Chemistree Technology Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)

For the nine months ended March 31, 2019 and 2018

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated 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 a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Chemistree Technology Inc.
(in Canadian Dollars)

Condensed Interim Consolidated Statement of Financial Position

As at	**March 31, 2019**	June 30, 2018
ASSETS		
Current		
Cash and cash equivalents	**$ 9,564,011**	$ 2,662,002
Accounts receivable	**502,476**	7,374
Taxes receivable	**37,293**	7,411
Prepaids and deposits	**210,246**	42,219
	10,314,026	2,719,006
Non-current assets		
Property and Equipment (Note 4)	**2,745,082**	1,323,245
Investment (Note 13)	**245,000**	-
Note receivable (Note 14)	**613,350**	-
	$ 13,917,458	$ 4,042,251
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 275,118**	$ 316,337
Due to related parties (Note 6)	**151,625**	9,408
Interest payable (Note 5)	**29,220**	14,707
	455,963	340,452
Convertible debentures (Note 8)	**7,726,474**	-
Notes payable (Note 5)	**443,959**	421,959
	8,626,396	762,411
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**15,751,956**	13,896,322
Equity reserves (Notes 7)	**2,889,556**	964,611
Deficit	**(13,350,450)**	(11,581,093)
	5,291,062	3,279,840
	$ 13,917,458	$ 4,042,251

Nature and continuance of operations (Note 1)
Commitments (Note 15)
Events after the reporting period (Note 16)

Approved by the board on May 29, 2019:

Signed: ***"Karl Kottmeier"***
Director

Signed: ***"Douglas Ford"***
Director

Chemistree Technology Inc.
(in Canadian Dollars)

Condensed Interim Consolidated Statement of Comprehensive Loss

	Three months ended March 31, 2019	Three months ended March 31, 2018	Nine months ended March 31, 2019	Nine months ended March 31, 2018
Revenue (Note 4)	**39,881**	5,309	**118,744**	53,571
Expenses				
Business development	**-**	41,494	**4,291**	125,365
Depreciation	**66,162**	-	**198,487**	-
Consulting	**20,179**	-	**109,047**	-
Equipment	**-**	-	**-**	32,998
Foreign exchange	**10,653**	(16,109)	**(12,499)**	(11,465)
Accretion and finance costs (Note 8)	**9,999**	-	**9,999**	-
General and administrative (Note 6)	**159,570**	30,502	**797,549**	70,296
Insurance	**5,215**	3,809	**15,631**	12,058
Interest expense (Note 5)	**4,935**	3,953	**14,513**	10,545
Interest income	**(615)**	(56)	**(9,052)**	(56)
Management fees (Note 6)	**60,000**	60,000	**180,000**	180,000
Professional fees	**48,137**	19,025	**341,757**	67,054
Share-based payments (Note 7)	**-**	-	**97,500**	-
Transfer agent and regulatory fees	**9,570**	6,811	**61,649**	25,826
Travel	**44,750**	2,551	**79,230**	10,966
	(438,555)	(151,980)	**(1,888,101)**	(523,587)
Loss and comprehensive loss	**(398,674)**	(146,671)	**(1,769,357)**	(470,016)
Basic and diluted loss per share	**(0.01)**	(0.01)	**(0.05)**	(0.03)
Weighted average number of shares outstanding - basic and diluted	**34,236,922**	21,339,205	**34,004,141**	18,775,877

Chemistree Technology Inc.
(in Canadian Dollars)

Condensed Interim Consolidated Statement of Cash Flows

For the nine months ended March 31,		2019		2018
OPERATING ACTIVITIES				
Loss for the period	$	**(1,769,357)**	$	(470,016)
Items not affecting cash:				
Depreciation		**198,487**		-
Share-based payments		**97,500**		-
Accretion		**6,966**		-
Changes in non-cash working capital items:				
Receivables and prepaids		**(693,010)**		(21,772)
Accounts payable and accrued liabilities, interest payable and due to related parties		**381,901**		(41,746)
Cash used in operating activities		**(1,777,513)**		(533,534)
INVESTING ACTIVITIES				
Property and equipment purchases		**(1,883,682)**		(3,145)
Investment		**(245,000)**		-
Note receivable		**(613,350)**		-
Cash used in investing activities		**(2,742,032)**		(3,145)
FINANCING ACTIVITIES				
Common shares issued for cash		**1,954,864**		1,547,700
Share issue costs		**(99,790)**		(6,757)
Proceeds from debentures		**9,544,480**		-
Proceeds from notes payable		**22,000**		411,959
Cash provided by financing activities		**11,421,554**		1,952,902
Change in cash and cash equivalents during the period		**6,902,009**		1,416,223
Cash and cash equivalents, beginning of period		**2,662,002**		135,795
Cash and cash equivalents, end of period	$	**9,564,011**		1,552,018
Cash paid for:				
Interest	$	**-**	$	-
Income taxes	$	**-**	$	-

Cash and cash equivalents comprises:		2019		2018
Cash	$	**9,559,011**	$	1,547,018
Cash equivalents		**5,000**		5,000
	$	**9,564,011**	$	1,552,018

Supplemental disclosure with respect to cash flows (Note 11)

Chemistree Technology Inc.
(in Canadian Dollars)

Condensed Interim Consolidated Statement of Changes in Equity
For the nine months ended March 31,

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance, June 30, 2017	15,148,405	10,107,349	761,418	(10,842,618)	26,149
Private placement	6,190,800	1,547,700	-	-	1,547,700
Share issue costs – cash	-	(6,757)	-	-	(6,757)
Loss for the period	-	-	-	(470,016)	(470,016)
Balance, March 31, 2018	21,339,205	11,648,292	761,418	(11,312,634)	1,097,076
Balance, June 30, 2018	**28,652,976**	**$ 13,896,322**	**$ 964,611**	**$ (11,581,093)**	**$ 3,279,840**
Private placement	5,569,613	1,949,364	-	-	1,949,364
Warrant exercise	11,000	9,086	(3,586)	-	5,500
Share issue costs – cash	-	(99,790)	-	-	(99,790)
Share issue costs – warrants	-	(84,026)	84,026	-	-
Share-based payments - options	-	-	97,500	-	97,500
Debenture issue costs – shares	150,000	81,000	-	-	81,000
Debenture issue costs – warrants	-	-	663,390	-	663,390
Equity component of debentures	-	-	1,083,615	-	1,083,615
Loss for the period	-	-	-	(1,769,357)	(1,769,357)
Balance, March 31, 2019	**34,383,589**	**$ 15,751,956**	**$ 2,889,556**	**$ (13,350,450)**	**$ 5,291,062**

1. NATURE AND CONTINUANCE OF OPERATIONS

Chemistree Technology Inc. (the “Company) was incorporated in the Province of British Columbia on March 14, 2008, under the Business Corporations Act of British Columbia. The name change to Chemistree Technology Inc. became effective August 3, 2017. The Company’s registered and records office is located at Suite 810 - 609 Granville Street, Vancouver, British Columbia.

The Company is a Canadian investment company with investments in the United States cannabis sector through its wholly-owned subsidiaries Chemistree Washington Ltd., and CHM Desert LLC (Note 2), and American CHM Investments Inc. (Note 2). On July 20, 2018, it was announced that the Company had become an investment company on the Canadian Securities Exchange. The Company is focused on making investments or acquisitions in areas relating to the U.S. cannabis sector, focusing on providing turn-key solutions for the U.S. regulated cannabis industry, and branding, licensing and marketing strategies to existing participants. The Company’s corporate strategy is to acquire and develop vertically integrated U.S. cannabis assets, leveraging management’s decades of expertise in the cannabis industry and corporate finance to own and operate licensed cultivation, processing, distribution and retail facilities throughout the U.S.

On June 29, 2018, the Company completed the acquisition of Washington State-based equipment assets used in cannabis cultivation, production and distribution (Note 4). Following the completion of these assets the Company expects to indirectly derive revenue from the adult-use cannabis industry in the United States in jurisdictions where local law permits such activities. Although a number of states in the United States have legalized medical and/or recreational use of cannabis, it remains illegal under United States federal laws. Accordingly, there are a number of risks associated with the Company’s operations and investments, even where the Company is not directly involved in the cultivation or sale of either recreational or medical cannabis. There is a risk that United States federal authorities may enforce federal law prohibiting the cultivation and sale of cannabis or laws relating to the proceeds thereof. Accordingly, the Company, and its investments in the cannabis sector, may be subjected to heighted scrutiny by applicable regulatory authorities, the Canadian Securities Exchange, or other governmental bodies.

The ability of the Company to continue to operate as a going concern is dependent on its ability to generate profitable operations and positive cash flows. To date, the Company has generated limited revenues from operations and will require additional funds to meet ongoing obligations and investment objectives. As a result, further losses are anticipated. As at March 31, 2019, the Company had working capital of $9,858,063 (June 30, 2018 year-end $2,378,554) and an accumulated a deficit of $13,350,450 (June 30, 2018 year end $11,581,093). These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company’s future capital requirements will depend on many factors, including the operating and capital costs of locating, researching, developing, and acquiring investments that comply with its investment strategy. The Company’s anticipated operating losses and increasing working capital requirements will require that it obtain additional capital to continue operations. The Company will depend almost exclusively on outside capital. Such outside capital may include the sale of additional shares. There can be no assurance that capital will be available as necessary to meet ongoing obligations and operating objectives or, if the capital is available, that it will be on terms acceptable to the Company. These conditions and uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, would increase the Company’s liabilities and future cash commitments.

Effective January 27, 2017, the Company consolidated its common shares on a 3-old for 1-new basis, whereby every three old common shares were exchanged for one new common share without par value. All references to common shares, stock options, warrants and weighted average number of shares outstanding in these consolidated financial statements reflect this share consolidation unless otherwise noted (Note 7).

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended June 30, 2018. The accounting policies applied in these unaudited condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of May 29, 2019, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements and they are consistent with those disclosed in the annual financial statements.

These financial statements were approved for issue by the Board of Directors on May 29, 2019.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Principles of Consolidation

These consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Chemistree Washington Ltd.	100%	Investment holding company
American CHM Investments Inc.	100%	Investment holding company
CHM Desert LLC	100% (indirect)	Investment holding company

Chemistree Washington Ltd. ("Chemistree Washington"), was incorporated by the Company on October 17, 2017, to facilitate the Company's investment objectives in the Washington State cannabis sector. Effective July 17, 2018, the Company incorporated American CHM Investments Inc. ("American CHM"), under the laws of the State of Delaware. Effective July 18, 2018, American CHM incorporated CHM Desert LLC ("CHM Desert") as a wholly-owned subsidiary, under the laws of the State of California. All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared using the same accounting policies and methods of computation as those used in the preparation of the audited consolidated financial statements for the year ended June 30, 2018, with the exception of the adoption or modification of the following significant accounting policies:

Change in Accounting Policies

Financial instruments

On July 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Significant Accounting Policies

Financial instruments

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash and investments are classified as FVTPL.

Impairment
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, interest payable, and note payable are classified as other financial liabilities and carried on the balance sheet at amortized cost.

As at March 31, 2019, the Company does not have any derivative financial liabilities.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The Company's specific revenue recognition criteria are as follows:

- The Company reports revenue, whereby the total amount of cash to be received is recognized into earnings in periodic amounts over the term of the lease.
- Amounts payable by tenants to terminate their lease prior to their contractual expiry date (lease cancellation fees) are included in rental revenue at the time of cancellation.
- Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset. Tenant incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Property and Equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. All repairs and maintenance costs are charged to the consolidated statement of operations during the period in which they occur.

Depreciation is provided at rates calculated to amortize the cost of equipment, less its estimated residual value, using the diminishing balance method over its expected period of use by the Company. The Company's equipment will be depreciated at a rate of 20%. Estimated useful lives are reviewed by management and adjusted if necessary.

Impairment reviews are performed when there are indicators that the net recoverable amount of an asset may be less than the carrying value. The net recoverable amount is determined as the higher of an asset's fair value less cost to dispose and value in use. Impairment is recognized in the consolidated statement of operations, when there is objective evidence that a loss event has occurred which has impaired future cash flows of an asset. In the event that the value of previously impaired assets recovers, the previously recognized impairment loss is recovered in the consolidated statement of operations at that time.

(in Canadian dollars)

An item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations in the period the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

New Accounting Standards
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company:

- IFRS 16: Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard.

4. PROPERTY AND EQUIPMENT

	Property $	Equipment $	Total $
COST			
Balance, June 30, 2018	-	1,323,245	1,323,245
Additions	1,620,323	-	1,620,323
Balance, March 31, 2019	1,620,323	1,323,245	2,943,568
DEPRECIATION			
Balance, June 30, 2018[(1)]	-	-	-
Depreciation	-	198,487	198,487
Balance, March 31, 2019	-	198,487	198,487
NET BOOK VALUE			
Balance, March 31, 2019	1,620,323	1,124,758	2,745,082
Balance, June 30, 2018	-	1,323,245	1,323,245

(1) No depreciation was taken during the year ended June 30, 2018, as the equipment was acquired on June 29, 2018.

Acquisition of Washington Assets

Pursuant to a definitive asset purchase agreement (the "Washington Acquisition") between Chemistree Washington Ltd. ("Chemistree Washington") and Elite Holdings Inc. ("Elite"), the Company acquired certain cannabis cultivation equipment (the "Washington Assets") from Elite. Consideration for the Washington Assets was US$1,000,000 payable in cash. US$800,000 was paid upon closing of the Washington Acquisition on June 29, 2018. The subsequent payment of $200,000 was completed during the period.

In addition to acquiring the Washington Assets, the Company entered into a Commercial Lease agreement subsequent to June 30, 2018, effective July 1, 2018, with the landlord of the facility in which the Washington Assets are situated. The Commercial Lease agreement is for an initial term expiring on June 30, 2022, with an option to extend to June 30, 2026. Rent is payable to the landlord in the amount of $6,360 per month for each of July and August 2018, and $8,360 per month from September 2018, and each month thereafter (Note 15).

(in Canadian dollars)

Pursuant to a letter of intent dated April 24, 2018, between Chemistree Washington and Elite, Chemistree Washington will enter into agreements with a Strategic Partner, an arm's length party to, and unaffiliated with, Chemistree, whereby the Strategic Partner will sublease the facility, and license the Washington Assets, from Chemistree Washington, in order for the Strategic Partner to operate the "Sugarleaf" brand of retail cannabis products in Washington state. Entering into agreements with the Strategic Partner are subject to receipt of approval from the Washington State Liquor and Cannabis Board ("WSLCB"), and for the sale of the Washington State "Tier 3" Production and Processing License No. 423406 (the "Sugarleaf Licence") from Sugarleaf Farm LLC ("Sugarleaf"), to the Strategic Partner.

Until such time as WSLCB approves the transfer of the License to the Strategic Partner the Company derives revenue from the operation of the Washington Assets through a pre-existing sub-lease arrangement, consulting fees and the finance of improvements to the facilities.

Acquisition of DHS Land

On August 7, 2018, through its wholly-owned California subsidiary, CHM Desert LLC, the Company purchased 9.55 acres of fee-simple, vacant land in the city of Desert Hot Springs, Riverside county, California. Consideration for the purchase was USD $1,233,800. The land is held for development purposes.

5. NOTES PAYABLE

Effective July 17, 2017, the Company issued unsecured Promissory Notes (the "Notes") to arm's length parties, and a related party, for borrowings from those parties. The Notes mature on July 17, 2027, and bear interest at the Canadian prime rate plus 0.5% per annum, payable annually.

	Notes $
Balance, June 30, 2017	-
Additions	345,923
Transfer from loan payable	76,036
Balance, June 30, 2018	421,959
Additions	22,000
Balance, March 31, 2019	**443,959**

As at March 31, 2019, accrued and unpaid interest on these Notes amounts to $29,220 (2018 year-end $ 14,707), which is presented as interest payable.

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions occurred in the normal course of business and have been recorded at the exchange amount; which is the fair value agreed to between the parties. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Officers.

(in Canadian dollars)

During the periods ended March 31, 2019 and 2018, the Company entered into transactions with key management personnel and related parties as follows:

Related party	Nature of transactions
Pacific Equity Management Corp. ("PEMC")	Management fees for services provided by CEO, CFO, VP Corporate Development, VP Finance, Accountant, Secretary, Administrator and all support staff; includes rent and shared office expenses. Rent and shared office expenses commenced under a separate agreement on July 1, 2017.
Contact Financial Corp. ("CFC")	Rent and shared office expenses as per original rental agreement terminated June 30, 2017. Investor relations and communication services commenced under separate agreement on July 10, 2018.
Black Label ("BL")	Expenses incurred by a company in which a Director is the principal shareholder.
Sheldon Aberman ("Aberman")	Expenses incurred by a Director that were reimbursed.
Karl Kottmeier ("Kottmeier")	Expenses incurred by a Director to be reimbursed.
Justin Chorbajian ("Chorbajian")	Note payable issued for funds advanced by a Director.

The aggregate value of transactions involving key management personnel were as follows:

	2019	2018
Management fees(1)	$ 180,000	$ 180,000

(1) Management fees were paid to PEMC, a company controlled by two officers of the Company for CEO and CFO services and other management services. Pursuant to a Management Services Agreement, the Company is required to pay $20,000 per month (2018: $20,000 per month), and the agreement can be terminated by either party with six months' notice.

The aggregate value of transactions with other related parties were as follows:

	2019	2018
Rent (general and administrative)(2)	$ 22,500	$ 22,500

(2) For the period ended March 31, 2019, rent was paid to PEMC for office rent and other office services. The Company is required to pay $2,500 per month to PEMC (2018: $2,500 per month). The agreement with PEMC can be terminated by either party with six months' notice.

The aggregate value of transactions with other related parties were as follows:

	2019	2018
Marketing (general and administrative)(3)	$ 104,000	$ -

(3) For the period ended March 31, 2019, fees was paid to CFC for investor relations and communications services. The Company is required to pay $6,000 per month to CFC (2018: $nil per month). In addition, a one time $50,000 fee was paid to CFC for promotional activities.

(in Canadian dollars)

The aggregate value of transactions with other related parties were as follows:

	2019	2018
Prepaids[4]	$ 111,198	$ -
Consulting[4]	$ 14,623	$ -
Travel[4]	$ 22,765	$ -

[4] For the period ended March 31, 2019, expenditures were paid or accrued to BL for various categories.

The aggregate value of transactions with other related parties were as follows:

	2019	2018
Consulting[5]	$ 18,649	$ -

[5] For the period ended March 31, 2019, expenditures were reimbursed to Aberman for third party consulting services.

Due to related parties include the following amounts:

	2019	2018
PEMC	$ 695	$ 695
CFC	1,750	1,750
Kottmeier	-	332
BL	149,180	-
	$ 151,625	$ 2,777

Included in the notes payable (Note 5), is $78,431 principal (2018: $78,431), and $5,435 in accrued interest owed to Chorbajian.

7. SHARE CAPITAL AND EQUITY RESERVES

a) Authorized: Unlimited common shares without par value

Effective January 27, 2017, the Company consolidated its common share capital on a 3-old for 1-new basis, whereby each three old shares are equal to one new share without par value. All references to common shares, stock options, warrants and weighted average number of shares outstanding in these consolidated financial statements reflect the share consolidation unless otherwise noted.

b) Issued common shares

Period ended March 31, 2019:

Effective March 29, 2019, in connection with the Offering (Note 8), the Company paid the Agent a corporate finance fee of $150,000, of which $75,000 was paid in cash and $75,000 was satisfied through the issuance of 150,000 shares.

The Company also issued 1,474,200 warrants (Note 8) in connection with the Offering. The Company incurred debenture issuance costs of $663,390 representing the fair value of finders' warrants, respectively, in connection with the placement.

Effective December 20, 2018, the Company issued 11,000 shares pursuant to the exercise of 11,000 warrants at $0.50 per share, for proceeds of $5,500.

(in Canadian dollars)

Effective July 11, 2018, Chemistree Technology Inc. closed the final tranche of the non-brokered private placement as announced May 11, 2018, and as amended June 22, 2018, and July 10, 2018, for gross proceeds of $1,949,364.

The July 11, 2018, final tranche comprised 5,569,613 units, issued at $0.35 per unit. Each unit consisted of one common share and one common share purchase warrant; each warrant entitles the holder to acquire one additional common share for $0.50 for a period of 24 months after closing of the private placement.

The Company also issued 257,748 finders' warrants in connection with the final tranche, and the warrants will have the same terms as the common share purchase warrants included in the placement units. The Company incurred share issuance costs of $99,790 in cash, and $84,026 representing the fair value of finders' warrants, respectively, in connection with the placement.

The fair value of the finders' warrants was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	**1.54% - 1.95%**	-
Expected life	**2 - 3 years**	-
Expected volatility	**157.50% - 185.48%**	-
Expected dividend yield	**Nil**	-
Weighted average fair value	**$0.33 - $0.45**	-

Year ended June 30, 2018:

During the year period ended June 30, 2018, the Company closed non-brokered private placements aggregating gross proceeds of $4,107,520, through the issuance of 13,504,571 common shares and 7,752,235 warrants, which included 438,464 warrants issued to finders for compensatory purposes. The Company incurred share issuance costs of $173,854 in cash, and $144,693 representing the fair value of finders' warrants, respectively, in connection with the placements.

c) Warrants:

	Warrants	**Weighted Average Exercise Price $**
Balance, June 30, 2017	-	-
Issued – attached to private placement units	7,313,771	0.50
Issued – finder's fees	438,464	0.50
Balance, June 30, 2018	7,752,235	0.50
Issued – attached to private placement units	5,569,613	0.50
Issued – finder's fees	257,748	0.50
Exercised	(11,000)	0.50
Issued – attached to convertible debenture (Note 8)	21,660,000	0.70
Issued – Agent's warrants (Note 8)	1,320,200	0.50
Issued – Fiscal advisory warrants (Note 8)	14,000	0.50
Issued – finder's warrants (Note 8)	140,000	0.50
Balance, March 31, 2019	**36,702,796**	**0.62**

(in Canadian dollars)

As at March 31, 2019, the following warrants were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Remaining Contractual Life (in years)
7,752,235[1]	$0.50	June 25, 2020	1.24
5,816,361[1]	$0.50	July 11, 2020	1.28
21,660,000	$0.70	March 29, 2022	3.0
1,320,200	$0.50	March 29, 2022	3.0
14,000	$0.50	March 29, 2022	3.0
140,000	$0.50	March 29, 2022	3.0

[1] The warrants are subject to an acceleration provision, whereby, if the closing market price of the common shares of the Company on the Canadian Securities Exchange is greater than $0.60 per common share for a period of 10 consecutive trading days, then the Company may deliver a notice to the holders of warrants notifying the holders that the warrants must be exercised within 30 calendar days from the date of the acceleration notice, otherwise the warrants after 30 days of such notice.

d) Options:

The Company has a Stock Option Plan (the "Plan") that allows it to give to eligible persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals stock options, exercisable over periods of up to five years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the market price prevailing on the date the stock option is granted less applicable discount, if any, permitted by the policies of the Canadian Securities Exchange and approved by the Board. The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time.

	Options	Weighted Average Exercise Price $
Balance, June 30, 2017	950,000	0.11
Granted	150,000	0.41
Balance, June 30, 2018	1,100,000	0.15
Granted	250,000	0.41
Balance, March 31, 2019	**1,350,000**	**0.20**

As at March 31, 2019, the following stock options were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Remaining Contractual Life (in years)
50,000	$0.36	April 8, 2021	2.02
900,000	$0.10	June 7, 2022	3.19
150,000	$0.41	June 22, 2023	4.23
250,000	$0.41	July 11, 2023	4.28

(in Canadian dollars)

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of the outstanding stock options is 3.46 years.

During the period ended March 31, 2019, the Company granted stock options to acquire 250,000 (2018: nil) common shares with a fair value of $97,500 (2018: $nil) or $0.39 (2018: $nil) per share. The options granted during the period vested on the grant date. The fair value of each share was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	**1.98%**	-
Expected life	**5 years**	-
Expected volatility	**169.56%**	-
Expected dividend yield	**Nil**	-
Weighted average fair value	**$0.39**	-

8. CONVERTIBLE DEBENTURE

On March 29, 2019, the Company completed a short form prospectus offering in each of the provinces of Canada, other than Québec (the “Brokered Offering”) and a concurrent private placement (the “Concurrent Private Placement”) of 10% unsecured debenture units (the “Debenture Units”) of the Company, for total gross proceeds of $10,830,000.

Pursuant to the Brokered Offering, which included the exercise of the over-allotment option in full, the Company issued an aggregate of 9,430 Debenture Units at a price of $1,000 per Debenture Unit (the “Offering Price”) for aggregate gross proceeds of $9,430,000. Each Debenture Unit consists of (i) one 10% unsecured convertible debenture of the Company in the principal amount of $1,000 (each, a “Debenture”) with interest payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2019 and maturing March 29, 2022 (such date, the “Maturity Date”), and (ii) 2,000 common share purchase warrants of the Company (each, a “Warrant”), each exercisable until the Maturity Date to purchase one common share of the Company (each, a “Warrant Share”) at an exercise price of $0.70 per Warrant Share, subject to adjustment in certain events.

Concurrent with the Brokered Offering, the Company issued an aggregate of 1,400 Debenture Units at the Offering Price, for aggregate gross proceeds of $1,400,000, on a private placement basis. All securities issued in connection with the Concurrent Private Placement are subject to a prescribed four month plus one day hold period expiring July 30, 2019.

The Brokered Offering was conducted on a “best efforts” basis pursuant to an agency agreement (the “Agency Agreement”) between the Company and Canaccord Genuity Corp. (the “Agent”) dated March 22, 2019, as amended.

In connection with the Brokered Offering, the Company: (i) paid the Agent a cash commission equal to 7.0% of the gross proceeds of the Offering; (ii) paid the Agent a corporate finance fee of $150,000, of which $75,000 was paid in cash and $75,000 was satisfied through the issuance of 150,000 Common Shares; (iii) issued the Agent non-transferable broker warrants (the “Broker Warrants”) to purchase 1,320,000 units of the Company (the “Broker Units”) at an exercise price of $0.50 per Broker Unit; and (iv) paid the Agent a fiscal advisory fee comprised of $14,000 in cash and the issuance of 14,000 Broker Warrants.

Each Broker Unit consists of one common share of the Company (each, a “Broker Unit Share”) and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a “Broker Unit Warrant”). Each Broker Unit Warrant will be exercisable to acquire one common share of the Company (each, a “Broker Warrant Share”) at any time up until the Maturity Date at an exercise price of $0.70 per Broker Warrant Share, subject to adjustment in certain events.

(in Canadian dollars)

In connection with the Concurrent Private Placement, the Company: (i) paid certain finders (each, a "Finder") a cash commission equal to 7.0% of the gross proceeds; and (ii) issued to such Finders an aggregate of 140,000 Broker Warrants.

The Company recorded issuance costs of $2,029,910 associated with the professional fees and financing costs incurred.

The net proceeds were allocated first to the fair value of the convertible note, with the remaining $1,083,615 allocated to the equity component. The fair value was determined by using an interest rate approximating the Company's market rate of interest for a similar debt instrument. The liability component of the debt is accreted to its face value over the term of the convertible debenture.

	Liability Component		**Equity Component**
	Face Value	Carrying Value	Carrying Value
Balance as at June 30, 2018	-	-	-
issued	10,830,000	7,719,508	1,083,615
accretion	-	6,966	-
Balance as at March 31, 2019	**$10,830,000**	**$ 7,726,474**	**$ 1,083,615**

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a qualifying transaction, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity. There were no changes made to the Company's capital management approach during the years presented.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

10. FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT AND RISK

a) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investment, note receivable, accounts payable and accrued liabilities, due to related parties, interest payable, notes payable, and loan payable.

b) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

The fair value of cash and cash equivalents are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. The fair value of investments are determined based on Level 3 inputs. The carrying values of accounts receivable, note receivable, accounts payable and accrued liabilities, due to related parties, interest payable, notes payable, and loan payable all approximate their fair values.

c) Financial Risks

(i) Credit Risk
Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk is $10,464,074, consisting of cash and cash equivalents, accounts receivable, taxes receivable and note receivable. The Company limits its exposure to credit loss for cash and cash equivalents by placing such instruments with high credit quality financial institutions. The values of these instruments may exceed amounts insured by an agency of the Government of Canada. In management's opinion, the Company's credit risk related to these instruments, is low. Risk exposure to accounts receivable over 90-days past due are considered moderate in the opinion of management. Risk exposure to note receivable is considered low in management's opinion since the note is secured by assets of sufficient recoverable value to offset the risk.

(ii) Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at March 31, 2019, the Company had working capital of $9,858,063. Except for notes payable and convertible debentures, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at March 31, 2019, the Company has sufficient working capital to discharge its existing financial obligations, refer to Note 1 for detail regarding going concern.

(iii) Interest Rate Risk
The Company is subject to interest rate risk as its cash and cash equivalents, and notes payable bear interest at variable rates. The impact of a 1% change in interest rates would have an insignificant impact on the Company's profit or loss.

(iv) Foreign Currency Risk
Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Amounts subject to currency risk are primarily cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities denominated in United States dollars. A 10% change in foreign exchange rates is expected to have a significant impact on the Company's profit or loss.

(in Canadian dollars)

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended March 31, 2019, non-cash investing and financing activities are as follows:

- Issued warrants with a fair value of $594,090 as debenture issue costs (Note 7.b)
- Issued warrants with a fair value of $6,300 as debenture issue costs (Note 7.b)
- Issued warrants with a fair value of $63,000 as debenture issue costs (Note 7.b)
- Recorded equity reserves with a fair value of $1,083,615 as debenture issue costs (Note 7.b)
- Issued warrants with a fair value of $84,026 as share issue costs (Note 7.b)

During the period ended March 31, 2018, the Company has no non-cash Investing and Financing Activities.

12. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the business investing in the United States cannabis sector. As at March 31, 2019, all the Company's non-current assets were located in the United States, and other income was earned from activity in the United States. As at March 31, 2018, the Company's assets and other income were located/generated in the United States and Canada.

13. INVESTMENT

For the period ended March 31, 2019, the Company acquired 700,000 common shares and 350,000 warrants of Pasha Brands Ltd. ("Pasha"). Each warrant entitles the holder to purchase one common share of Pasha at $0.70 per share until September 26, 2020. Pasha has announced plans for a "go public" transaction but does not have a quoted market for its securities.

The company's interest in "Pasha" does not represent a position of control or significant influence, accordingly, the Company has recorded the investment at fair value.

14. NOTE RECEIVABLE

On November 27, 2018, the Company announced that it had entered into a strategic collaboration ("Arcata") with a Humboldt County-based cannabis processing company ("Processor") located in Arcata, California. Pursuant to the Collaboration Agreement, the Company has agreed to loan the Processor US$450,000 (the "Arcata Loan") by way of a secured Note, for the purposes of the expanding the Processor's business, including to, among other things, purchase additional equipment and complete tenant improvements to the Processor's facility. The Note accrues interest at an annual rate of 6% and matures on March 14, 2020. The Note is secured by 50% of the equity of the Processer.

	Note Receivable $
Balance, June 30, 2018	-
Additions	613,350
Balance, March 31, 2019	**613,350**

15. COMMITMENTS

a) Effective July 1, 2018, the Company entered into a Commercial Lease agreement with the landlord of the facility where the Washington Assets are situated. The Commercial Lease agreement is for an initial term expiring on June 30, 2022, with an option to extend to June 30, 2026.

The Company's commitment for basic rent amounts payable are as follows:

- 2019: US$25,080
- 2020: US$100,320
- 2021: US$100,320
- 2022: US$100,320

b) Effective July 10, 2018, the Company entered into consulting agreements with Contact Financial Corp. ("CFC") and Adelaide Capital Markets Inc. ("Adelaide") to provide investor relations and communication services.

The Company's commitment for consulting agreements are as follows:

- CFC: $6,000 per month
- Adelaide: $4,000 per month

c) The Company and the Processor (Note 14) intend to negotiate and enter into an additional line of credit for purposes of the Processor's working capital, however no definitive documentation with regards thereto has been entered into and the Company cannot provide any assurance as to the completion, timing or terms thereof. In consideration for benefits received by the Company under the Collaboration Agreement, the Company has agreed to issue 100,000 common shares to the Processor's principal, subject to receipt of certain licensing and approvals by the Processor.

16. EVENTS AFTER THE REPORTING PERIOD

a) On April 29, 2019, the Company announced that has entered into a financing agreement with The Physician's Choice CBD LLC of Phoenix, Arizona ("PCCCB"). Under the agreement the Company will acquire a significant ownership stake in PCCBD; it is intended that the Company's financial commitment will be sourced from existing working capital.

b) Pursuant to the Company's Stock Option Plan, effective April 5, 2019, the Company granted options to purchase 1,300,000 common shares at $0.60 per share to certain eligible directors, officers and consultants. The options expire in five years.

c) 918 convertible debentures, representing $918,000 in debt obligation of the Company were converted into 1,836,000 common shares.

d) 784,341 common shares were issued upon the exercise of 784,341 warrants issued in conjunction with the summer 2018 private placement at $0.50 per share yielding proceeds of $392,170.

e) 20,500 common shares were issued upon the exercise of 20,500 warrants issued in conjunction with the March 29, 2019 convertible debenture offering at $0.70 per share yielding proceeds of $14,350.