

INTEGRATED ENERGY STORAGE CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(Expressed in Canadian Dollars - Unaudited)

AMENDED AND RESTATED

INTEGRATED ENERGY STORAGE CORP.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
AMENDED AND RESTATED

	September 30, 2018	December 31, 2017
	(Unaudited)	
Assets		
Current		
Cash	\$ 2,513	\$ 5,950
GST Receivable	22,316	-
	24,829	5,950
License (Note 3)	-	21,730
Total Assets	\$ 24,829	\$ 27,680
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 131,676	\$ 62,250
Demand loans (Note 5)	337,446	305,946
	469,122	368,196
Shareholders' Equity		
Share capital (Note 6)	27,770	27,770
Stock option reserve (Note 6)	2,561	2,561
Deficit	(474,624)	(370,847)
	(444,293)	\$ (340,516)
Total Liabilities and Shareholders' Equity	\$ 24,829	\$ 27,680

Nature of Operations and Ability to Continue As a Going Concern (Note 1)

Approved on behalf of the board

"Brian Stecyk"

Brian Stecyk, Director

"Chris Hopkins"

Chris Hopkins, CFO and Director

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

INTEGRATED ENERGY STORAGE CORP.

Condensed Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollars - unaudited)

AMENDED AND RESTATED

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating expenses				
General and administrative	\$ 1,470	\$ 2,819	\$ 3,573	\$ 21,992
Consulting fees	47,551	37,575	47,551	86,798
Professional fees	3,200	-	20,755	-
Amortization	1,357	-	4,073	-
Patent costs	25,393	-	25,393	-
Change in fair value of marketable securities	-	3,364	-	(12,333)
	78,971	43,758	101,345	96,457
Other items:				
Recovery of GST	(15,225)	-	(15,225)	-
Impairment of license	17,657	-	17,657	-
Net loss and comprehensive loss	\$ (81,403)	\$ (43,758)	\$ (103,777)	\$ (96,457)
Loss per share – basic and diluted	(0.01)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	9,436,148	9,436,148	9,436,148	9,436,148

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

INTEGRATED ENERGY STORAGE CORP.

Condensed Interim Statement of Changes in Equity

(Expressed in Canadian Dollars - unaudited)

AMENDED AND RESTATED

	Number of shares	Share capital	Stock Option Reserve	Deficit	Total
Balance, December 31, 2016	9,436,148	\$ 27,770	\$ 2,561	\$ (189,800)	\$ (159,469)
Net loss for the period	-	-	-	(96,457)	(96,457)
Balance, September 30, 2017	9,436,148	\$ 27,770	\$ 2,561	\$ (286,257)	\$ (255,926)
Balance, December 31, 2017	9,436,148	\$ 27,770	\$ 2,561	\$ (370,847)	\$ (340,516)
Net loss for the period	-	-	-	(103,777)	(103,777)
Balance, September 30, 2018	9,436,148	\$ 27,770	\$ 2,561	\$ (474,624)	\$ (444,293)

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

INTEGRATED ENERGY STORAGE CORP.

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)
AMENDED AND RESTATED

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss and comprehensive loss for the period	\$ (103,777)	\$ (96,457)
Adjustment for non-cash item:		
Change in fair value of marketable securities	-	(12,333)
Amortization	4,073	-
Recovery of GST	(15,225)	-
Impairment of license	17,657	-
Change in operating working capital:		
(Increase) in receivables	(7,091)	(12,153)
Decrease in prepaid expenses	-	2,500
Increase in accounts payable and accrued liabilities	69,426	9,418
Net cash flows used in operating activities	(34,937)	(109,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in demand loans	31,500	147,452
Share subscriptions received (refunded)	-	(16,000)
Net cash flows provided by financing activities	31,500	131,452
Increase (decrease) in cash	(3,437)	22,427
Cash, beginning of period	5,950	28,617
Cash, end of period	\$ 2,513	\$ 51,044

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

INTEGRATED ENERGY STORAGE CORP.

Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars - unaudited)
AMENDED AND RESTATED

1. Nature and continuance of operations

Integrated Energy Storage Corp. (the "Company"), was incorporated on May 31, 2010 under the *Business Corporations Act* (Alberta). The address, and principal place of business of the Company is Suite 608, 1199 West Pender Street, Vancouver, BC, Canada, V6E 2R1. The Company was pursuing the research and development of electrical energy storage systems primarily based upon the Vanadium Redox Battery Technology. The Company holds a license with Pacific Northwest National Laboratories which provides for evaluation and testing of vanadium that will be used in the production of vanadium electrolyte and enables the Company to produce vanadium electrolyte that is currently patented by Pacific Northwest National Laboratories. Subsequent to September 30, 2018, the Company entered into a share exchange agreement with Medcolcanna (BVI) Inc. ("Medcolcanna") where the Company and Medcolcanna are to complete a transaction that will result in a reverse take-over of the Company by current shareholders of Medcolcanna. Medcolcanna's wholly-owned Colombian subsidiary is in the process of establishing operations in Colombia as a producer of both THC and cannabidiol medical cannabis. Medcolcanna has received three licences for the: (1) cultivation of psychoactive (high THC) medical cannabis, (2) cultivation of non-psychoactive (THC<1%) medical cannabis, and (3) production, domestic distribution and international export of both THC and cannabidiol medical cannabis. It is currently anticipated that the proposed Transaction will be effected by way of a share exchange.

These 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. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2018, the Company has not generated any revenue and has incurred a loss since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

Basis of preparation

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements have been prepared using accounting policies consistent with those used in the Company's 2017 annual financial statements. These financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

These financial statements are authorized for issue by the Board of Directors on **DATE**.

The significant accounting policies that have been used in the preparation of these condensed interim financial statements are summarized in the Company's annual audited financial statements for the year ended December 31, 2017.

Changes in Accounting Policies – Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

INTEGRATED ENERGY STORAGE CORP.

Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars - unaudited)
AMENDED AND RESTATED

3. License

Effective October 18, 2016, the Company signed a license agreement to gain non-exclusive rights to certain patented technologies. Consideration for the license includes an aggregate \$27,161 (US\$20,000) paid over four tranches as outlined below:

October 18, 2016 ("effective date")	US\$5,000 (\$6,828 CDN paid)
Within 90 days of effective date	US\$5,000 (\$6,835 CDN paid)
Within 180 days of effective date	US\$5,000 (\$6,750 CDN paid)
Within 270 days of effective date	US\$5,000 (\$6,750 CDN paid)

The Company shall pay 1% of any revenues earned based on the licensed technology subject to minimum royalties starting in 2019 of \$5,000, 2020 of \$10,000 and 2021 and beyond of \$20,000. The license terminates when the last of the patents expires or may terminate through written notice by the Company with 60 days notice.

The Company wrote down the license to \$nil and recorded an impairment on the license of \$17,657 during the three months ended September 30, 2018 as it is changing its business plan and no longer intends to use the license.

4. Accounts Payable

	September 30, 2018	December 31, 2017
Accounts payable	\$ 124,676	\$ 120,640
Accrued liabilities	7,000	25,314
Total	\$ 130,246	\$ 145,954

5. Demand Loans

The demand loans are unsecured, non-interest bearing and has no fixed terms of repayment. Of the balance, \$10,000 is owing to a director.

6. Share Capital

Authorized Share Capital

Unlimited common voting shares; and
Unlimited preferred shares, issuable in series, with the rights, privileges, restrictions and conditions determined by the Board of Directors upon issuance.

Issued share capital

At September 30, 2018 and December 31, 2017, there are 9,436,148 common shares and no preferred shares outstanding.

Stock Options

On September 5, 2016, the Company granted 500,000 common share purchase options to consultants of the Company. The options are exercisable at \$0.25 per share, were fully vested on September 5, 2016 and will expire on September 5, 2020.

	Number of options outstanding and exercisable	Weighted average exercise price
Balance, as at December 31, 2016 and 2017 and September 30, 2018	500,000	\$0.25

The weighted average remaining life of the outstanding options at September 30, 2018 is 1.93 years.

Stock Option reserve

INTEGRATED ENERGY STORAGE CORP.

Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars - unaudited)
AMENDED AND RESTATED

The stock option reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

7. Financial instruments and risks

(a) Fair values

The fair values of cash, accounts payable, demand loan and share subscription received approximate their carrying values due to the short-term to maturities of these financial instruments.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities and opportunities. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund development activities and opportunities is subject to risks associated with fluctuations in the market price of commodities.

8. Capital management

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

INTEGRATED ENERGY STORAGE CORP.

Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended September 30, 2018
(Expressed in Canadian Dollars - unaudited)
AMENDED AND RESTATED

9. Restatement for the Three and Nine-Month Periods Ended September 30, 2018

Based on a review of the condensed interim financial statements for the period ended September 30, 2018, it was determined that certain amounts were incorrectly recorded (in particular the GST receivable and the license) while other amounts were incorrectly reported (in particular, the subscriptions receivable). As a result, the Company has restated the condensed interim statement of financial position and condensed interim statement of comprehensive loss, changes in equity and cash flows as follows:

Statement of Financial Position

	Previously reported	Change	Restated
Cash	2,513	-	2,513
GST receivable	-	22,316 [b]	22,316
License	43,051	(43,051) [a]	-
Accounts payable and accrued liabilities	(130,246)	(1,430)	(131,676)
Demand loan	(312,446)	(25,000)	(337,446)
Subscriptions received	(25,000)	25,000	-
Share capital	(27,770)	-	(27,770)
Stock option reserve	(2,561)	5,122	2,561
Deficit	452,459	22,165	474,624

Statement of Comprehensive Loss

	Three months ended Sept. 30, 2018:			Nine months ended Sept. 30, 2018:		
	Previously reported	Change	Restated	Previously reported	Change	Restated
General and administrative	1,045	425	1,470	3,148	425	3,573
Consulting fees	53,573	(6,022)	47,551	53,573	(6,022)	47,551
Professional fees	3,263	(63)	3,200	20,818	(63)	20,755
Amortization	1,357	-	1,357	4,073	-	4,073
Patent costs	-	25,393	25,393	-	25,393	25,393 [c]
Recovery of GST	-	(15,225)	(15,225)	-	(15,225)	(15,225) [e]
Impairment of license	-	17,657	17,657	-	17,657	17,657 [d]
Net loss and comprehensive loss	(59,238)	(22,165)	(81,403)	(81,612)	(22,165)	(103,777)
Loss per share - basic and diluted	0.00	0.01	0.01	0.00	0.01	0.01

Statement of Cash Flows

	Previously reported	Change	Restated
Nine months ended Sept. 30, 2018			
Net loss for the period	(81,612)	(22,165)	(103,777)
Amortization	4,073	-	4,073
Increase in accounts payable and accrued liabilities	67,996	(83,221)	(15,225)
Impairment of license	-	17,657	17,657
(Increase) in receivables	-	(7,091)	(7,091)
Increase in accounts payable and accrued liabilities	-	69,426	69,426
Net cash flows used in operating activities	(9,543)	(25,394)	(34,937)
Increase in demand loan	6,500	25,000	31,500
Share subscriptions received	25,000	(25,000)	-
Net cash flows provided by financing activities	31,500	-	31,500
License	(25,394)	25,394	-
Net cash flows used in investing activities	(25,394)	25,394	-
Decrease in cash	(3,437)	-	(3,437)
Cash, beginning of period	5,950	-	5,950
Cash, end of period	2,513	-	2,513

[a] License:	Statement of financial position	
	Previously reported	\$ 43,051
	Expense patent maintenance costs	(25,393)
	Record impairment at September 30, 2018	(17,657)
	Restated	\$ -
[b] GST Receivable:	Previously reported	\$ -
	Reinstate GST receivable	22,316
	Restated	\$ 22,316
[c] Patent costs:	Statement of comprehensive loss	
	Previously reported	\$ -
	Expense patent maintenance costs	25,393
	Restated	\$ 25,393
[d] Impairment of license	Previously reported	\$ -
	Record impairment for the period	17,657
	Restated	\$ 17,657
[e] Recovery of GST	Previously reported	\$ -
	Record recovery for the period	15,225
	Restated	\$ 15,225