Condensed Interim Consolidated Financial Statements of

BENCHMARK BOTANICS INC.

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

BENCHMARK BOTANICS INC.

(the "Company")

Condensed Interim Consolidated Financial Statements

Three and Nine Months ended September 30, 2020 and 2019

NOTICE OF NO AUDITOR 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of Benchmark Botanics Inc. have been prepared by, and are the responsibility of, the Company's management.

Benchmark Botanics Inc.'s independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 27, 2020

Benchmark Botanics Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
		$	$
Current Assets			
Cash		360,200	875,347
Restricted cash		34,500	34,500
Amounts receivable	4	423,949	151,269
Biological assets	5	140,234	102,258
Inventory	6	1,569,926	855,029
Prepaid expenses and deposits	7	123,174	73,541
Due from associate		-	83,631
		2,651,983	2,175,575
Deposits	9	324,364	272,050
Loans receivable	8	-	3,802,422
Investment in associate	10	-	1,784,178
Right of use assets		1,322,727	102,703
Property, plant and equipment	9	20,559,167	6,822,975
Goodwill	11	5,673,750	-
Intangible Assets	11	3,325,000	-
		33,856,991	14,959,903
Current Liabilities			
Bank Loan	13	40,000	-
Accounts payable and accrued liabilities	12	1,952,291	390,249
Debentures	13	502,470	-
Due to associates		397,727	-
Loans	13	3,141,594	-
Lease liabilities due within one year	13	216,220	38,362
		6,250,302	428,611
Lease liabilities	13	1,153,861	88,147
		7,404,163	516,758
Equity			
Share capital	15	35,235,012	29,582,289
Warrants reserve	15	948,667	506,667
Stock options reserve	15	2,233,602	2,403,215
Deficit		(19,717,835)	(18,049,026)
		18,699,446	14,443,145
Non-controlling interest	16	7,753,382	-
		26,452,828	-
		33,856,991	14,959,903

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
COMMITMENTS (Note 19)
SUBSEQUENT EVENTS (Note 21)

Approved on behalf of the Board:

"George Dorin"
Director

"William Ying"
Director

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

Benchmark Botanics Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss
For the three and nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian Dollars)

	Note	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
		$	$	$	$
Revenue		375,701	-	654,216	134,844
Excise taxes		65,494	-	113,926	-
		310,207		540,290	134,844
Inventory production costs expensed to cost of sales		148,338	-	256,108	49,481
Gross profit before fair value adjustments		161,869	-	284,182	85,363
Fair value changes in biological assets included in inventory sold and other inventory charges	6	(714,058)	-	(829,351)	(73,105)
Unrealized gain on changes in fair value of biological assets	5	157,302	160,499	321,956	347,628
Gross profit (loss)		(394,887)	160,499	(223,213)	359,886
Expenses					
Amortization of tangible assets		99,571	66,522	251,252	196,879
Depreciation on intangible and right of use assets		249,664	13,242	267,718	56,946
Sales and marketing expenses		33,087	84,947	189,510	196,489
General and administrative expenses		610,480	1,037,899	2,123,878	3,083,047
Share-based compensation	15	60,870	184,842	111,777	787,971
		1,053,672	1,387,452	2,944,135	4,321,332
Loss before other income (expense)		(1,448,559)	(1,226,953)	(3,167,348)	(3,961,446)
Other income (expense)					
Interest income		50,058	50,724	196,058	73,453
Gain on acquisition of subsidiary	10	1,630,623	-	1,630,623	-
Loss on equity investments	10	(297,271)	-	(414,760)	-
		1,383,410	50,724	1,411,921	73,453
Net loss and comprehensive loss		(65,149)	(1,176,229)	(1,755,427)	(3,887,993)
Net loss and comprehensive loss attributable to:					
Equity holders of the Company		21,469	-	(1,668,809)	-
Non-controlling interests	16	(86,618)	-	(86,618)	-
		(65,149)	-	(1,755,427)	-
Loss per common share – basic and diluted		($0.000)	($0.008)	($0.010)	($0.023)
Weighted average number of common shares					
Basic		179,667,000	154,993,506	178,445,711	171,337,047

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

Benchmark Botanics Inc.

Condensed Interim Consolidated Statements of Changes in Equity
For the three and nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Warrants Reserve	Share Subscriptions Received (Receivable)	Stock Options Reserve	Deficit	Total	Non-Controlling Interest	Total Equity
		$	$	$		$	$	$	$
Balance, December 31, 2018	142,028,927	17,815,099	506,667	80,000	1,732,466	(14,328,976)	5,805,256	-	5,805,256
Impact of adopting IFRS 16 (Note 3 (b))	-	-	-	-	-	(19,603)	(19,603)	-	(19,603)
Restated balance as at January 1, 2019	142,028,927	17,815,099	506,667	80,000	1,732,466	(14,348,579)	5,785,653	-	5,785,653
Shares issued for cash	28,250,000	11,300,000	-	-	-	-	11,300,000	-	11,300,000
Stock option exercised	1,266,667	467,190	-	-	(213,857)	-	253,333	-	253,333
Stock option forfeited	-	-	-	-	(191,458)	-	(191,458)	-	(191,458)
Share-based compensation	-	-	-	-	979,429	-	979,429	-	979,429
Refund of share subscriptions received	-	-	-	(80,000)	-	-	(80,000)	-	(80,000)
Comprehensive loss for the period	-	-	-	-	-	(3,887,993)	(3,887,993)	-	(3,887,993)
Balance, September 30, 2019	171,545,594	29,582,289	506,667	-	2,306,580	(18,236,572)	14,158,964	-	14,158,964
Balance, December 31, 2019	171,545,594	29,582,289	506,667	-	2,403,215	(18,049,026)	14,443,145	-	14,443,145
Shares issued for cash, net	3,400,000	1,258,000	442,000	-	-	-	1,700,000	-	1,700,000
Shares issued for acquisition (Note 10)	26,999,958	3,780,000					3,780,000	7,840,000	11,620,000
Stock option exercised	1,666,666	614,723		-	(281,390)	-	333,333	-	333,333
Share-based compensation	-	-		-	111,777	-	111,777	-	111,777
Comprehensive loss for the period	-	-		-	-	(1,668,809)	(1,668,809)	(86,618)	(1,755,427)
Balance, September 30, 2020	203,612,218	35,235,012	948,667	-	2,233,602	(19,717,835)	18,699,446	7,753,382	26,452,828

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

Benchmark Botanics Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2020 and 2019
(Unaudited)
(Expressed in Canadian Dollars)

	2020	2019
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(1,755,427)	(3,887,993)
Items not involving cash:		
Fair value changes in biological assets included in inventory sold	281,476	73,105
Unrealized gain on changes in fair value of biological assets	(321,956)	(347,628)
Depreciation	518,970	253,825
Gain of acquisition of subsidiary	(1,630,623)	-
Interest income accrual	(193,266)	(73,453)
Interest accretion	59,836	-
Impairment of inventory	547,845	
Share-base compensation	111,777	787,971
Loss on equity investments	414,760	-
	(1,966,608)	(3,194,173)
Changes in non-cash working capital balances:		
Amounts receivable	(150,199)	(10,251)
Biological assets	(37,976)	(318,649)
Inventory	(189,181)	57,674
Prepaid expenses and deposits	(57,974)	(123,521)
Accounts payable and accrued liabilities	(330,689)	(61,042)
Cash used in operating activities	(2,732,627)	(3,649,962)
INVESTING ACTIVITY		
Loan receivable	-	(3,110,000)
Cash from acquisition of subsidiary (note 10)	54,562	-
Acquisition of property and equipment	(341,409)	(1,440,316)
Cash used in investing activities	(286,847)	(4,550,316)
FINANCING ACTIVITIES		
Due from a related party	100,000	-
Proceeds from share issuance	2,033,333	11,553,333
Subscriptions received (repayment)	-	(80,000)
Loans received	500,000	-
Payment on lease liabilities	(129,006)	(60,470)
Cash provided by financing activities	2,504,327	11,412,863
Change in cash during the period	(515,147)	3,212,585
Cash, beginning of period	909,847	328,112
Cash, end of period	394,700	3,540,697
Supplemental cash flow information:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Non-cash Transactions:		
Shares issued for acquisition of subsidiary (note 10)	3,780,000	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Benchmark Botanics Inc. (the "Company") was incorporated on November 23, 2009 under the Business Corporation Act of Alberta. On November 2, 2017, the Company acquired Potanicals Green Growers Inc. ("Potanicals") through a reverse acquisition transaction. The Company's common shares are trading as a Tier 2 Industrial Issuer on the Canadian Securities Exchange ("CSE") under the symbol "BBT". Potanicals was incorporated on February 7, 2014 under the British Columbia Business Corporation Act. The address of the Company's principal place of business is 4715 Paradise Valley Drive, Peachland, BC V0H 1X3. The Company's head office and mailing address is 3600 Lysander Lane Suite 400, Richmond, British Columbia V7B 1C3. The Company's registered and Records office is 700 - 595 Burrard Street | Vancouver, BC V7X 1S8.

The Company's principal business is the production of marijuana licensed under the *Cannabis Act (Canada)* and its relevant regulations (the "Cannabis Act"), which came into force on October 17, 2018. On October 13, 2017, the Company obtained a license to produce medical marijuana under the Access to Cannabis for Medical Purposes Regulations (the "ACMPR"). On May 29, 2018, the Company amended its licence to produce cannabis oil. On September 28, 2018, the Company obtained a licence to sell cannabis under the ACMPR. On July 26, 2019, the Company received a retail sales license from Health Canada. The Company has received its second cultivation license, effective November 29, 2019, from Health Canada for the Company's investment in a greenhouse operation located in Pitt Meadows, BC. The Company has received its third cultivation license, effective August 7, 2020, from Health Canada for the Company's joint venture indoor and outdoor operations located in Pitt Meadows, BC.

These condensed interim consolidated financial statements (the "interim consolidated financial statements") have been prepared on the basis of accounting principals applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at September 30, 2020, the Company has an accumulated deficit of $19,717,835 and has generated negative cash flows from operations. For the nine months ended September 30, 2020, the Company incurred a net loss of $1,755,427 (September 30, 2019 – $3,887,993). During the nine months ended September 30, 2020, the majority of the equity financing raised by the Company has been used to purchase property, plant and equipment, increase working capital and to fund expenses. All of these factors raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and successfully generating profits and cash flows from producing and distributing medical marijuana.

These interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these interim consolidated financial statements. Management's plans to meet the Company's current and future obligations are to generate revenue from sales, raise equity capital through prospectus and private placements, rely on the financial support of its shareholders and parties related to the current shareholders, as well as explore financing that may be available to the Company.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2019 and 2018.

The interim consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2020.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments carried at fair value where changes are recorded through profit or loss.

c) Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, 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. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated financial statements.

Entity	Ownership	Basis of accounting
Potanicals Green Growers Inc.	100%	Consolidated
1139000 B.C. Ltd. (“1139”)	51%(1)	Consolidated
1161750 B.C. Ltd. (“1161”)	51%(2)	Consolidated
Canada Bond Biotechnology Co., Ltd (“Canada Bond”)	65%(3)	Consolidated

(1) Acquired 25% of its initial interest on December 6, 2020 and an additional 26% interest on August 31, 2020. The Company began consolidating 1139 and its subsidiary starting from September 2020.
(2) Owned through 1139000 B.C. Ltd.
(3) Canada Bond was newly incorporated on August 13, 2020 under the British Columbia Business Corporation Act.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate without control or joint control over those decisions. Significant influence is presumed if the Company holds between 20% and 50% of the voting rights, unless evidence exists to the contrary.

Investments in associates are accounted for using the equity method. The Company's interest in an associate is initially recorded at cost and is subsequently adjusted for the Company's share of changes in the net assets of the associate, less any impairment in the value of individual investments, and any dividends paid. Where the Company transacts with an associate, unrealized profits and losses are eliminated to the extent of the Company's interest in that associate.

b) Use of estimates and judgments

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

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 and in any future periods affected. Significant estimates include:

- Estimating the stage of growth of the biological assets, the cannabis plants, up to the point of harvest, the expected future yields from the cannabis plants, their values during the growth cycle, costs to convert the harvested cannabis to finished goods, their sales price and net realizable value;
- Determining the useful lives of property and equipment; and

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Estimating the value of variables used to calculate the fair value of share-based payment transactions.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements include the following:

- The evaluation of the Company's ability to continue as going concern (see Note 1);
- The determination of impairment in the carrying costs of inventory;
- The recognition and valuation of impairment of property, plant and equipment;
- In determining the appropriate basis of accounting for the Company's interests in investees, judgment is applied regarding the degree to which the Company has the ability to exert influence directly or indirectly over the investees' financial and operating activities; and
- Income tax and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

c) Reclassifications

Certain reclassifications have been made to conform the prior period's condensed interim consolidated financial statements and notes to the current period's presentation.

4. AMOUNTS RECEIVABLE

Amounts receivable are comprised of:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Accounts receivable	135,825	86,172
GST receivable	130,079	65,097
Canada Emergency Wages Subsidy receivable	158,045	-
Balance, end of period	423,949	151,269

5. BIOLOGICAL ASSETS

As at September 30, 2020 and December 31, 2019, the Company's biological assets consisted of cannabis plants. The changes in the carrying value of the biological assets are as follow:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Balance, beginning of period	102,258	33,992
Unrealized gain on changes in fair value of biological assets	321,956	312,527
Production costs capitalized	245,960	458,524
Harvested cannabis transferred to inventory	(529,940)	(702,785)
Balance, end of period	140,234	102,258

As of September 30, 2020, the weighted average fair value less cost to complete and cost to sell was $5.00 per gram (December 31, 2019 - $5.00 per gram).

Biological assets are valued in accordance with IAS 41 and are presented at their fair values less costs to sell up to the point of harvest. The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3).

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on selling prices less the costs to sell at harvest. For in process biological assets, the fair value at point of harvest is adjusted based on the stage of growth.

(Expressed in Canadian Dollars)

5. BIOLOGICAL ASSETS (continued)

During the nine months ended September 30, 2020, the Company's biological assets produced 401,015 (September 30, 2019 – 118,801) grams of dried cannabis.

The significant unobservable inputs and their range of values are noted in the table below:

Unobservable Inputs	Range	Sensitivity
Estimated Yield per Plant – varies by strain and is obtained through historical growing results (trailing 6-months moving average) or grower estimate if historical results are not available.	25 grams/plant to 165 grams/plant	A slight increase in the estimated yield per plant would result in a significant increase in fair value, and vice versa.
Listed Selling Price of Dry Cannabis – varies by strain and is obtained through listed selling prices or estimated selling prices if historical results are not available.	$5 to $7/gram	A slight increase in the estimated selling price per strain would result in a significant increase in fair value, and vice versa.

The Company estimates the average grow cycle of plants up to the point of harvest is approximately twelve weeks.

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

6. INVENTORY

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Dry cannabis	1,239,845	831,260
Raw materials	330,081	23,769
Total	1,569,926	855,029

For the nine months ended September 30, 2020, the Company sold 121,941 grams of dried cannabis (September 30, 2019 – 24,517 grams). Inventory expensed during the nine months ended September 30, 2020, was $234,105 (2019 - $49,481).

The fair value changes of biological assets included in inventory sold and other inventory charges for the nine months ended September 30, 2020 was $829,351 (September 30, 2019 - $73,105), including the fair value changes of biological assets included in inventory sold of $281,476 and a net realizable value adjustment to inventory of $547,875 (2019 - $nil).

7. PREPAID EXPENSES AND DEPOSITS

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Prepaid expenses	51,732	38,886
Deposits	71,442	34,655
	123,174	73,541

Deposits include mainly $29,713 rental deposit paid for the lease entered on February 20, 2020 for office premises located in Richmond and $35,000 paid for excise duty tax deposit.

(Expressed in Canadian Dollars)

8. LOANS RECEIVABLE

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Loan receivable from 1139000 B.C. Ltd.	-	3,660,000
Add: Accrued interest	-	142,422
Loan receivable	-	3,802,422

On January 28, 2019, the Company entered into a revolving loan agreement (the "Loan Agreement") with 1139000 BC Ltd. ("1139000"), an associated company as described in Note 10. Pursuant to the Loan Agreement, the Company agreed to make loans to 1139000 from time to time. The loans were unsecured, bear interest at 8% per annum and matured on December 31, 2020. As of September 30, 2020, the loans receivable totaled $4,022,224 (December 31, 2019 – 3,802,422). Accrued interest income for the nine months ended September 30, 2020 was $219,802 (2019 - $142,422).

The loan receivable balance between the Company and 1139000 has been eliminated as of September 30, 2020 on consolidation. See balance above.

(Expressed in Canadian Dollars)

9. PROPERTY. PLANT AND EQUIPMENT

	Land	Plant	Building under Development	Greenhouse	Leasehold Improvement	Production and Other Equipment	Computer Equipment and Software	Furniture and Fixtures	Motor Vehicle	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance, December 31, 2018	1,887,644	1,943,022	-	-	33,900	1,012,068	146,315	188,555	68,992	5,280,496
Additions	84,200	20,057	1,918,479	-	-	71,606	5,564	7,223	38,146	2,145,275
Balance, December 31, 2019	1,971,844	1,963,079	1,918,479	-	33,900	1,083,674	151,879	195,778	107,138	7,425,771
Acquisition of 1139	7,321,170	-	-	6,334,234	-	135,210	56,962	6,599	-	13,854,175
Additions	-	-	319,434	2,329	-	21,472	5,563	11,876	-	360,674
Balance, September 30, 2020	9,293,014	1,963,079	2,237,913	6,336,563	33,900	1,240,356	214,404	214,253	107,138	21,640,620
Accumulated Depreciation										
Balance, December 31, 2018	-	76,723	-	-	12,712	98,836	65,155	13,605	1,725	268,756
Charge for the year	-	78,122	-	-	11,300	139,363	49,699	37,943	17,613	334,040
Balance, December 31, 2019	-	154,845	-	-	24,012	238,199	114,854	51,548	19,338	602,796
Acquisition of 1139	-	-	-	199,194	-	5,917	2,314	715	-	208,140
Charge for the period	-	58,892	-	25,468	8,475	96,606	28,865	36,140	16,071	270,517
Balance, September 30, 2020	-	213,737	-	224,662	32,487	340,722	146,033	88,403	35,409	1,081,453
Net book value										
December 31, 2019	1,971,844	1,808,234	1,918,479	-	9,888	845,475	37,025	144,230	87,800	6,822,975
September 30, 2020	9,293,014	1,749,342	2,237,913	6,111,901	1,413	899,634	68,371	125,850	71,729	20,559,167

As at September 30, 2020 and December 31, 2019, the Company’s Building under Development is not yet available for use. As a result, no depreciation was recorded for three and nine months ended September 30, 2020 and the year ended December 31, 2019. As at September 30, 2020, deposits of $324,364 (December 31, 2019 - $272,050) were made to purchase equipment for the Company’s extraction facility which is currently under construction.

(Expressed in Canadian Dollars)

10. ACQUISITION

The Company, through its wholly-owned subsidiary, Potanicals Green Growers Inc., earned its initial 25% ownership interest in 1139000 B.C. Ltd. ("1139") by obtaining Health Canada's approval to extend its licence for cultivation and production of medical cannabis under the Cannabis Act to the Facility. The Company had the option to acquire from 1139's shareholders an additional 26% ownership interest in 1139 when the Facility reaches a Commercial Stage as defined by the Agreement. The would pay for the additional 26% ownership interest at its fair value to be determined at the time when the option is exercised by issuance of the Company's common shares. On November 29, 2019, the Company received a cultivation license for the Facility and received its 25% interest in 1139 on December 6, 2019.

As at December 6, 2019, the fair value of 1139's net assets were $7,236,000. The Company recognized a gain of $1,677,430 on its acquisition of the 25% ownership interest of 1139, as follows:

	$
Cash	247,955
Prepaid expenses and other current assets	311,161
Property, plant and equipment	12,666,709
Accounts payable	(252,803)
Mortgages payable	(1,984,600)
Loan payable	(3,752,422)
Net assets	7,236,000
The Company's 25% share of the net assets' fair value	1,809,000
Less: Costs incurred by the Company to extend the licence	(131,570)
Gain on acquisition of associate	1,677,430

On August 11, 2020, the Company entered into a share exchange agreement with shareholders of 1139 for the acquisition of an additional 5,199,000 common shares of 1139 from 1139's shareholders. Prior to the share exchange agreement, the Company owned 5,000,000 common shares of 1139. After the completion of the transactions contemplated under the share exchange agreement, the Company will own 10,199,000 Common shares, which will represent 51% of issued and outstanding share capital of 1139. Pursuant to the share exchange agreement, the Company will issue to the shareholders of 1139 an aggregate of 26,999,956 common shares in exchange for their 5,199,000 common shares of 1139. On August 31, 2020, the Company completed the share exchange transaction contemplated under the share exchange agreement.

The following table outlines the investment in 1139 that is accounted for using the equity method for the period ended August 31, 2020:

	$
Balance, December 31, 2018	-
Initial recognition of the 25% ownership of 1139	1,809,000
Share of 1139 loss for the year	(24,822)
Balance, December 31, 2019	1,784,178
Share of 1139 loss for the period	(414,760)
Balance, August 31,2020	1,369,418

The Company's acquisition of the additional 26% ownership interest of 1139 was determined to be a business combination, and consequently has been accounted for by applying the acquisition method. Applying the acquisition method requires recognizing and measuring (i) the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, and (ii) goodwill or a gain from a bargain purchase. The measurement of a business combination requires management estimation in determining the fair value of assets and liabilities acquired. In a business combination, identifiable assets, liabilities and contingent liabilities are recorded at the date of acquisition at their respective fair values. Management determined that the identifiable assets acquired have a fair value of $16,000,000. The excess of the consideration paid and net assets acquired was recognized as goodwill.

Under IFRS 3, the Company needed to adjust the fair value of its 25% investment already held in 1139 as at August 31, 2020 when the Company reached 51% ownership of 1139.

(Expressed in Canadian Dollars)

10. ACQUISITION (continued)

The following table summarizes the fair value of net assets acquired and the fair value of the non-controlling interest on acquisition of 1139 on August 31, 2020:

		$
Cash		54,561
Prepaid expenses		43,973
GST receivables		122,481
Inventory		1,033,081
Property, plant & equipment		13,646,036
Goodwill		5,673,750
Licenses		3,500,000
Due to related parties		(4,473,910)
Bank loan		(40,000)
Accounts payable and accrued liabilities		(1,798,337)
Mortgage payable		(3,141,594)
Net Assets		14,620,041
Non-controlling interest		(7,840,000)
Net Assets Acquired		6,780,041
Consideration paid in shares		3,780,000
Fair value of initial 25% interest		3,000,041
Orginal carrying cost		1,369,418
Gain on acquisition of initial 25% interest		1,630,623

11. INTANGIBLE ASSET AND GOODWILL

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is valued at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of loss.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

(Expressed in Canadian Dollars)

11. INTANGIBLE ASSET AND GOODWILL (continued)

The Company's intangible asset is comprised of the following:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Health Canada Licenses acquired on acquisition of 1139	3,500,000	-
Less: accumulated amortization	(175,000)	-
	3,325,000	-

The net change on Goodwill is as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Goodwill from acquisition of 1139 (note 10)	5,673,750	-
	5,673,750	-

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited
	$	$
Trade payables	1,899,975	327,188
Accrued liabilities	52,316	63,061
Total	1,952,291	390,249

13. LOANS AND LEASE LIABILITIES

As of September 30, 2020, the Company had the following loans and borrowings:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
	$	$
Bank loan	40,000	-
Short-term loans	3,141,594	-
Debentures	502,470	-
Lease liabilities	1,370,081	126,509
Total loans and borrowings	5,014,145	126,509
Lease liabilities due within one year	216,220	38,362
Current portion of long-term loans	3,141,594	-
Total current portion of liabilities and loans	3,357,814	38,362

a) Bank loan

The Company, through its subsidiary 1139, applied Canada Emergency Bank Account support from the Government of Canada. The loan is interest free until December 31, 2022. If the Company has repaid at least $30,000 of the loan amount on or prior to December 31, 2022, the remaining balance of the loan amount can be forgiven.

The loan can be extended to December 31, 2025. Interest rate of 5% per annum during the extended term starting from January 1, 2023 will be charged.

(Expressed in Canadian Dollars)

13. LOANS AND LEASE LIABILITIES (continued)

b) Short term loans

On January 24, 2020, the Company's subsidiary 1139, entered into a mortgage loan agreement (the "Loan") to borrow up to two loans in the amount of $1,600,000 and US$1,250,000. The Loan is interest bearing at 9.75% per annum, calculated monthly. The Borrower shall repay US$1,250,000 on or before January 31, 2021. Interest and loan of $1,600,000 shall be repaid in full on the due date of July 31, 2021 (the "Due Date"). The parties may, by agreement, extend the term based on mutually acceptable terms and conditions.

The Loan is secured by:

(a) A mortgage and assignment of rents over the Property located at 13460 Rippington Road, Pitt Meadow BC and legally described as Parcel Identifier: 004-622-294 South Half Lot 23 Section 13 Block 6 North Range 1 East New Westminster District Plan 19021 (the "Property");
(b) A General Security Agreement;
(c) An Assignment of Insurance;
(d) A General Assignment of Material Contracts and Project Documents; and
(e) An Environmental Agreement and Indemnity.

If the Loan and any accrued and unpaid interest are not repaid on the Due Date, the Loan and the unpaid interest will bear interest at 18% per annum calculated daily.

c) Debentures

During the nine months ended September 30, 2020, the Company entered into five short-term debentures to borrow a total of $500,000 at an interest rate of 10% per annum. The debentures are unsecured, non-convertible and due on June 30, 2021.

For the nine months ended September 30, 2020, interest expense in the amount of $2,470 (September 30, 2019 - $nil) was recorded.

The debenture balance as at September 30, 2020 includes principal balance in the amount of $500,000 (December 31, 2019 - $nil) and accrued interest of $2,470 (December 31, 2019 - $nil)

d) Leased liabilities

	September 30, 2020 (Unaudited	December 31, 2019 (Audited
	$	$
Balance, beginning of period	126,509	-
IFRS 16 transition	-	21,641
Lease addition	1,312,742	160,843
Lease payment	(129,006)	(77,700)
Interest expense on lease liabilities	59,836	21,725
	1,370,081	126,509
Current portion	216,220	38,362
Balance, end of period	1,153,861	88,147

(Expressed in Canadian Dollars)

14. RELATED PARTY BALANCES AND TRANSACTIONS

The Company has identified its directors and senior officers as its key personnel. No post-employment benefits, other long-term benefits or termination benefits were made during the nine months ended September 30, 2020 and 2019. Short-term key management and director compensation consists of the following:

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	$	$
Salaries	277,250	250,200
Management fees	221,000	373,500
Director fees	39,625	70,625
Consulting fees	39,000	54,000
Share-based payments	64,957	442,703
	641,832	1,191,028

Related party balances and transactions

a) During the nine months ended September 30, 2020, the Company incurred $31,500 (September 30, 2019 - $21,000) in rental expenses to a director the Company.

The above transactions were entered into in the normal course of operations and were recorded at their exchange amounts established and agreed to between the related parties. The balances are non-interest bearing, unsecured and have no fixed terms of repayment.

15. SHARE CAPITAL

Common Shares Issued and Outstanding

For the nine months ended September 30, 2020

As of September 30, 2020, there were 203,612,218 issued and fully paid common shares (December 31, 2019 - 171,545,594).

On March 6, 2020, the Company closed its non-brokered private placement financing (the "Private Placement") of 3,400,000 units (each, a "Unit") at a price of $0.50 per Unit for total gross proceeds of $1,700,000. Each Unit was comprised of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant can be exercisable into one share at a price of $1.20 for a period of 24 months from the closing date of the Private Placement. The fair value of the warrants was $442,000 based on the residual value method, which was included in the warrants reserve balance as of September 30, 2020.

The Company acquired 5,199,000 Common shares of 1139 from the shareholders. The Company now owns 10,199,000 Common shares of 1139, which represents a 51%, controlling interest in the issued and outstanding share capital of 1139. As consideration for the 5,199,000 Common shares of 1139, Benchmark issued to the shareholders of 1139 an aggregate of 26,999,958 Benchmark common shares.

During the nine months ended September 30, 2020, there were 1,666,666 shares issued on exercise of stock options for total proceeds of $333,333.

For the nine months ended September 30, 2019

On June 6, 2019, the Company closed its non-brokered private placement financing (the "Private Placement") of 28,250,000 units (each, a "Unit") at a price of $0.40 per Unit for total gross proceeds of $11,300,000. Each Unit was comprised of one common share of the Company and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant can be exercisable into one share at a price of $1.00 for a period of 24 months from the closing date of the Private Placement.

During the nine months ended September 30, 2019, there were 1,266,667 shares issued on exercise of stock options for total proceeds of $253,333.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (continued)

Escrow Shares

As at September 30, 2020, the Company has 5,426,100 of its common shares held in escrow (December 31, 2019 - 11,752,200). These 5,426,100 common shares will be released from escrow on November 2, 2020.

Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Canadian Security Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to five years from the date of grant.

The status of the stock options is summarized as follows:

	Number of Options	Exercise Price
Outstanding, December 31, 2018	9,563,333	
Exercised on January 4, 2019	(566,667)	$0.20
Granted on January 24, 2019	1,050,000	$0.45
Stock options forfeited	(960,000)	$0.54
Stock options expired	(380,000)	$0.54
Exercised on May 13, 2019	(300,000)	$0.20
Exercised on August 6, 2019	(400,000)	$0.20
Granted on September 3, 2019	500,000	$0.43
Outstanding, December 31, 2019	8,506,666	
Exercised on February 29, 2020	(1,100,000)	$0.20
Exercised on March 27, 2020	(566,666)	$0.20
Stock options forfeited	(1,580,000)	$0.54
Granted on May 7, 2020	200,000	$0.35
Granted on June 1, 2020	500,000	$0.283
Outstanding, September 30, 2020	5,960,000	

The following table summarizes the stock options outstanding and exercisable as at September 30, 2020:

Outstanding			Exercisable	
Number of options	Weighted average exercise price $	Weighted average remaining contractual life in years	Number of options	Weighted average exercise price $
2,100,000	$0.20	2.10	2,100,000	0.20
1,110,000	$0.60	2.85	1,110,000	0.60
950,000	$0.48	3.05	633,333	0.48
600,000	$0.45	3.32	400,000	0.45
500,000	$0.43	3.93	333,333	0.43
200,000	$0.35	4.60	66,667	0.35
500,000	$0.28	4.67	166,667	0.28
5,960,000	$0.34	3.05	4,810,000	

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (continued)

Stock Options (continued)

The following table summarizes the stock options outstanding and exercisable as at December 31, 2019:

Outstanding			Exercisable
Number of options	Weighted average exercise price	Weighted average remaining contractual life in years	Number of options
4,566,666	$0.20	2.85	4,566,666
1,440,000	$0.60	3.61	960,000
950,000	$0.48	3.80	633,333
1,050,000	$0.45	4.07	350,000
500,000	$0.43	4.68	166,667
8,506,666	$0.34	3.34	6,676,666

On November 7, 2017, the Company granted an aggregate of 8,700,000 stock options to directors, officers, employees and consultants of the Company. These stock options have an exercise price of $0.20 and an expiry date of November 6, 2022. All of the options will vest over a two year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on November 6, 2019. During the nine months ended September 30, 2020, the Company recognized share-based payments of $nil (2019 - $114,833) related to these stock options.

On August 9, 2018, the Company granted an aggregate of 2,580,000 stock options to directors, officers, employees and consultants of the Company. These stock options have an exercise price of $0.60 and an expiry date of August 8, 2023. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on August 9, 2020. During the nine months ended September 30, 2020, the Company recognized share-based (recoveries) payments of $(29,863) (2019- $172,548) related to these stock options.

On October 19, 2018, the Company granted an aggregate of 950,000 stock options to directors and officer of the Company. These stock options have an exercise price of $0.48 and an expiry date of October 18, 2023. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on October 18, 2020. During the nine months ended September 30, 2020, the Company recognized share-based payments of $38,075 (2019 - $163,998) related to these stock options.

On January 24, 2019, the Company granted 600,000 stock options to a director and 450,000 stock options to an employee of the Company. These stock options have an exercise price of $0.45 and an expiry date of January 23, 2024. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on January 23, 2021. During the nine months ended September 30, 2020, the Company recognized share-based (recoveries) payments of $(37,399) (2019 - $269,294) related to these stock options.

On September 3, 2019, the Company granted 500,000 stock options to a consultant of the Company. These stock options have an exercise price of $0.43 and an expiry date of September 2, 2024. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on September 2, 2021. During the nine months ended September 30, 2020, the Company recognized share-based payments of $50,827 (2019 - $67,298) related to these stock options.

On May 7, 2020, the Company granted 200,000 stock options to an officer of the Company. These stock options have an exercise price of $0.35 and an expiry date of May 6, 2025. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on May 6, 2022. During the nine months ended September 30, 2020, the Company recognized share-based payments of $31,333 (2019 - $nil) related to these stock options.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (continued)

On June 1, 2020, the Company granted 500,000 stock options to an employee and a consultant of the Company. These stock options have an exercise price of $0.28 and an expiry date of May 31, 2025. All of the options will vest over a two-year period with 1/3 of the stock options vesting immediately on the date of grant; 1/3 to vest one year thereafter and 1/3 to vest two years thereafter; such that all of the stock options are fully vested on May 31, 2022. During the nine months ended September 30, 2020, the Company recognized share-based payments of $58,804 (2019 - $nil) related to these stock options.

The weighted average fair value at grant date of the stock options granted during the nine months ended September 30, 2020 was $nil (2019 - $0.38) per option. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	2020	2019
Expected volatility	125%	125%
Risk-free interest rate	0.38%	1.86%
Dividend yield	-	-
Expected life of options	5.0 years	5.0 years
Stock price on grant date	$0.30	$0.45
Forfeiture rate	-	-

Warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted Average Exercise Price
Balance at December 31, 2018	2,666,667	$1.20
Warrants issued	28,250,000	$1.00
Balance at December 31, 2019	30,916,667	$1.02
Warrants issued	3,400,000	1.20
Warrants expired	(2,666,667)	1.20
Balance at September 30, 2020	31,650,000	$1.04

Pursuant to the private placement closed on June 6, 2019, the Company issued 28,250,000 common share purchase warrants at fair value of $nil. Each warrant is exercisable into one common share of the Company at an exercise price of $1.00 per common share for a period of two years, expiring on June 5, 2021.

Pursuant to the private placement closed on March 6, 2020, the Company issued 3,400,000 common share purchase warrants at fair value of $442,000. Each warrant is exercisable into one common share of the Company at an exercise price of $1.20 per common share for a period of two years, expiring on March 5, 2022.

Pursuant to the private placement closed on September 5, 2018, the Company issued 2,666,667 common share purchase warrants at fair value of $506,667. Each warrant is exercisable into one common share of the Company at an exercise price of $1.20 per common share for a period of two years. The warrants of 2,666,667 were expired on September 9, 2020.

(Expressed in Canadian Dollars)

16. NON-CONTROLLING INTEREST

The following table presents the summarized financial information about the Company's subsidiaries that have non-controlling interests. The information represents amounts before intercompany eliminations.

		Canada Bond	**1139000 BC Ltd**
As of September 30, 2020			
Ownership Interest		**65%**	**51%**
		$	$
Current assets		10,720	1,237,944
Non-current assets		-	22,795,342
Current liabilities			1,501,114
Non-current liabiliites		20,000	7,720,053
Revenue for the nine months ended		-	37,862
Net loss for the nine months ended		9,280	170,144
Non-controlling interest		3,248	83,370

The net change in the non-controlling interests is as follows:

		Canada Bond	**1139000 BC Ltd**	Total
As of January 1, 2020		$	$	$
Acquisition and ownership change		-	7,840,000	7,840,000
Net loss attibuted to non-controlling interest		(3,248)	(83,370)	(86,618)
As of September 30, 2020		(3,248)	7,756,630	7,753,382

17. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, restricted cash, amounts receivable, due from associate, loans receivable, bank loan, accounts payable, loans. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

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

	September 30, 2020	December 31, 2019
	$	$
Financial assets at fair value through profit or loss (i)	394,700	909,847
Financial assets at amortized cost (ii)	135,825	3,972,225
Financial liabilities at amortized cost (iii)	3,579,321	327,188

(i) Cash and restricted cash
(ii) Amounts receivable, due from associate and loans receivable
(iii) Bank loan, accounts payable, due to associates and loans

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

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

17. FINANCIAL INSTRUMENTS (continued)

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and restricted cash				
September 30, 2020	394,700	-	-	394,700
December 31, 2019	909,847	-	-	909,847

Interest Rate and Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and other receivables. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risks the Company only holds its cash with chartered Canadian financial institutions. As at September 30, 2020 and December 31, 2019, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current operational activities occur within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company collecting its other receivables in a timely manner and by maintaining sufficient cash on hand through equity financing.

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
	$	$	$	$	$
September 30, 2020					
Bank loan	40,000	40,000	40,000		
Accounts payable	1,899,977	1,899,977	1,899,977	-	-
Due to associates	397,727	397,727	397,727		
Loans	3,141,594	3,141,594	3,141,594		
	3,579,321	3,579,321	3,579,321	-	-
	$	$	$	$	$
December 31, 2019					
Accounts payable	327,188	327,188	327,188	-	-

18. CAPITAL DISCLOSURES

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders through expansion correspondingly to the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, reduce debt or increase its debt. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

19. COMMITMENTS

(a) On November 29, 2017, the Company entered into a lease agreement for office premises located in Toronto, Ontario. The Company agreed to pay annual rent of $20,000 from January 1, 2018 until the lease expires on December 31, 2020.

(b) On February 20, 2020, the Company entered into a lease agreement for office premises located in Richmond, BC. The Company agreed to pay annual rent of $190,627 from July 1, 2020 to June 30, 2021, $200,660 from July 1, 2021 to June 30, 2023, $210,693 from July 1, 2023 until the lease expires on June 30, 2025.

(c) The Company has entered into consulting agreements with its key management personnel. These agreements do not have specific expiry dates.

(d) On May 27, 2019, the Company entered into an Investment Corporation Agreement with Zhengjiang Yatai Pharmaceutical Co., Ltd. and Rippington Investment Inc. to establish Yatai & BBT Biotech Ltd. Pursuant to the agreement, the Company will receive 3,500,000 shares, representing 25% of the initial issued shares, by causing its wholly-owned subsidiary, Potanicals Green Growers to use its existing Health Canada issued license to apply for a license for a facility for cannabis cultivation, processing, and sale. The Company has not received an ownership interest in Yatai & BBT Biotech Ltd. as of September 30, 2020.

The Company received its third cultivation license, effective August 7, 2020, from Health Canada.

20. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's operating expenses are presented on the consolidated statements of comprehensive loss based on the functions of the expenses to the following classifications: inventory production costs, sales and marketing and general and administration.

During the nine months ended September 30, 2020 and 2019, the Company incurred the following general and administrative expenses:

	2020	2019
	$	$
Consulting fees	349,633	432,610
Director fees	69,625	70,625
Insurance	113,978	81,219
Interest on lease liabilities	59,836	18,356
Management fees	221,000	373,500
Office and general	438,938	382,730
Professional fees	135,771	120,705
Salaries and benefits	686,758	1,275,115
Travel and entertainment	28,342	297,499
Utilities	19,997	30,688
	2,123,878	3,083,047

21. SUBSEQUENT EVENTS

a) On September 25, 2020, Company's wholly owned subsidiary, Potanicals Green Growers Inc. ("Potanicals"), received a notice that the United Food and Commercial Workers International Union, Local 1518 (the "Union"), has applied for a certification to represent the employees of Potanicals at Potanicals' Peachland facility. Potanicals attended an initial hearing at the British Columbia Labour Relations Board (the "Board") on September 30, 2020 to oppose the application on the basis that the Union seeks to certify a bargaining unit that is not an appropriate unit for collective bargaining. Further hearings may be held in December 2020 to solve this issue between Potanicals and the Union.

On October 5, 2020, Company's wholly owned subsidiary, Potanicals laid off nine employees at its Peachland operation and as a result, received a complaint from the Union alleging that these lay-offs violated the Labour Relations Code (the "Code"). Potanicals attended a hearing at Board on October 9, 13, and 14, 2020 to provide its reasons for laying off the nine employees. On October 16, 2020, the Board issued its decision concluding that Potanicals' layoff of the nine employees at the Peachland operation violated the Code. On October 19, 2020, the nine employees were reinstated at the Peachland operation with back pay and any other benefits to make them whole.

21. SUBSEQUENT EVENTS (continued)

On November 13, 2020, Company's wholly owned subsidiary, Potanicals made a decision to reduce the majority of its workforce both in the Peachland production facility and the head office. Effective from November 13, 2020, Potanicals has suspended its growing and cultivation operations to allow management to further review its business strategies. Until further notice, Potanicals will only maintain a minimum number of staff as required under its licenses and to package and sell its existing inventory.

b) On November 4, 2020, the Company appointed Mr. David Li, MBA, CPA (IL) as Benchmark's new Chief Financial Officer.

c) On November 16, 2020, the Company appointed Mr. Mike Cosic, MBA, CFA as an independent director to the Company's board of directors.