Osoyoos Cannabis Inc.

(formerly LKP Solutions Inc).

Condensed Interim Consolidated Financial Statements

(Unaudited- expressed in Canadian dollars)

October 31, 2018

OSOYOOS CANNABIS INC.
(formerly LKP Solutions Inc.**)**
Unaudited

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NOTICE TO READER

The accompanying condensed interim consolidated financial statements of Osoyoos Cannabis Inc. (formerly LKP Solutions Inc.) as at and for the six months ended October 31, 2018 have been prepared by management and approved by the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Osoyoos Cannabis Inc. (formerly LKP Solutions Inc).
Consolidated Statement of Financial Position
(Unaudited-Expressed in Canadian Dollars)

	Notes		As at October 31 2018		As at April 30 2018
Assets					
Current assets:					
Cash		$	2,662,414	$	5,240,734
GST and other receivable			147,334		84,629
Prepaid expenses			70,000		70,345
Due from related party	9		17,200		317,891
			2,896,948		5,713,599
Fixed assets, at cost					
Equipment			2,111,760		-
Other					
Rental deposit			64,817		-
Total assets		$	5,073,525	$	5,713,599
Liabilities and shareholders' deficiency					
Current liabilities:					
Accounts payable and accrued liabilities	5, 9	$	187,854	$	48,002
Accrued interest payable	7		53,658		49,064
Share subscriptions received in advance			45,015		146,955
Payable on equipment			301,680		-
			588,207		244,021
Loan payable	6		800,378		1,000,000
Convertible debentures	7		513,259		449,412
Total liabilities			1,901,844		1,693,433
Shareholders' equity					
Capital Stock	8		6,951,868		4,831,066
Obligation to issue shares (Note 7)			25,000		-
Contributed surplus			281,816		-
Warrant reserve			623,521		623,521
Share-based payment reserve			987,911		590,917
Convertible debentures			94,304		105,190
Accumulated deficit			(5,792,739)		(2,130,528)
Total shareholders' equity			3,171,681		4,020,166
Total liabilities and shareholders' equity		$	5,073,525	$	5,713,599

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Director *"Gerry Goldberg"* Director *"John McMahon"*

The notes to the consolidated financial statements are an integral part of these financial statements.

Osoyoos Cannabis Inc. (formerly LKP Solutions Inc).
Consolidated Statement of Loss and Comprehensive Loss
(Unaudited-Expressed in Canadian Dollars)

	Notes	Three months ended October 31, 2018	Six months ended October 31, 2018	For the period from incorporation on August 11, 2017 to October 31, 2017
Expenses				
Advertising and promotion		$ 3,214	$ 3,214	$
Accretion	6, 7	62,241	113,375	
Consulting fees		21,107	52,547	
Contract fees		9,420	13,524	
Development costs		601	5,481	639,393
Insurance		-	12,500	
Interest expense	7	69,147	135,333	
Investor relations		21,816	37,700	
Loss on repayment of debenture debts		-	47,676	
Management fees	9	134,250	217,000	
Office and administration		953	5,437	2,470
Professional fees		58,415	103,119	12,500
Share-based compensation	8, 9	396,994	396,994	
Transfer agent and regulatory fees		3,362	8,353	
Travel		8,799	9,409	1,302
Warehouse rent		14,465	14,465	
		(804,784)	(1,176,127)	(655,665)
Loss from acquisition of subsidiary	4	-	(2,486,084)	(17,510)
Net loss and comprehensive loss for the period		**$** (804,784)	**$** (3,662,211)	**$** (673,175)
Loss per share				
Loss per common share: Basic and diluted		**$** (0.03)	**$** (0.15)	**$** (0.04)
Weighted average number of common shares outstanding: Basic and diluted		24,220,640	24,147,547	15,851,853

The notes to the consolidated financial statements are an integral part of these financial statements.

Osoyoos Cannabis Inc. (formerly LKP Solutions Inc.).
Consolidated Statement of Changes in Shareholders' Equity
(Unaudited-Expressed in Canadian Dollars)

	Number of common shares outstanding	**Share capital**	**Obligation to issue shares**	**Contributed Surplus**	**Warrant reserve**	**Share-based payment reserve**	**Convertible debentures**	**Deficit**	**Total**
Seed Shares issued for cash	16,000,000	$ 4	$ -	$ -	$ -	$ -	$ -	$ -	$ 4
Shares issued to founder for services	2,248,260	562,065	-	-	-	-	-	-	562,065
Net loss for the period								(673,175)	(673,175)
Balance as at Oct 31, 2017	18,248,260	562,065	-	-	-	-	-	(673,175)	(111,106)
Private placement	16,054,587	5,876,124			-	-	-	-	5,876,124
Shares issued as finders' fees	1,410,936		-	-	-	-	-	-	
Share issuance costs	-	(611,502)	-	-	-	-	-	-	(611,502)
Convertible debentures	-	-	-	-	-	-	261,181	-	261,181
Shares issued for convertible debentures as finance fee	342,500	51,375	-	-	-	-	-	-	51,375
Equity portion of shares issued for convertible debentures finance fee		-	-	-	-	-	(11,875)	-	(11,875)
Warrants issued with convertible debentures	-	-	-	-	623,521	-	-	-	623,521
Equity portion of warrants issued for convertible debentures finance fee		-	-	-	-		(144,116)	-	(144,116)
Shares issued for services	2,650,000	53,000	-	-	-	-	-	-	53,000
Shares redeemed	15,000,000	(1,100,000)	-	-	-	-	-	-	(1,100,000)
Warrants issued as compensation	-	-	-	-	-	590,917	-	-	590,917
Net loss for the period	-	-	-	-	-	-	-	(1,457,353)	(1,457,353)
Balance as at April 30, 2018	23,706,283	$ 4,831,066	$ -	$	$ 623,521	$ 590,917	$ 105,190	$ (2,130,528)	$ 4,020,166
Contributed surplus on debt discount				281,816					281,816
Issue of shares for subscriptions Note 8)	326,556	146,955							146,955
Repricing of 1,000,000 founder shares (Note 8)	-	5,000	-	-	-	-	-	-	5,000
Shares for finders' fees (Note8)	139,522	-	-	-	-	-	-	-	-
Repayment of convertible debentures Note 7)	-	-	-	-	-	-	(10,886)	-	(10,886)
Shares (166,667) to be issued for debenture interest (Note 7)	-	-	25,000	-	-	-	-	-	25,000
Reverse takeover of subsidiary	6,532,828	1,968,847							1,968.847
Share based compensation	-	-	-	-	-	396,994	-	-	396,994
Net loss for the period	-	-	-	-	-		-	(3,662,211)	(3,662,211)
Balance as at October 31, 2018	**30,705,183**	**$ 6,951,868**	**$ 25,000**	**$ 281,816**	**$ 623,521**	**$ 987,911**	**$ 94,304**	**$ (5,792,739)**	$ 3,171,681

The notes to the consolidated financial statements are an integral part of these financial statements.

Osoyoos Cannabis Inc. (formerly LKP Solutions Inc.)
Consolidated Statement of Cash Flows
(Unaudited-Expressed in Canadian Dollars)

	Six months ended October 31, 2018	For the period from incorporation on August 11, 2017 to April 30, 2018
Cash flows from operating activities		
Net loss for the period	$ (3,662,211)	$ (2,130,528)
Adjustments to reconcile loss to net cash used in operating activities:		
Share-based compensation	396,994	590,917
Loss from acquisition of subsidiary	2,486,084	17,510
Accretion	113,375	27,212
Amortization of finance fees	79,104	72,286
Shares issued for services	-	615,065
Shares and accrual for interest	29,594	-
Loss on repayment of debenture debts	47,676	-
GST receivable	(45,365)	(84,629+)
Prepaid expenses	345	(64,345)
Accounts payable and accrued liabilities	99,052	97,066
Total cash used by operating activities	(455,352)	(859,446)
Cash flows from investing activities		
Equipment	(1,810,080)	-
Rental deposit	(64,817)	-
Cash acquired on acquisition of subsidiary	1,757	10,548
Total cash (used) provided by investing activities	(1,873,140)	10,548
Cash flows from financing activities		
Shares issued for cash	5,000	5,876,128
Share issuance costs - cash		(611,502)
Subscriptions received in advance		146,955
Convertible debentures	(105,000)	1,095,942
Due to related parties	(149,828)	(417,891)
Total cash (used) provided by financing activities	(249,828)	6,089,632
Total increase in cash during the period	(2,578,320)	5,240,734
Cash - Beginning of period	5,240,734	-
Cash - End of period	$ 2,662,414	$ 5,240,734
Cash (paid) received for		
Interest	$ -	$ -
Taxes	$ -	$ -

The notes to the consolidated financial statements are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

LKP Solutions Inc. ("LKP") was incorporated as Red Ore Gold Inc. under the name "Red Ore Gold Inc." under the laws of the Province of British Columbia by Articles of Incorporation dated January 13, 2011.

Effective October 31, 2018, LKP was part of a three-cornered amalgamation among LKP, 1160516 B.C. Ltd. (a wholly-owned subsidiary of LKP) and former Osoyoos Cannabis Inc. ("OSO"). The result of the transactions was that LKP acquired all of the issued and outstanding securities of former OSO on the basis of one share of LKP for each share of former OSO (24,172,361 LKP shares issued). At completion of the transactions, LKP changed its name to Osoyoos Cannabis Inc. (the "Company" or "OSO") and the former OSO was amalgamated into 1160516 B.C. Ltd.

The business of the Company is for the research of, propagation and growth of, harvesting and marketing of medical cannabis.

As at October 31, 2018, the Company's shares were not listed on any exchange. The office of the Company is located at #703 – 45 Shepherd Ave East, Toronto, Ontario.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business, for the next fiscal year. At October 31, 2018 the Company had cash of $2,662,414 (April 30, 2018 - $5,240,734), working capital of $2,308,741 (April 30, 2018 - $5,469,578), and an accumulated deficit of $4,792,739 (April 30, 2018 - $2,130,528). The continuing operations of the Company are dependent on funding provided by equity investors. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the carrying value or presentation of assets or liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

Basis of preparation

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 10. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information. The functional currency of the Company and its subsidiary is the Canadian dollar, which is also the Company's reporting currency.

2. BASIS OF PRESENTATION (continued)

Statement of compliance

These interim consolidated financial statements (the "financial statements") are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), using accounting policies of International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended April 30, 2018, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed interim consolidated financial statements are based on accounting policies as described in the April 2018 annual consolidated financial statements except that, effective May 1, 2018, the Company implemented IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) and IFRS 9 Financial Instruments (“IFRS 9”).

As the acquisition of 1160546 B.C. Ltd. (formerly Osoyoos Cannabis Inc.) was treated as a Reverse Merger and Recapitalization (commonly referred to a Reverse Take Over (“RTO)), (see Note 4), prior period information has not been prepared in a basis consistent with the most recent interim information.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders’ equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported.

Critical Judgements

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as previously discussed in Note 1, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary has been determined to be the Canadian dollar.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

Significant estimates made by management affecting the consolidated financial statements include:

Share-based Payments

Estimating fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Deferred Tax Assets & Liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Discount on Term Debt

The terms of the term debt are that there is no interest. Fair value of the debt requires that a market rate of interest be applied. Management has made the necessary estimate of an appropriate interest rate. A variation in the rate would impact the carrying value of the loan and the accretion recognized in the statement of loss and comprehensive loss.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary 1160516 B.C Ltd. from the date of acquisition on October 31, 2018. All inter-company transactions and balances have been eliminated on consolidation.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported.

Approval of the consolidated financial statements

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on Dec 31 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the consolidated financial statements at April 30, 2018 have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

Recent accounting pronouncements

Effective May 1 2018, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

(a) IFRS 2, Share-based Payment ("IFRS 2") - In June 2016, the IASB issued amendments to IFRS 2, which expands upon the guidance for recognizing a liability for cash-settlement of a share-based payment as well as transactions with a net settlement feature for withholding tax obligations. These amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The adoption of this standard has had no effect on the Company's financial reporting.

(b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), was issued in May 2015, which replaced IAS 11, Construction Contracts, IAS 18, Revenue Recognition, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles based five step model that will apply to all contracts with customers with limited exceptions. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The adoption of this standard has had no effect on the Company's financial reporting.

(c) IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or fair value through other comprehensive income. IFRS 15 is required for annual periods beginning on or after January 1, 2018.The Company has adopted this new standard as of its effective date being May 1, 2018, on a modified retrospective basis. The April 30, 2018 comparatives were not restated.

Accounting standards Issued but not yet applied

New standard IFRS 16 "Leases" This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards Issued but not yet applied (continued)

have adopted IFRS 15. IFRIC 22, 'Foreign currency transactions and advance consideration. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The Company has not yet analyzed the new

standard to determine its impact on the Company's consolidated statements of financial position and consolidated statements of comprehensive income (loss).

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's financial statements.

Property and equipment:

Property and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The cost of the item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of loss and comprehensive loss. The cost of repairs and maintenance is expensed as incurred. Amortization is not recognized until the asset is in use.

IFRS 9 Financial Instruments

(i) Impact of adoption

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of May 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, such that the Company's accounting policy with respect to financial liabilities is unchanged.

As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results, therefore all comparative period information is presented in accordance with our previous accounting policies. New or amended interim disclosures have been provided for the current period, where applicable, while comparative period disclosures are consistent with those made in prior periods.

Further as a result of adoption of IFRS 9, management has not changed its accounting policy for financial assets.

IFRS 9 Financial Instruments (continued)

(ii) Accounting policy

The following is the Company's new accounting policy for financial instruments under IFRS 9.

(a) Classification and measurement of financial assets

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost ("AMC"), based on the business model for managing the financial instruments and the contractual cash flow characteristics of the instrument.

(b) Debt instruments

On initial recognition, all debt instruments, are classified based on:
- The business model under which the asset is held; and
- The contractual cash flow characteristics of the financial instrument.

Business model assessment

Business model assessment involves determining whether financial assets are held and managed by the Company for generating and collecting contractual cash flows, selling the financial assets or both. The Company assesses the business model at a portfolio level using judgment and is supported by relevant objective evidence including:
- how the performance of the asset is evaluated and reported to the Company's management;
- the frequency, volume, reason and timing of sales in prior periods and expectations about future sales activity;
- whether the assets are held for trading purposes i.e., assets that are acquired by the Company principally for the purpose of selling or repurchase in the near term, or held as part of a portfolio that is managed together for short-term profits; and
- the risks that affect the performance of assets held within a business model and how those risks are managed.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement, i.e. if they represent cash flows that are solely payments of principal and interest ("SPPI").

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual terms that could change the timing or amount of contractual cash flows such that the financial asset would not meet the SPPI criteria.

IFRS 9 Financial Instruments (continued)

In making the assessment the Company considers:
• contingent events that would change the amount and/or timing of cash flows;
• leverage features;
• prepayment and extension terms;
• associated penalties relating to prepayments;
• terms that limit the Company's claim to cash flows from specified assets; and
• features that modify consideration of the time value of money.

Debt instruments measured at AMC

Debt instruments are measured at AMC using the effective interest rate, if they are held within a business model whose objective is to hold the financial asset for collecting contractual cash flows where those cash flows represent SPPI. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. AMC is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization of these deferred costs is included in Interest income in the Consolidated Statements of Income (Loss).

Impairment on debt instruments measured at AMC is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses ("ACL") in the Consolidated Balance Sheets.

There are no debt instruments measured at FVTOCI or at FVTPL as of and during the period ended October 31, 2018.

(iii) Equity instruments

Equity instruments are measured at FVTPL, unless they are not held for trading purposes and an irrevocable election is made to designate these instruments at FVOCI upon initial recognition. The measurement election is made on an instrument-by-instrument basis. Changes in fair value are recognized as part of Investments income in the Consolidated Statements of Income (Loss) for equity instruments measured as at FVTPL.

(iv) Financial assets and liabilities designated at FVTPL

Financial assets and financial liabilities classified in this category are those that have been designated by the Company on initial recognition. Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise. Financial liabilities are designated at FVTPL when one of the following criteria is met:
• The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
• The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial assets and financial liabilities designated at FVTPL are recorded in the Consolidated Statements of Financial Position at fair value. For assets designated at FVTPL, changes in fair values are recognized in other income in the Consolidated Statements of Income (Loss). For liabilities designated at FVPTL, all changes in fair value are recognized in other income in the

(Unaudited-Expressed in Canadian Dollars)

IFRS 9 Financial Instruments (continued)

Consolidated Statements of Income (Loss), except for changes in fair value arising from changes in the Company's own credit risk are recognized in OCI and are not subsequently reclassified to the Consolidated Statements of Income (Loss) upon derecognition /extinguishment of the liabilities.

The classification of the Company's financial assets and liabilities is disclosed in note 3

(c) Derecognition

(i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

(ii) Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations and comprehensive loss.

Reconciliation of IAS 39 to IFRS 9

On adoption of IFRS 9, the Company has assessed all its financial assets and liabilities based on the business model and solely payments of principal and interest ("SPPI") tests. This has resulted in the re-classification and re-measurement of certain financial assets and liabilities as at January 1 2018, which are summarized in the table below.

April 30,	2018				May 1	2018
	Measurement	IAS 39	Remeasurement	Reclassification	Measurement	IFRS 9
	basis	$			basis	$
Cash and cash equivalents	FVTPL	5,240,734		(5,240,734)		
				5,240,734	AMC	5,240,734
Due from related party	AMC	317,891			AMC	317,891
Accounts payable	AMC	48,002			AMC	48,002
Loan payable	AMC	1,000,000	(281,816		AMC	718,184
Convertible debentures	AMC/Conversion feature at FVTPL	449,412			FVTPL	449,412

(Unaudited-Expressed in Canadian Dollars)

4. ACQUISITIONS

Effective October 31, 2018 the Company was part of a three-cornered amalgamation among the Company, 1160516 B.C. Ltd. (a wholly-owned subsidiary of LKP) and LKP. The result of the transactions was that LKP acquired all of the issued and outstanding securities of former OSO on the basis of one share of LKP for each share of former OSO (24,172,361 LKP shares issued). All outstanding warrants to purchase OSO shares were exchanged, on an equivalent basis, for warrants to purchase OSO (formerly LKP) shares. At completion of the transactions, LKP changed its name to Osoyoos Cannabis Inc. and former OSO was amalgamated into 1160516 B.C. Ltd.

Under IFRS, this was considered to be a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or "RTO") and is accounted for as the acquisition of LKP by the Company.

The fair value of the acquired assets and liabilities assumed is as follows:

		October 31, 2018
Assets acquired by the Company:		
Cash	$	1,757
Accounts receivable		17,340
Liabilities assumed by the Company:		
Accounts payable		(40,800)
Amount due to related party		(450,519)
Share subscriptions received in advance		(45,015)
Net liabilities assumed		(517,237)
Fair value of equity surrendered to former LKP shareholders at acquisition		(1,968,847)
Loss on acquisition	$	(2,486,084)

On August 23, 2017, the Company acquired 100% of the issued and outstanding shares of BRPO for cash consideration of $1.

BRPO was incorporated under the laws of British Columbia by articles of incorporation dated on February 25, 2017 and is in the business of the research of, propagation and growth of, harvesting and marketing of medical cannabis.

The fair value of the acquired assets and liabilities assumed is as follows:

		August 23, 2017
Assets acquired by the Company:		
Cash	$	10,549
Prepaid expense		6,000
Liabilities assumed by the Company:		
Amount due to related party		(34,058)
Loss on acquisition		17,510
Fair value of consideration issued on acquisition	$	1

(Unaudited-Expressed in Canadian Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

		October 31, 2018		April 30, 2018
Accounts payable	$	136,214	$	35,502
Accrued liabilities		51,640		12,500
Total accounts payable and accrued liabilities	$	187,854	$	48,002

6. LOAN PAYABLE

The loan payable to the former CEO arises from the surrender of shares (Note 8) and is unsecured and non-interest bearing with a due date of March 20, 2020. The due date will be immediately accelerated in the event that the Company, or its successor in ownership of BRPO receives proceeds of a round of capital funding in excess of $10,000,000. Management has determined that the probability of receiving such financing to be very low and thus the liability should be long term. Effective May 1, 2018, the loan was discounted to fair value of $718, 184 using market rate. The loan will be accreted to fair value over the term of the loan.

At October 31, 2018 the carrying value of the loan was $1,000,000 less $199,622 (July 31, 2018 - $234,848) of unamortized discount.

7. CONVERTIBLE DEBENTURES

In December 2017, the Company issued $1,130,000 in convertible debentures. The debentures have a maturity of 3 years, carry an interest rate of 10%, which can be paid in cash or common shares at a price of $0.15. The debentures are convertible into common shares at $0.15 per share, at the discretion of the debenture holder. In connection with the debentures, the Company issued 7,533,530 common share purchase warrants, with each warrant exercisable at $0.20 for a period of 2 years. The warrants are considered to be transaction costs of the debentures and had a fair value of $623,521 calculated using the Black-Scholes pricing model with volatility of 120% and an interest rate of 1.41%. Of this amount, $144,116 was allocated to the equity component of the convertible debenture, with the remaining amount allocated to the liability portion, to be amortized over the term of the notes. In addition, 342,500 common shares valued at $51,375 were issued to the holders of the debentures, and recorded as transaction costs. Of the $51,375 transaction costs, $11,875 was recorded as a cost of issuing the equity, with the remainder recorded against the liability portion of the notes, and will be amortized over the term of the notes. During the period ended October 31, 2018 the Company accrued interest expense of $53,658 (April 30, 2018 -$49,064). for these notes, which is payable at the period end. At the option of the debenture holder, the interest can be paid in cash or in shares at a value of $0.15 per share. At October 31, 2018 interest payable of $25,000 is due in shares.

On May 10, 2018 the Company repaid certain debentures with a face value of $105,000 and a carrying value of $46,438, resulting in a loss on repayment of $47,676 and a reduction in equity in debentures of $10,886.

(Unaudited-Expressed in Canadian Dollars)

7. CONVERTIBLE DEBENTURES (continued)

As at October 31, 2018, the Company's convertible notes were as follows:

		Equity component of convertible debenture		Liability portion of convertible debenture		Total
Proceeds received	$	261,181	$	868,819	$	1,130,000
Finance costs		(155,991)		(518,8905)		(674,896)
Amortization of finance costs		-		72,286		72,286
Accretion		-		27,212		27,212
Balance, April 30, 2018	$	105,190	$	449,412	$	554,602
Repayment of debentures		(10,886)		(46,438)		(57,324)
Amortization of finance costs				79,104		79,104
Accretion				31,181		31,181
Balance, October 31, 2018	$	94,304	$	513,259	$	686,664

8. CAPITAL STOCK

The Company is authorized to issue the following shares:

- Unlimited Class "A" voting common shares with no par value
- Unlimited Class "B" non-voting preferred shares with a par value of $1.00
- Unlimited Class "C" voting common shares with no par value

a) Common shares

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

At October 31, 2018, the Company has 30,705,183 class A common shares issued and outstanding.

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares with the rights, privileges and restrictions determined by the Board of Directors at the time of issuance.

There were no issuances of preferred shares during the period ended April 30, 2018.

c) Share issuances

- On August 11, 2017, the Company issued 15,000,000 common shares, as founders' shares, for $1, to the former CEO and a director of the Company.

8. CAPITAL STOCK continued)

c) Share issuances

- On August 23, 2017, the Company issued a further 750,000 founders' shares to 2 directors of the Company at a price of $1 per director, and an additional 250,000 shares to the corporate secretary for $1.
- The Company issued 2,248,260 units valued at $0.25 per unit, for a total cost of $562,065 for management fees paid to the former CEO Each unit consists of one common share and one common share purchase warrant exercisable at $0.50 until November 1, 2019. The warrants attached to the units have been valued at $nil using the residual value method. (Notes 9).
- The Company issued 342,500 common shares valued at $0.15 per share, for a total value of $51,375 as a finance cost, in relation to the issue of convertible debentures. (Note 7).
- In December, 2017 the Company issued 400,000 units valued at $0.02 per unit for a total of $8,000 in connection with a contract for investor relations to commence shortly before the shares of the Company become publicly traded. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $0.50 until March 14, 2020. The warrants attached to the units have been valued at $nil using the residual value method.
- In December, 2017, the Company closed a private placement of 6,742,200 units at $0.25 per unit for gross proceeds of $1,685,550. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $0.50 until November 1, 2019. The Company paid $229,572 and issued 630,360 units, valued at $157,590, as a finders' fee for this private placement. The fair value of the warrants issued as part of the units with this financing was calculated to be $nil using the residual value method.
- On March 20, 2018, the Company executed an agreement whereby a former director and former CEO surrendered 15,000,000 common shares for cancellation for the sum of $1,100,00, of which $100,000 was paid at closing and the remaining $1,000,000 is in the form of a loan payable. (Note 6, 9)
- On March 23, 2018, the Company closed a private placement of 9,638,943 units at a price of $0.45 per unit, for gross proceeds of $4,337,524. Of these units, 9,312,387 were issued as at April 30, 2018, with a value of $4,190,574, with the remaining 326,566 units valued at $146,955 issued subsequent to the period end. The warrants attached to these subscriptions received in advance were issued during the period ended April 30, 2018, while the shares were issued subsequently. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $0.75 for two years from closing. The Company paid $381,930 and reserved for issue 920,098 finders' units as share issuance costs. Of these finders' units, 780,576 were issued during the period ended April 30, 2018, valued at $351,259. Of the remaining 139,522 finders' units, the share component was issued subsequent to April 30, 2018, while the warrants were issued during the period ended April 30, 2018. The fair value of the warrants issued with this financing was calculated to be $nil using the residual value method.
- On March 23, 2018 the Company issued 2,250,000 units valued at $0.02 per share for total value of $45,000 as compensation to founding directors and officers of the Company for management fees. Each unit consists of one common share and one common share purchase warrant exercisable at $0.50 until March 14, 2020. The fair value of the warrants issued with this financing was calculated to be $nil using the residual value method (Note 9).

(Unaudited-Expressed in Canadian Dollars)

- On May 2 -4, the Company issued 326,56 shares for share proceeds of $146.955 received in advance. The Company also issued 139,522 shares for finders' fees.
- On July 10, 2018, the Company repriced 1,000,000 founders' shares (previously recognized at $4) to $0.005 per share for proceeds of $5,000. This brought the price of the shares into alignment with requirements of the Canadian Stock Exchange

d) Warrants

During the period ended October 31, 2018, the Company issued to directors as compensation (concurrent with completion of RTO), 1,100,000 warrants exercisable at $0.45 until March 14, 2023.

As part of the amalgamation, all outstanding warrants to purchase OSO shares were exchanged, on an equivalent basis, for warrants to purchase OSO (formerly LKP) shares. At October 31, there were 663,400 warrants (post consolidation) in the former LKP Solutions Inc.

During the period ended April 30, 2018, the Company issued the following warrants:

Description	Number of warrants
To the former CEO and director attached to shares issued for services	2,248,260
To debenture holders	7,533,330
For investor relation services attached to shares issued	400,000
Private placements, attached to shares	16,381,153
Finders' fees in private placements, attached to shares	1,550,458
For management services attached to shares issued	2,250,000
Warrants issued to directors as compensation (Note 8f)	1,500,000
Balance, April 30, 2018	31,863,201

As at October 31, 2018, the Company had the following share purchase warrants outstanding:

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
2,450,000	$0.20	1.08	November 1, 2019
2,248,260	$0.50	1.08	November 1, 2019
7,372,560	$0.50	1.17	December 1, 2019
1,583,330	$0.20	1.33	December 10, 2019
3,500,000	$0.20	1.57	December 15, 2019
2,650,000	$0.50	1.57	Mach 14, 2020
10,559,051	$0.75	1.50	March 23, 2020
1,500,000	$0.25	4.50	March 14, 2023
1,100,000	$0.45	4.50	March 14, 2023
80,400	$0.50	1.75	July 21, 2020
357,000	$0.25	1.92	October 1, 2020
226,000	$0.50	2.17	December 31, 2020
33,626,601	$0.50	1.61	

8. CAPITAL STOCK (continued)

(Unaudited-Expressed in Canadian Dollars)

e) Stock Options

At October 31, 2018 and April 30, 2018, there are no stock options outstanding

f) Share-based Compensation

The Company recognizes compensation expense for all stock options and warrants granted as compensation using the fair value method of accounting. For the period ended October 31, 2018, the company recorded share-based compensation expense of $396,994 for 1,100,000 warrants issued to directors (Note 8d).

The Company calculated the fair value of warrants issued as compensation using the Black-Scholes option pricing model, with the following assumptions:

	October 31, 2018	April 30, 2018
Expected life	4.4 years	5 years
Risk- free Interest rate	2.04%	2.09%
Expected volatility	120%	1 20%
Expected dividends yield	0%	0%
Forfeiture rate	0%	0%

9. RELATED PARTY TRANSACTIONS

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Key management of the Company are members of the Board of Directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO").

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

Key management remuneration includes the following:

		Three months Oct 31, 2018		Six months Oct 31, 2018
Management fees to the former CEO	$	30,000	$	43,750
Contract fees to the CFO	$	17,750		45,750
Contract fees to the COO	$	7,500		7,500
Management fees to a director or to a company controlled by the director	$	40,000		60,000
Contract fees to the corporate secretary	$	39,000		60,000
		134,250	$	217,000
Consulting fees paid to a director		-		20,000
Share-based compensation to directors from warrants issued		396,994		396,994
Office and rent expense paid to the former CEO		-		500
		531,244	$	634,494

9. RELATED PARTY TRANSACTIONS (continued)

As at October 31, 2018, the Company had the following balances with related parties:

- Included in due from related parties is $17,200 owed by the former CEO and director of the Company, and companies with management and directors in common with the Company;
- Included in accounts payable and accrued liabilities is $4,462 due to the CFO and $21,000 due to the Corporate Secretary.
- The note payable of $1,000,000 is due to the former CEO as discussed in Note 6.

Amounts due to and from related parties are non-interest bearing with no terms of repayment, other than the note payable as discussed in Note 6.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, due from related party, accounts payable, payable on equipment, loan payable, and convertible debentures.

The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The presentation of the Company's due from related party, accounts payable and payable on equipment is fair value, taking into account their short-term nature. The fair value of convertible debentures and the loan payable are measured on the statement of financial position using level 3 of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Financial risk management and objectives

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk and market risk

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

10. FINANCIAL INSTRUMENTS (continued)

Financial risk management and objectives (continued)

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements as well as, in certain cases, to pay the outstanding balances owed in shares of the Company rather than in cash.

As at October 31, 2018, the Company had cash of $2,662,414 and current liabilities of $588,207.

The Company considers expected cash flow from financial assets in managing liquidity risk. The Company's existing cash resources currently do not meet the current cash outflow requirements. As a result, the Company is at a risk of not being a going concern if management is unable to raise the appropriate funds prior to the maturity of the financial liabilities. Appropriate going concern disclosures have been made in Note 1.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

(a) Interest rate risk

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

(b) Price risk

The Company is not exposed to significant price risk as it does not possess investments in publicly traded securities.

(c) Currency risk

The Company is not exposed to significant foreign exchange risk as all its operations are in Canada.

11. CONTINGENCIES AND COMMITMENTS

The Company's operations were governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to both predict and identify, in terms of level, impact or timeline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at the time.

On May 28, 2018, a performance compensation agreement was entered into between a former CEO/director, a former director and the present Secretary, the former CFO and the comptroller and

OSO in relation to the provision of ongoing assistance to complete the transaction with LKP and to achieve a stock exchange listing. The milestones triggering payments under this agreement

11. CONTINGENCIES AND COMMITMENTS (continued)

are: a) $20,000 was paid immediately; b) $20,000 was paid upon regulatory acceptance of this Information Circular; c) $20,000 upon the signing of a lease for operating premises); d) $20,000 upon the completion of the acquisition of OSO by LKP); and e) $20,000 upon achieving a listing on the Canadian Stock Exchange.

On June 7, 2018, the Company entered into an agreement with a company controlled by a director for provision of corporate finance services; The said company can be paid up to $1,100,000 if successful.

On September 1, 2018, 2018, the Company executed a lease on real property and paid a rental deposit of $64,817. The triple net lease expires on August 31, 2023, subject to a 5 year renewal option at fair value rent. In years 1 and 2, the monthly rent (including common area cost) is $10,714, for years 3 and 4 $11,581 and year 5 $12,449. The common area cost will be increased to reflect cost increases. The Company has the option to acquire the property for $1,500,000. The option may be exercised at the end of the initial lease term on giving prior notice of at least six (6) months prior to the end of the initial lease term.

On October 3, 2018, the Company entered into a $14,000 contract for consulting services in support of obtaining a federal government license to process cannabis.

On October 15, 2019 the Company entered into a $19,350 contract for services relating to site design and design of security procedures to process cannabis.

On October 17, 2018 the Company entered into a $14,000 contract for personnel recruiting assistance.

On October 22, 2018 the Company entered into a $22,000 contract for preparation of drawings to support the application for a federal government license to process cannabis.

12. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment in Canada.

13. SUBSEQUENT EVENTS

On December 7, 2018 the Company entered into a $7,000 contract for HVAC design which is expected to be completed in early January, 2019.

In December, the Company filed an application to be listed on the Canadian Stock Exchange (“CSE). The application is under review by the CSE.