felasco Nurseries, Inc. ("SFN"), as assignee of Florida Compassionate Growers, LLC. The case is currently on appeal in Colorado state court. The action was filed primarily out of TGS's 2018 exercise of a contractual right of first refusal to purchase SFN, its franchisee, following SFN entering into a letter of intent to sell its franchise to a third-party. The state court lawsuit sought equitable relief. On August 14, 2018, the state trial court dismissed the lawsuit without reaching the merits. Based on a contractual provision entitling the prevailing party to attorneys' fees and costs, the trial court also ordered TGS to pay SFN $211,781 in combined attorney's fees and costs. TGS has appealed both the dismissal and the award of attorney's fees and costs. TGS filed its opening brief, SFN filed a response brief, and TGS filed a reply brief. The Company is pursuing this matter vigorously.

On October 22, 2018, TGS filed a claim in an arbitration action against SFN pending before the American Arbitration Association ("**AAA**"). During 2018, SFN terminated the franchise agreements between it and TGS. SFN then sold its business to a third-party. TGS contends the termination and transfer were wrongful and in late 2018 initiated arbitration seeking to recover its monetary damages. The arbitration has been stayed pending the resolution of the state court action. The Company is pursuing this matter vigorously.

(e) Purchase Commitments

In March 2019, the Company placed purchase orders totaling $522,000 with vendors for the manufacturing of certain CBD products which include the packaging and lab testing

(f) Pending Acquisitions and Working Capital Facilities

(i) **Pennsylvania Medical Marijuana Dispensary Permit Holders**

In March 2019, the Company entered into a letter of intent to allow the Company to negotiate definitive documents with certain Pennsylvania Medical Marijuana Dispensary Permit Holders ("Permit Holders"). The Permit Holders currently operate two medical dispensaries in Pennsylvania under a Round I dispensary license and received three provisional dispensary licenses in Round II from the Pennsylvania Department of Health. Pursuant to the terms of the letter of intent, the Company made an exclusivity payment of $1,000,000 to continue negotiating definitive documents with the Permit Holders. This $1,000,000 payment is to be used for bona fide business expenses and will not be applied to the purchase price. In June 2019, the Company entered into a definitive agreement to purchase 100% of the equity interests of the Permit Holders, for a combination of cash, shares, and sellers' notes. Upon execution of the definitive agreement the Company paid $4,000,000 to the Permit Holders to be used for bona fide business expenses. The $4,000,000 payment will not be applied to the purchase price but may be refunded to the Company in certain circumstances accordance with the terms of the definitive agreement. The Company has also committed to a further line of credit of up to $5,000,000 at 10% interest per year maturing at the one-year anniversary, of which $0 has been advanced to the Permit Holders as of June 17, 2019. It is expected that closing of the acquisition will occur in the third quarter of 2019, subject to receipt of applicable regulatory approvals.

(ii) **Malibu Community Collective, Inc.**

In February 2019, the Company entered into a Membership Issuance and Acquisition of Management Agreement with Malibu Community Collective, Inc. ("MCC") pursuant to which it will, subject to the fulfillment of certain regulatory conditions, acquire 100% control of MCC. MCC has the right to operate one of only two adult use retail cannabis dispensaries in Malibu, California. Prior to that, in October 2018, the Company signed a lease giving it the right, subject to the fulfillment of certain regulatory conditions, to occupy approximately 3,000 square foot of space in a prime retail location on Pacific Coast Highway in Malibu. It is expected that closing of the definitive agreements will occur in the third quarter of 2019, subject to receipt of applicable regulatory approvals. The Company has agreed to advance up to $115,000 to MCC for working capital uses which will be applied toward the purchase price. The Company has advanced $30,000 as of March 31, 2019.

13. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into during the normal course of business and measured at the amount established and agreed to by the parties. The Company had the following related party transactions during the three months ended March 31, 2019.

Services Agreements

On July 1, 2018, the Company entered into a Services Agreement with One East Management Services LLC ("OEMS") to provide certain management, advisory and consulting services for Jushi. OEMS is owned and controlled by Jim Cacioppo, the CEO of the Company. The term of the Services Agreement is through May 31, 2020, and, will be automatically extended for additional one-year periods unless terminated by either party with sixty day written notice. The Company paid OEMS $125,000 for services rendered during the three months ended March 31,2019. OEMS is owned and controlled by Jim Cacioppo, the CEO.

Lease Agreement

On January 1, 2019, the Company entered into a commercial lease agreement with Erich Mauff, a member of the Board of Directors for an apartment on 118 Remsen Street, Apt.1 Brooklyn, New York. The monthly rental fee is $2,550 which is paid in biannual installments. On April 1, 2019, the lease was terminated by the Company and Mr. Mauff.

(Amounts Expressed in United States Dollars)

Franchise Agreements

On February 29, 2016, TGS National Franchise, LLC ("TGSNF") entered into a Franchise Agreement with TGS Illinois, LLC ("TGSI"), to provide certain franchise systems for the operation of a retail cannabis business. The term of the Franchise Agreement is for a period of (10) ten years. Per the Franchise Agreement, a royalty fee based on gross sales is to be remitted to TGSNF. For the three months ended March 31, 2019 and the period from January 23, 2018 (inception date) to March 31, 2018, the Company recognized revenue of $100,837 and $8,114, respectively, under this agreement and at March 31, 2019, the amount due from TGSI was $172,408. TGSNF is a wholly-owned subsidiary of TGS National Holdings, LLC, in which Jushi acquired a 51% ownership interest on March 18, 2018.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, investment in trading securities, accounts receivable, due from related party, financial asset, accounts payable, accrued expenses and redemption liability. The carrying values of these financial instruments approximate their fair values as of March 31, 2019.

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.

The Company's investment in trading securities is considered to be a Level 1 instrument because it is comprised of shares of a public company, and there is an active market for the shares with observable market data or inputs. The Company's financial asset is considered to be a Level 3 instrument because it is comprised of shares of a private company; thus, there is no active market for the shares and no observable market data or inputs.

The redemption liability related to the acquisition of 49% of TGSNH is recorded at fair value and is estimated using the present value of the Put Option and Call Option and is therefore considered to be a Level 3 measurement.

There was no change in the Company's Level 3 financial asset for the three months ending March 31, 2019. Changes in the Level 3 financial liability were as follows:

Balance at December 31, 2018	$	7,388,547
Revaluation of Level 3 Instruments		86,945
Balance at March 31,2019	$	7,475,492

(Amounts Expressed in United States Dollars)

There have been no transfers between fair value levels during the three months ended March 31, 2019.

The following table summarizes the Company's financial instruments as of March 31, 2019:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 42,683,511	$ -	$ 42,683,511
Investment in trading securities	$ 1,241,750	$ -	$ 1,241,750
Accounts receivable	$ 89,000	$ -	$ 89,000
Due from related party	$ 172,408		$ 172,408
Financial assets	$ 5,454,252		$ 5,454,252
Financial Liabilities:			
Accounts payable and accrued expenses	$ -	$ 2,706,039	$ 2,706,039
Redemption liability	$ -	$ 7,475,492	$ 7,475,492

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at March 31, 2019, is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions. Although some cash is placed with major U.S. financial institutions, there has been no change in the U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from business involved with the marijuana industry.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash.

"Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Canada Deposit Insurance Corporation ("CDIC") up to $100,000. As March 31, 2019, the Company had $39,645,957 in excess of the CDIC insured limit."

(b) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in "Note 12 - Commitments and Contingencies", the Company has the following contractual obligations as of March 31, 2019:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts payable and accrued expenses	$ 2,706,039	$ -	$ -	$ 2,706,039

(d) Market Risk

(i) Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. The Company had no exposure to foreign currency transactions for the three months ended March 31, 2019.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

(iv) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the Company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 17, 2019, which is the date these condensed interim consolidated financial statements were issued.

(a) Lease of Commercial Real Estate

(i) On April 10, 2019, the Company entered into a Sublease Agreement to lease retail space at 3980 Sheridan Drive, Amherst, New York. The lease commences on April 10, 2019 and expires on March 31, 2024. The base monthly rental fee is $3,010 with a 3% annual increase for 936 square feet. In addition to the base monthly rental fee, the Company will pay a Sublandlord Percentage Rent which is 10% of gross sales per month.

(ii) On April 16, 2019, the Company entered into Lease Agreement to lease retail space at 24 Lancaster Avenue, Ardmore, PA. The lease commences upon the delivery of possession (anticipated June 2019) for a five-year term. The monthly rental fee is $5,000 with a 3% annual increase for 5,800 square feet. The lease terms include a reimbursement to the landlord for 40% of the property's annual operating expenses, and a $20,000 security deposit.

(iii) On April 18, 2019, the Company entered into a Commercial Lease Agreement to lease retail space at 1201-1203 Sansom Street, Philadelphia, Pennsylvania. The lease commences upon the completion of certain landlord improvements, for a two-year term. The monthly rental fee is $3,000 with a 3% annual increase. The lease terms include a pro-rata share of common area expenses, and a $9,000 security deposit.

(iv) On May 3, 2019, the Company entered into a Commercial Lease Agreement to lease retail space at 610 South Van Ness, San Francisco, CA. The lease commences upon delivery of possession (anticipated June 1, 2019), for an initial six-month term with extensions. The monthly rental fee is $5,830. The lease terms include a pro-rata share of common area expenses, and a $10,000 security deposit.

(v) On May 23, 2019, the Company entered into a Commercial Lease Agreement to lease retail space at 3519-3523 Lancaster Ave, Philadelphia, PA. the lease commences upon delivery of possession, for a ten-year period with options to extend. The monthly rental fee is $13,650. The lease terms include a pro-rata share of common area maintenance expenses, and a $54,600 security deposit.

(b) Purchase Orders

In April 2019, the Company entered into a letter of intent with Castetter Sustainability Group, Inc. ("Castetter") to acquire the entire yield of hemp biomass from no fewer than 100 acres through the 2019 growing season. In connection with the letter of intent, the Company paid Castetter $250,000 for the purpose of purchasing the necessary seeds related to the 2019 growing season. This payment will be credited towards the final amounts due by the Company to Castetter for the purchased hemp biomass.

(c) Executed Business Acquisitions

In June 2019 the Company purchased certain intellectual property and consulting agreements held by HMS, LLC, and took over its lease of office space for a combination cash and equity consideration. The intellectual property includes ‘THE CLINIC’, ‘THE LAB’ AND ‘THE BANK’ trademarks, as well as, subject to certain limited exceptions, intellectual property derived from the operations of The Clinic Colorado, including standard operating procedures and manuals, anywhere in the world, other than Colorado and Illinois. As part of these transactions, the founder Max Cohen, also joined Jushi as COO and will be a director of the Resulting Issuer. Separately, Jushi hired five (5) employees of HMS, LLC.

(d) Consulting Agreements

On April 8, 2019, the Company amended its Consulting Agreement dated February 13, 2018, with Denis Arsenault (“Amendment No. 1 Consulting”). The following are the amendments included in Amendment No. 1 Consulting: (1) issue an additional warrant to Mr. Arsenault to purchase 500,000 shares of Class B Common Stock at an exercise price of $2.00 per share that vest over a three-year period beginning one year after the grant date with an expiration date of April 18, 2029; (ii) payment of an additional one-time step up fee of $150,000; and (iii) annual compensation of $50,000 to be paid quarterly and prorated for partial periods for so long as Mr. Arsenault continues to consult for the Company.

On April 9, 2019, the Company amended its Consulting Agreement dated February 25, 2019, with Brooke Gehring, (“Amendment No. 1 Consulting - Gehring”). The following are the amendments included in Amendment No. 1 Consulting - Gehring: (i) issue an additional warrant to Mrs. Gehring to purchase 200,000 shares of Class B Common Stock at an exercise price of $2.00 per share that vest over six-month period beginning on February 25, 2019 with an expiration date of February 25, 2029; and (ii) monthly compensation of $19,583 while providing services to the Company. Mrs. Gehring is a related party to the Company.

(e) Services Agreement

On April 17, 2019, the Company amended its Services Agreement dated July 1, 2018 with OEMS (“Amendment No. 1 Services”). The following are the amendments included in Amendment No. 1 Services (i) issuance of an additional warrant to OEMS to purchase 800,000 shares of Class B Common Stock at an exercise price of $2.00 per share with an expiration date of April 19, 2029; and (ii) payment of an additional step-up fee of $75,000.

(f) Equity Based Awards

***(i)* Warrants**

From April 1, 2019 through May 31, 2019, the Company issued to warrants to purchase 1,500,000 shares of Class B Common Stock with an exercise price of $2.00 per share.

(ii) **Stock Options and Restricted Stock**

On April 11, 2019, the Board of Directors approved the grant of 6,743,000 stock options and 1,300,000 shares of restricted stock for a total of 8,043,000 shares of Class B Common Stock with an exercise price of $2.00 per share under the 2018 Equity Incentive Plan. Directors of the Company were awarded 4,055,000 of the total approved.

On June 7, 2019, the Board of Directors approved the grant of 1,555,000 stock options with an exercise price of $2.75 per share under the 2019 Equity Incentive Plan. Directors of the Company were awarded 0 of the total approved.

(g) Payments

In accordance with the terms of the Advisory and Consulting Agreement and the Data Purchase Agreement related to the MEND transaction completed in November 2018, the Company paid $312,500 on May 7, 2019 and on May 5, 2019 issued $312,500 of Class B Common Stock with a three-year vesting period to Dr. Mechtler for services rendered.

(h) Private Placement

In June 2019 The Company through Jushi Acquisition Corp. (a special purpose corporation) completed a brokered and non-brokered private placement of 24,800,898 subscription receipts (each, a "Subscription Receipt") at a price of US$2.75 per Subscription Receipt for aggregate gross proceeds of approximately US$68,200,270. As part of closing the Business Combination, the holders of subscription receipts automatically converted into one Class B common share that was exchanged into one voting share of common stock of Jushi Holdings Inc.

(g) Reverse Takeover

On June 6, 2019, the Company completed its previously announced business combination (the “Business Combination”) with Tanzania Minerals Corp (“Tanzania”).

In connection with the Business Combination, Tanzania (i) completed a consolidation of its common shares on the basis of one consolidated common share for 22.75711 existing common shares; (ii) amended the rights and restrictions of the existing class of common shares and re-designating such class as Class B subordinate voting shares, deleted the existing class of preferred shares and created a new class of Class C multiple voting shares and a new class of Class A super voting shares, such that an unlimited number of each class of shares are authorized to be issued without par value; and (iii) changed its name from “Tanzania Minerals Corp.” to “Jushi Holdings Inc.”