Vibe Bioscience Ltd. (formerly Altitude Resources Inc.)

Interim Consolidated Financial Statements

(Unaudited)

As at and for the Three Months Ended March 31, 2019

(In U.S. Dollars, Unless Otherwise Noted)

Vibe Bioscience Ltd. (formerly Altitude Resources Inc.)
Interim Consolidated Statement of Financial Position
(Expressed in U.S. dollars) – Unaudited

As at	*notes*	**March 31, 2019**	**December 31, 2018**
Assets			(note 2)
Current assets			
Cash and cash equivalents	*5*	$ 3,083,889	$ 2,328,893
Restricted cash	*5, 17*	-	352,069
Accounts receivable	*6*	798,731	20,155
Inventory	*7*	298,200	-
Biological assets	*8*	104,416	-
Other current assets	*9*	370,763	148,786
Total current assets		**4,655,999**	**2,849,903**
Intangible assets and goodwill	*4, 10*	10,347,569	2,542,826
Property and equipment	*11*	2,462,964	2,134
Right-of-use assets	*12*	874,942	-
Deposits	*11*	-	800,000
Investments	*4*	-	550,000
Total assets		**$18,341,474**	**$ 6,744,863**
Liabilities			
Current liabilities			
Accounts payable	*13*	$ 2,495,311	$ 592,658
Current portion of lease obligations and notes payable	*14, 15*	248,645	-
Subscription received in advance	*17*	-	352,069
Total current liabilities		**2,743,956**	**944,727**
Lease obligations	*14*	663,518	-
Notes payable	*15*	1,167,207	-
Deferred tax liability	*16*	806,000	-
Total liabilities		**$ 5,380,681**	**$ 944,727**
Shareholders' equity			
Share capital	*17*	$ 17,514,285	$ 8,584,340
Warrants	*17*	25,227	25,227
Contributed surplus	*17*	1,175,829	752,332
Accumulated other comprehensive loss		(177,494)	(206,680)
Deficit		(5,577,054)	(3,355,083)
		12,960,793	5,800,136
Total liabilities and shareholders' equity		**$18,341,474**	**$ 6,744,863**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements

Vibe Bioscience Ltd. (formerly Altitude Resources Inc.)
Interim Consolidated Statement of Operations and Comprehensive Loss
(Expressed in U.S. dollars) – Unaudited

For the three months ended	*notes*	**March 31, 2019**
Revenue		**$ 1,313,726**
Cost of goods sold	22	745,341
Gross margin before adjustments for biological assets		**568,385**
Net effect of adjustments for biological assets	8	(14,922)
Gross margin		**583,307**
Operating expenses		
General and administrative	22	453,031
Sales and marketing	22	97,770
Stock-based compensation	17	423,497
Depreciation and amortization	10, 11, 12	194,631
		1,168,929
Other expenses (income)		
Listing fee	4	564,704
Loss on investment	4	415,000
Transaction expenses	4	414,267
Interest expense	23	15,643
Unrealized gain on fair value of financial asset	6	(39,325)
Other	4	163,060
		1,533,349
Loss before income taxes		**(2,118,971)**
Income tax expense (recovery)		
Current	16	138,000
Deferred	16	(35,000)
Total income tax expense (recovery)		**103,000**
Net loss		**$(2,221,971)**
Other comprehensive income		
Foreign currency translation gain		29,186
Comprehensive loss		**$(2,192,785)**
Earnings per share		
Basic and diluted	17	$ (0.04)

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Vibe Bioscience Ltd. (formerly Altitude Resources Inc.)
Interim Consolidated Statement of Changes in Equity
(Expressed in U.S. dollars) – Unaudited

For the three months ended	***notes***	**Common share capital**	**Warrants**	**Contributed surplus**	**AOCI***	**Deficit**	**Total shareholders' equity**
Balance at December 31, 2018		**$ 8,584,340**	**$ 25,227**	**$ 752,332**	**$ (206,680)**	**$ (3,355,083)**	**$ 5,800,136**
Shares issued in private placement	*17*	3,845,288	-	-	-	-	3,845,288
Shares issued in business acquisitions	*4*	4,234,037	-	-	-	-	4,234,037
Shares issued in reverse take-over	*4*	850,620	-	-	-	-	850,620
Stock-based compensation	*17*	-	-	423,497	-	-	423,497
Total net and comprehensive loss		-	-	-	29,186	(2,221,971)	(2,192,785)
Balance at March 31, 2019		**$ 17,514,285**	**$ 25,227**	**$ 1,175,829**	**$ (177,494)**	**$ (5,577,054)**	**$ 12,960,793**

* Accumulated other comprehensive income

The accompanying notes are an integral part of these Interim Consolidated Financial Statements

Vibe Bioscience Ltd. (formerly Altitude Resources Inc.)
Interim Consolidated Statement of Cash Flows
(Expressed in U.S. dollars) – Unaudited

For the three months ended	*notes*	**March 31, 2019**
Operating activities		
Net loss		$ (2,221,971)
Non-cash items		
Listing fee	*4*	564,704
Stock-based compensation	*17*	423,497
Loss on investment	*4*	415,000
Depreciation and amortization	*10, 11, 12*	194,631
Unrealized foreign exchange loss		3,736
Unrealized gain on fair value of financial asset	*6*	(39,325)
Deferred income tax recovery	*16*	(35,000)
		(694,728)
Change in operating working capital	*23*	22,638
Cash used in operating activities		**(672,090)**
Investing activities		
Cash paid on business acquisitions, net of cash acquired	*4*	(2,336,355)
Purchases of property and equipment	*11*	(43,354)
Cash used in investing activities		**(2,379,709)**
Financing activities		
Issuance of common shares	*17*	3,493,219
Settlement of subscriptions received in advance	*5, 17*	352,069
Repayment of lease obligation	*14*	(28,694)
Repayment of notes payable	*15*	(7,112)
Cash provided from financing activities		**3,809,482**
Effect of translation of cash held in foreign currencies		(2,687)
Total cash flow		**754,996**
Beginning cash and cash equivalents		2,328,893
Ending cash and cash equivalents		**$ 3,083,889**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements

1. NATURE OF OPERATIONS

On March 25, 2019, Altitude Resources Inc. ("Altitude"), 2657152 Ontario Inc. ("Newco"), a wholly-owned subsidiary of Altitude and Vibe Bioscience Corporation ("Vibe") completed a three-cornered amalgamation whereby Vibe amalgamated with Newco and completed a reverse take-over of Altitude (the "Reverse Take-over"). The Reverse Take-over was completed by issuing 6.883 common shares of Altitude in exchange for each Class A common share of Vibe, resulting in Vibe becoming a wholly-owned subsidiary of Altitude with the former shareholders of Vibe acquiring a controlling interest in Altitude. In connection with the Reverse Take-over, Altitude delisted its shares on the TSX Venture Exchange, changed its name to Vibe Bioscience Ltd. (the "Company"), completed a listing on the Canadian Securities Exchange under the ticker symbol "VIBE" and consolidated all of its issued and outstanding common shares on a basis of 12 to 1. The Company's Canadian head office is located at #214, 2505 - 17 Ave SW Calgary, Alberta T3E 7V3 and its U.S. head office is located at 8112 Alpine Ave Sacramento, California 95826.

Prior to the Reverse Take-over, Altitude did not operate an active business. The current operations of the Company are conducted through Vibe which was incorporated under the laws of the Province of Ontario on June 11, 2018; the date on which the Company's current operations began. The Company's business is to evaluate, acquire and develop cannabis cultivation and manufacturing assets and retail cannabis dispensaries, predominantly in the U.S. and other international markets, in order to become a vertically integrated cannabis operator.

In addition to the 6.883 to 1 share exchange and 12 to 1 share consolidation related to the Altitude Reverse Take-over noted above, the Company completed a share split on a 1.511 to 1 in the three months ended March 31, 2019 (see note 17). All results presented as at and for the three months ended March 31, 2019, including comparative results, related to common share, per common share amounts and stock options and related exercise prices reflect the share exchange, consolidation and split.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited interim consolidated financial statements as at and for the three months ended March 31, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") based on International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*.

These unaudited interim consolidated financial statements were prepared by management and follow the same accounting policies and methods as the audited consolidated financial statements as at and for the period from June 11 to December 31, 2018, except for the adoption of new standards effective January 1, 2019 (see note 3) and the change in reporting currency described below. However, these unaudited interim consolidated financial statements do not contain all the disclosures required for the annual consolidated financial statements. Therefore, these unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related note disclosures as at and for the period from June 11 to December 31, 2018 which are included in the Company's Listing Statement dated March 25, 2019 filed in connection with the Altitude Reverse Take-over.

These unaudited interim consolidated financial statements were approved by the Company's Board of Directors on May 30, 2019.

(b) Measurement basis

These unaudited interim consolidated financial statements are presented in U.S. dollars ("USD"), assuming the Company will continue as a going concern for the foreseeable future and are prepared on a historical cost basis unless specifically described within these notes.

The audited consolidated financial statements for the period from June 11 to December 31, 2018 were presented in Canadian dollars ("CAD"). However, the comparative results presented in these unaudited condensed interim consolidated financial statements are presented in USD. Assets and liabilities at December 31, 2018 that are denominated in CAD are translated into USD at $0.7330 which is the exchange rate in effect at December 31, 2018. Items of income and expense for the period from June 11 to December 31, 2018 that are denominated in CAD are translated into USD at $0.7609 which is the average exchange rate for the period. The resulting loss from translating CAD denominated balances into USD totals $206,680 and is included in accumulated other comprehensive loss in the interim consolidated statement of financial position at December 31, 2018.

The following table presents the impact of the change in reporting currency on the Company's assets and liabilities at December 31, 2018:

	Previously reported (CAD)	Reported in USD
Total assets - CAD denominated	$ 7,221,648	$ 5,294,288
Total assets - USD denominated	1,968,961	1,450,575
Total assets	**$ 9,190,609**	**$ 6,744,863**
Total liabilities - CAD denominated	$ 1,011,721	$ 741,568
Total liabilities - USD denominated	268,264	203,159
Total liabilities	**$ 1,279,985**	**$ 944,727**
Deficit	**$ (4,409,586)**	**$ (3,355,083)**

(c) Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Jurisdiction of incorporation
Vibe Bioscience Corporation	Ontario, Canada
Hype Bioscience Inc. ("Hype U.S.")	Nevada, U.S.A
Vibe Bioscience Inc. ("Vibe U.S.")	Nevada, U.S.A
Hype Bioscience Corporation ("Hype Canada")	Alberta, Canada
Port City Alternative of Stockton Inc. ("Port City")	California, U.S.A
Alpine CNAA LLC ("Alpine CNAA")	California, U.S.A
Alpine Alternative Naturopathic ("Alpine Alternative")	California, U.S.A

All subsidiaries are wholly-owned by the Company. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. All significant intercompany accounts and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents consist of all cash balances on hand at dispensary locations or held at financial institutions and short-term investments and similar instruments that are readily convertible to cash. Cash and cash equivalents are initially recognized at fair value and subsequently measured at amortized cost.

(b) Accounts receivable

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost less a provision of doubtful accounts based on expected future credit losses. Changes to the provision for doubtful accounts and any subsequent collection of accounts previously written off as uncollectable are included as other income in the interim consolidated statement of operations and comprehensive loss. When a receivable is determined to be uncollectable it is written off.

(c) Inventory

Inventory purchased from third parties, including work-in-process, finished goods and packaging supplies are valued at the lower of cost and net realizable value. Inventory of harvested cannabis is transferred from biological assets at its fair value less cost to sell at harvest which becomes its deemed cost for inventory purposes. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than the net realizable value. Net realizable value is the estimated selling price of the inventory in the ordinary course of business, less the estimated cost to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. Inventory write-downs are included in cost of good sold in the interim consolidated statement of operations and comprehensive loss.

(d) Biological assets

The Company's biological assets consist of cannabis plants used for medical and recreational purposes. Production costs, including all direct and indirect costs relating to the biological transformation of the plants are capitalized to biological assets. The Company measures and adjusts the carrying value of biological assets to fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of harvested goods included in inventory. Unrealized gains or losses arising from changes in fair value less cost to sell are included in cost of goods sold in the interim consolidated statement of operations and comprehensive loss in the period they arise.

(e) Intangible assets and goodwill

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset acquired in a business combination is initially measured at fair value at the date of acquisition. Intangible assets are amortized in a straight-line basis as follows:

Health Canada license	7 years - term of underlying lease
U.S. cultivation and retail licenses	10 years - estimated useful life
Tradename	10 years - estimated useful life
Software	2 years - estimated useful life

Where applicable, estimated useful lives do not exceed the underlying contractual period associated with the intangible assets. The estimated useful lives, residual values and amortization methods are reviewed periodically and any changes in estimates are accounted for prospectively. Goodwill arises only in business combinations and represents the excess of the purchase price over the fair values of the net identifiable assets acquired and liabilities assumed. Goodwill is carried at cost less accumulated impairment losses and is not subject to amortization.

(f) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated based on a straight-line basis over the following estimated useful lives:

Buildings	25 years
Equipment	3 to 5 years
Furniture and fixtures	5 years
Computer equipment	3 years

Depreciation commences when the asset is available for use. An asset's useful life and residual value, if any, are reviewed periodically and adjusted on a prospective basis, if appropriate. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset. The difference is recognized as other income or expense, as applicable, in the interim consolidated statement of operations and comprehensive loss.

(g) Impairment of non-financial assets

Property and equipment and intangible assets are subject to an impairment test whenever there are indications that the carrying amount may not be fully recoverable. Goodwill is tested for impairment at least annually, and more often if events and circumstances indicate the carrying amount may not be recoverable.

Assets are tested individually unless they do not generate cash inflows that are largely independent of other assets. Where cash inflows are not independent, individual assets are grouped into the smallest group of assets that generates independent cash inflows (Cash Generating Units or "CGUs"). Goodwill is allocated to individual or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose, with the grouping of CGUs being no larger than an operating segment.

The recoverable amount of an asset, CGU or group of CGUs is the greater of its value in use and its fair value less cost of disposal. The Company determines fair value less cost of disposal based on the best information available to reflect the amount that could be obtained from the disposal of the asset in an arm's length transaction between knowledgeable and willing parties, net of estimates of the cost of the disposal. In assessing value in use, the estimated future cash flows of the asset, CGU or group of CGUs are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, CGU or group of CGUs.

An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. Where an impairment loss arises on CGUs with allocated goodwill, the loss is allocated first to reduce the carrying amount of the goodwill and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis. Impairment losses are recognized immediately as a separate line item in the interim consolidated statement of operations and comprehensive loss.

A previous impairment of an asset with a definite life is subsequently assessed for any indications that the impairment is reduced or no longer exists. An impairment loss is reversed if there has been an increase in the recoverable amount of an asset compared to its current carrying value. Impairment losses are reversed only to the extent that the asset's carrying amount would not exceed the carrying amount that would have been reported if no impairment loss had been recognized. Impairment losses on goodwill are never reversed.

(h) Business combinations

Business combinations are accounted for using the acquisition method whereby the total consideration paid including assets given up, liabilities incurred or assumed, equity instruments issued and contingent consideration, is allocated to the fair value of the identifiable net assets of the acquired business at the acquisition date. Any excess consideration over the fair value of the identifiable net assets is recognized as goodwill. If total consideration is less than the fair value of the identifiable net assets, the deficiency is reported entirely as a gain in the consolidated statement of operations and comprehensive loss at the acquisition date. Expenses associated with business acquisitions, other than costs associated with the issuance of debt or equity, are expensed when incurred. The results of operations of acquired businesses are included in the interim consolidated statement of operations and comprehensive loss commencing on the acquisition date.

(i) Leases

Effective January 1, 2019, the Company adopted IFRS 16 – *Leases* ("IFRS 16") which provides a new single accounting model for lessees, requiring lessees to recognize assets and liabilities for all major leases. Pursuant to IFRS 16, at inception of a contract, the Company assesses whether that contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a contract is, or contains, a lease the Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the lease, plus (i) any initial direct costs incurred and (ii) an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lower of the useful life of the asset or the lease term. The lease term includes periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. Right-of-use asset are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method and is subsequently remeasured when there is a change in (i) future lease payments arising from a change in an index or rate, (ii) the Company's estimate of the amount expected to be payable under a residual value guarantee, or (iii) the Company's assessment of whether it will exercise a purchase, extension or termination option contained in the lease. If there is a subsequent remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the right-of-use asset has no remaining carrying value, the corresponding adjustment is recorded in the interim consolidated statement of operations and comprehensive loss.

The Company applies the practical expedients allowed in IFRS 16 and does not to recognize right-of-use assets and lease liabilities for (i) short-term leases that have a lease term of 12 months or less and (ii) leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(j) Financial instruments

Financial assets

Financial assets are recognized and measured using a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently remeasured at either (i) amortized cost, (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL").

Financial assets that are subsequently remeasured at amortized cost are those assets that are held with the objective to collect contractual cash flows, and those contractual flows represent SPPI. Amortized cost is determined using the effective interest method. The Company measures its cash and cash equivalents, accounts receivable and loan receivable (included in other assets) at amortized cost. Financial assets that are remeasured at amortized cost are assed for impairment based on expected future credit losses. The Company measures expected future credit losses based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to debtors and other relevant factors.

Financial assets that are subsequently remeasured at FVTOCI are those assets that are held with the objective to both (i) collect contractual cash flows (and those contractual cash flows represent SPPI), and (ii) sell the financial asset. The fair value of these financial assets is remeasured at each reporting period date with the resulting changes included as other comprehensive income with no transfer to profit or loss of any gains or losses arising on the derecognition of the financial asset. The Company does not measure any financial instruments at FVTOCI.

Financial assets that are subsequently remeasured at FVTPL are those financial assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category generally includes debt instruments whose cash flow characteristics are not SPPI or are not held with the objective to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset. In addition, derivative instruments and certain equity instruments that are not designated as FVTOCI are included in this category. The Company measures certain accounts receivable due in connection with the Altitude reverse take-over (see notes 4 and 6) at FVTPL.

Financial liabilities
Financial liabilities are initially measured at fair value and subsequently remeasured at amortized cost. The Company's financial liabilities include accounts payable, subscriptions received in advance, lease obligations and notes payable.

Fair value determination
Financial assets and liabilities recorded at fair value in the interim consolidated statement of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. The levels are based on the amount of subjectivity associated with the inputs in the fair value determination and are as follows:

Level I – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level II – Inputs (other than quoted prices included in Level I) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level III – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date as observable market data is unavailable. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

(k) Income taxes

Current income taxes
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred taxes
The Company follows the liability method of income tax allocation. Under this method, deferred income taxes are recognized for the income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rate is included in income in the period that includes the date of substantive enactment of the tax rate change. A valuation allowance is provided to the extent that it is probable that deferred income tax assets will not be realized.

(l) Common share capital

Common shares issued are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

(m) Stock-based payments

The Company grants stock options to acquire common shares of the Company to officers, employees, directors and certain consultants. Compensation expense associated with the issuance of stock options is based on the fair value of the option which is deferred and recognized in the interim consolidated statement of operations and comprehensive loss over the vesting period of the option with the offsetting credit to contributed surplus. The Company measures the fair value of stock options at the date of grant, using the Black-Scholes option pricing model. When stock options are exercised, common share capital is increased by the total consideration paid to exercise the option. In addition, the amount previously recorded as contributed surplus attributable to the exercised options is reclassified from contributed surplus to common share capital. The fair value of any stock options that are cancelled or expire remains in contributed surplus.

(n) Foreign currency

Foreign currency transactions
Transactions denominated in a currency that is not the functional currency of an entity are translated at the exchange rate in effect at the time of the transaction, or in the case of non-monetary items measured at fair value, at the exchange rate in effect at the date the fair value is measured. Monetary items are subsequently re-translated into the entity's functional currency at the exchange rates in effect at each reporting period. Non-monetary items and revenues and expenses are not subsequently re-translated. All resulting foreign exchange differences are reported as other expenses in the interim consolidated statement of operations and comprehensive loss. A foreign exchange loss of $3,736 is included in other expenses in the three months ended March 31, 2019.

Foreign currency translation
The functional currency of the Company's Canadian and U.S. entities is the Canadian dollar ("CAD") and U.S. dollar ("USD"), respectively. The Company's presentation currency is USD. Consequently, assets and liabilities of the Canadian entities that are denominated in CAD are translated into USD at the exchange rates in effect at each reporting period. Revenues and expenses of the Canadian entities that are denominated in CAD are translated into USD at the exchange rate in effect at the time of the transaction, which is assumed to be the average exchange rates for the relevant period. All resulting foreign exchange differences are included as other comprehensive income.

(o) Revenue recognition

The Company generates revenue through the sale of cannabis and cannabis related products, largely on a point-of-sale basis. Revenue is recognized based on the following five step process:

1. The parties have entered into a customer contract (written or oral).
2. The performance obligations associated with the contract are known.
3. The amount to be paid and the terms of the payment have been identified.
4. The Company's cash flows are expected to change as a result of fulfilling the contract.
5. It is probable that the Company will collect the consideration to which it is entitled.

The Company recognizes revenue once all performance obligations are met. Performance obligations are met by the Company once the cannabis or cannabis related products are transferred to the customer. The Company does not grant credit to customers related to the retail sale of cannabis and cannabis related products, and therefore, delivery of the product does not occur unless cash is collected from the customer by the Company. Credit is granted to customers related to the sale of cannabis to wholesale distributors. However, the Company recognizes revenue at the time the cannabis is delivered to the wholesale distributor as a detailed credit assessment of each wholesale distributor is conducted prior to delivering the product.

The Company does not have any contracts to provide products or services to customers over a period of time or for which multiple performance obligations exist.

(p) Earnings per share

Basic earnings per share is computed by dividing net earnings attributable to the Company's shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing net earnings attributable to the Company's shareholders by the weighted average number of shares outstanding after giving effect to the potential dilution that would occur if outstanding in-the-money stock options, warrants and similar instruments were exercised. The calculation of diluted earnings per share assumes that the proceeds received from the exercise of in-the-money stock options, warrants and similar instruments are used to repurchase the Company's common shares at average market prices during the period. In periods where the Company has realized a net loss, the impact of exercising outstanding in-the-money stock options, warrants and similar instruments would be anti-dilutive, and therefore, not disclosed.

(q) Use of judgements, estimates and assumptions

The preparation of interim consolidated financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The judgements and estimates applied are based on historical experience and various other factors and assumptions that are believed to be reasonable under the circumstances. However, actual experience may differ from the results achieved by applying significant judgements and estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised and applied on a prospective basis.
Management has applied significant estimates and assumptions related to the following:

(i) *Biological assets and harvested cannabis inventory (see note 8).* Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth or the cannabis, harvested costs, sales price and expected yields. Assumptions can change, resulting in change in associated estimates based on experience and market conditions.

(ii) *Depreciation and amortization (see notes 10 and 11).* Depreciation of items of property and equipment and amortization of intangible assets is dependent upon estimates of useful lives which are determined through management's judgment. Estimates of useful lives may change as more experience with the use of an asset is obtained or as general market conditions change, impacting the operation of the Company's property and equipment and utilization of its intangible assets.

(iii) *Impairment of non-financial assets (see notes 10 and 11).* The Company performs impairment tests on property and equipment and intangible assets when impairment indicators exist. In addition, the Company performs impairment tests on goodwill at least annually, regardless of whether impairment indicators exist. A non-financial asset is considered impaired and written down only when a test of impairment demonstrates that the asset's carrying value is not fully recoverable. The determination of the recoverable amounts on any given asset is based on fair value techniques that are subject to significant estimates regarding such issues as timing and magnitude of future cash flows and appropriate discount rates. The amount of impairments realized could materially change, or an asset's carrying value could shift from recoverable to not recoverable, if any of the assumptions and estimates used in assessing the recoverability were changed.

(iv) *Business combinations and asset acquisitions (see note 4).* Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In addition, regardless of whether an acquisition is a business combination or asset acquisition, all acquired assets and assumed liabilities are measured at their acquisition date fair value including the fair value of identifiable intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

(v) *Income taxes (see note 16).* The calculation of income taxes amounts includes estimates of the recoverability of deferred tax assets based on an assessment of the ability to use underlying future tax deductions against future taxable income before the deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. Further, there are many transactions and calculations for which the ultimate tax determination is uncertain. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risks with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the best estimate of the amount expected to be paid based on quantitative and qualitative assessments all relevant factors. The Company analyzes the adequacy of these provisions at each reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect tax provisions in the period in which such determination is made.

(vi) *Stock-based compensation (see note 17).* The fair value of stock-based compensation on options granted is estimated using the Black-Scholes option pricing model and relies on several estimates, such as the expected life of the option, the volatility of the underlying share price, the risk-free rate of return, and the estimated rate of forfeiture options granted.

(r) New standards adopted

Effective January 1, 2019, the Company adopted *IFRS 16* which replaces IAS 17 – *Leases (“IAS 17)* and related interpretations. The Company adopted IFRS 16 using the modified retrospective approach whereby comparative results for the period ended December 31, 2018 are not restated. Comparative results for the period from June 11 to December 31, 2018 remain as previously reported under IAS 17 and related interpretations.

On initial application of IFRS 16, the Company elected to record right-of-use assets based on the corresponding lease liability. A right-of-use asset and related lease obligation of $133,304 were recorded as of January 1, 2019, with no net impact on retained earnings. When measuring the obligation, the Company discounted lease payments at 6% which is the Company’s incremental borrowing rate specifically related to the asset under lease at January 1, 2019. The Company elected to apply the practical expedient for leases for with lease term ending within 12 months of the date of initial application as short-term leases, whereby the associated lease payments continue to be expensed on a straight-line basis.

4. REVERSE TAKE-OVER AND BUSINESS COMBINATIONS

(a) Altitude Reverse Take-over

On March 25, 2019, Altitude, Newco and Vibe completed a three-cornered amalgamation whereby Vibe amalgamated with Newco and together completed the Reverse Take-over. The Reverse Take-over was completed by issuing 6.883 common shares of Altitude in exchange for each Class A common share of Vibe resulting in Vibe becoming a wholly-owned subsidiary of Altitude with the former shareholders of Vibe acquiring a controlling interest in the amalgamated company. The Company issued 2,197,992 common shares at a fair value of $850,620 ($0.39 per share) to complete the Reverse Take-over. In addition, certain former shareholders of Altitude are to receive $34,625 of cash to complete the Reverse Take-over. The total consideration paid in connection with the reverse take-over is applied to the fair value of net assets remaining of Altitude as follows:

	March 25, 2019
Net assets	
Accounts receivable - Proceeds from Atrum Shares	$ 482,815
Accounts receivable - Proceeds from Palisades Assets	-
Accounts receivable - additional cash proceeds due	105,440
Accounts payable and accrued liabilities	(185,747)
Notes payable	(81,967)
Total net assets acquired	**320,541**
Listing fee	564,704
Total acquisition	**$ 885,245**
Consideration	
Fair value of common shares (2,197,992 shares)	**$ 850,620**
Cash	34,625
Total consideration	**$ 885,245**

Prior to completion of the Reverse Take-over, Altitude did not operate an active business. Accordingly, the transaction does not constitute a business combination and is accounted for as a capital transaction in substance.

Certain mining and other assets included in Altitude immediately prior to the Reverse Take-over were sold to an entity owned by certain former shareholders of Altitude including the following:

(i) *Common shares of Atrum Coal Limited ("Atrum Shares").* Altitude owned 2,953,674 common shares of Atrum which is a publicly traded entity on the Australian Stock Exchange. The proceeds of the sale of the Atrum Shares are due to the Company; however, the Atrum Shares remain unsold at March 31, 2019. The fair value of the accounts receivable related to the sale of the Atrum Shares is based on the Atrum share price at March 25, 2019 of $0.23 (Australian dollars). The fair value of the Atrum Shares and related proceeds due to Altitude was remeasured at March 31, 2019 based on the Atrum share price of $0.25 (Australian dollars). The proceeds due on the sale of the Atrum Shares is converted into USD based on the foreign exchange rate in effect at the relevant reporting dates.

(ii) *Palisades mining assets.* Altitude owned certain partially developed mining assets in Alberta, Canada ("Palisades Assets"). The proceeds from the sale of the Palisades Assets are due to the Company; however, the Palisades Assets remain unsold at March 31, 2019. The fair value of the accounts receivable related to the sale of the Palisades Assets is determined to be $nil as there has not been any specific buyer identified to date, and it is unclear if a buyer will be found for the Palisades Assets in the near term.

(iii) *Additional cash proceeds due.* Altitude owned other mining assets in Alberta, Canada at various stages of development. The proceeds from the sale of the other mining assets total $105,440 and are due to be paid to the Company. The additional cash proceeds were not paid at March 31, 2019, but the amount is expected to be collected in full.

The Reverse Take-over was completed to provide the Company with a public listing on the Canadian Securities Exchange. Accordingly, the excess of the consideration paid over the acquired net assets, totaling $564,704, is expensed as listing costs in the interim consolidated statement of operations and comprehensive loss for the three months ended March 31, 2019.

(b) Acquisition of U.S. Targets (the "U.S. Acquisition")

On February 18, 2019, the Company simultaneously acquired the issued and outstanding securities of (i) Port City, (ii) 8130 Alpine LLC ("8130 Alpine"), (iii) Alpine CNAA, and (iv) Alpine Alternative (collectively, the "U.S. Targets") and began operating its cannabis business on a combined basis. Prior to the U.S. Acquisition, the U.S. Targets were under common control but had separate operating structures and business models that required separate acquisition structures and purchase and sale agreements for each of the U.S. Targets (except as described below). Accordingly, for financial statement purposes, the acquisition of each of the U.S. Targets is accounted for as a separate business combination requiring a separate allocation of purchase price over each set of net assets acquired in accordance with the terms and conditions of each purchase and sale agreement (except as noted below). Each of the business combinations are described in detail below and reflect the share splits and consolidation referenced in note 1.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The U.S. Targets acquired are as follows:

(i) *Port City.* The Company acquired all the issued and outstanding securities of Port City for total consideration of $1,931,838 consisting of $984,321 in cash and the issuance of 2,420,300 common shares of the Company with a calculated value of $947,517. The total purchase price is allocated to the fair value of the net assets acquired as follows:

	February 18, 2019
Net assets acquired	
Cash	$ 124,987
Working capital deficit, excluding cash	(178,285)
Due from other U.S. Targets	173,839
Right-of-use asset	769,397
Property and equipment	70,991
Intangible assets	
License	960,000
Lease liability	(760,500)
Deferred income tax liability	(271,000)
Goodwill	1,042,409
	$ 1,931,838
Consideration	
Cash at closing	$ 1,046,000
Estimated cash to be paid for working capital adjustment	(61,679)
Total cash consideration	984,321
Common shares of the Company	947,517
	$ 1,931,838

The total consideration due in the Port City acquisition is subject to final working capital adjustment that at March 31, 2019 was estimated to result in a $61,679 favorable adjustment to the total purchase price paid by the Company at closing. The Company is still in the process of determining the final working capital adjustment amounts with the vendors of Port City. At March 31, 2019 cash proceeds totaling $120,000 paid prior to closing the acquisition were held in escrow and will be distributed upon finalization of the working capital adjustment.

The Company previously acquired a 20% non-controlling interest in Port City for cash proceeds totaling $800,000 of which $250,000 and $550,000 was paid in December 2018 and January 2019, respectively. The fair value of the Company's 20% interest immediately prior to the Port City acquisition was $385,000 resulting in a loss on the original investment in Port City of $415,000 which is recorded in the interim consolidated statement of operations and comprehensive loss in the three months ended March 31, 2019.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The Port City acquisition provides the Company with established, cash flow positive medical and adult recreational use dispensary operations in Stockton, California. Goodwill realized in the Port City acquisition is largely a result of the assembled work force, customer networks and loyalty and synergies expected from fully combining and integrating the Port City operations with the operations of the other acquired U.S. Targets. None of the goodwill recognized is expected to be deductible for tax purposes.

(ii) *Alpine CNAA and 8130 Alpine (collectively "Alpine Cultivation").* The Company entered into separate acquisition agreements with Alpine CNAA and 8130 Alpine. However, Alpine CNAA and 8130 Alpine operated in conjunction with each other prior to the acquisition and completed a merger immediately following the closing the acquisition. Accordingly, the acquisition of each of Alpine CNAA and 8130 Alpine are considered one acquisition for financial statement purposes.

The Company acquired all the issued and outstanding securities of Alpine Cultivation for total consideration of $2,644,878 consisting of $1,042,374 in cash and the issuance of 4,093,373 common shares of the Company with a calculated value of $1,602,504. The total purchase price is allocated to the fair value of the net assets acquired as follows:

	February 18, 2019
Net assets acquired	
Cash	$ -
Working capital, excluding cash and biological assets	68,119
Biological assets	89,494
Due to other U.S. Targets	(291,674)
Property and equipment	309,442
Intangible assets	
License	200,000
Trademark	78,500
Note payable	(18,963)
Deferred income tax liability	(105,000)
Goodwill	2,314,960
	$ 2,644,878
Consideration	
Cash at closing	$ 1,004,000
Estimated cash to be paid for working capital adjustment	38,374
Total cash consideration	1,042,374
Common shares of the Company	1,602,504
	$ 2,644,878

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The total consideration due in the Alpine Cultivation acquisition is subject to final working capital adjustment that at March 31, 2019 was estimated to result in additional purchase priced totaling $38,374 to be paid to the vendors of Alpine Cultivation. The Company is still in the process of determining the final working capital adjustment amounts with the vendors of Alpine Cultivation. At March 31, 2019 cash proceeds totaling $120,000 paid prior to closing the acquisition were held in escrow and will be distributed upon finalization of the working capital adjustment.

The Alpine Cultivation acquisition provides the Company with cannabis cultivation and manufacturing facilities in Sacramento, California that supports the Company's vertical integration strategy. Goodwill realized in the Alpine acquisition is largely a result of the assembled work force and synergies expected from fully combining and integrating the Alpine operations with the operations of the other acquired U.S. Targets. None of the goodwill recognized is expected to be deductible for tax purposes.

(iii) *Alpine Alternative.* The Company acquired all the issued and outstanding securities of Alpine Alternative for total consideration of $2,842,825 consisting of $1,158,809 in cash and the issuance of 4,301,483 common shares of the Company with a value of $1,684,016. The total purchase price is allocated to the fair value of the net assets acquired as follows:

	February 18, 2019
Net assets acquired	
Cash	$ 174,162
Working capital deficit, excluding cash	(755,537)
Due from other U.S. Targets	117,835
Property and equipment	51,261
Intangible assets	
Licenses	1,660,000
Deferred income liability	(465,000)
Goodwill	2,060,104
	$ 2,842,825
Consideration	
Cash at closing	$ 1,750,000
Estimated cash to be paid for working capital adjustment	(591,191)
Total cash consideration	1,158,809
Common shares of the Company	1,684,016
	$ 2,842,825

The total consideration due in the Alpine Alternative acquisition is subject to final working capital adjustment that at March 31, 2019 was estimated to result in a $591,191 favorable adjustment to the total purchase price paid by the Company at closing. The Company is still in the process of determining the final working capital adjustment amounts with the Vendors of Alpine Alternative. At March 31, 2019 cash proceeds totaling $200,000 paid prior to closing the acquisition were held in escrow and will be distributed upon finalization of the working capital adjustment.

The Alpine Alternative acquisition provides the Company with established, cash flow positive medical and adult recreational use dispensary operations in Sacramento, California. Goodwill realized in the Alpine Alternative acquisition is largely a result of the assembled work force, customer networks and loyalty and synergies expected from fully combining and integrating the Alpine Alternative operations with the operations of the other acquired U.S. Targets. None of the goodwill recognized is expected to be deductible for tax purposes.

(c) Purchase price allocations subject to change

The purchase price allocation for the acquisition of each of the U.S. Targets as outlined above reflect various fair value estimates and analyses which are subject to change within the measurement period. The primary areas of the purchase price allocation that are subject to change relate to the fair values of certain tangible assets, the valuation of intangible assets acquired and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of net assets acquired at the acquisition date during the measurement period. Material measurement period adjustments will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements and, depending on the nature of adjustments, other periods subsequent to the period of acquisition could also be affected. The Company expects to finalize the accounting for the acquisition of each of the U.S. Targets by December 31, 2019.

(d) NGEV, Inc. acquisition

The Company also entered into a purchase and sale agreement with NGEV, Inc. ("NGEV") whereby the Company was to acquire all the issued and outstanding securities of NGEV. However, the acquisition of NGEV was conditional upon NGEV obtaining a license from the State of California to operate as a cannabis cultivation facility (the "NGEV License"). The vendors of NGEV have not yet obtained the NGEV License, and therefore, the acquisition of NGEV was not complete as at March 31, 2019.

Although the acquisition of NGEV is not yet complete, the Company has funded the overhead of NGEV since the date of the U.S. Acquisitions, with no obligation for repayment by NGEV. For the three months ended March 31, 2019, the Company funded approximately $167,000 of expenses of NGEV which is included as other expenses in the interim consolidated statement of operations and comprehensive loss. Funding of the NGEV overhead by the Company ceased subsequent to March 31, 2019 pending completion of the NGEV acquisition.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

(e) Cash deposit

In addition to the $250,000 paid in connection with acquiring a non-controlling interest in Port City described above, the Company also advanced $300,000 to the vendors of the U.S. Targets as a deposit on the final proceeds to be paid on closing the U.S. Acquisition. The total $550,000 cash paid was recorded as an investment at December 31, 2018 and became part of the total purchase price paid in the U.S. Acquisition on February 18, 2019.

(e) Transaction expenses

In the three months ended March 31, 2019, the Company incurred total transaction expenses in connection with the Altitude Reverse Take-over and the acquisition of the U.S. Targets totaling $414,267. Transaction expenses are disclosed separately in the interim consolidated statement of operations and comprehensive loss.

5. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Company has cash on hand held at dispensary locations totaling $269,781 at March 31, 2019 (December 31, 2018 - $nil). The Company also has cash balances held in financial institutions totaling $2,800,686 (CAD $3,742,557) at March 31, 2019 (December 31, 2018 - $2,328,893 (CAD $3,177,309)) and cash held in trust with legal counsel totaling $13,422 at March 31, 2019 (December 31, 2018 - $nil).

The restricted cash balance at December 31, 2018 consists of subscriptions received for the purchase of the Company commons shares. The shares were issued in the three months ended March 31, 2019 (see note 17).

6. ACCOUNTS RECEIVBLE

The Company's accounts receivable consists of the following:

As at	**March 31, 2019**	**December 31, 2018**
Due from the Altitude Reverse Take-over - CAD denominated (note 4)	$ 841,719	$ -
Trade accounts receivable - USD denominated	124,509	-
GST receivable - CAD denominated	64,237	27,497
Translation of CAD denominated balances	(231,734)	(7,342)
	$ 798,731	**$ 20,155**

The amount due from the Altitude Reverse Take-over consists of the proceeds due on the sale of the Atrum Shares and the Palisades Assets and the additional cash proceeds due acquired in the Reverse Take-over transaction describe in note 4. The amount due is non-interest bearing and is translated into USD at each financial statement reporting date. The USD balance of the amount due from the Altitude Reverse Take-over totals $626,152 at March 31, 2019. The portion of the total receivable due related to the sale of the Atrum Shares is recognized as a financial asset measured at FVTPL. The Company recorded a gain on the proceeds due from the sale of the Atrum Shares totaling $39,325 in the three months ended March 31, 2019 based on the trading price of Atrum at March 31, 2019 (Level 1 Input in the fair value hierarchy). The gain is recorded separately in the interim consolidated statement of operation and comprehensive loss.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The Company regularly performs a review of outstanding trade accounts receivable balances greater than 90 days from the invoice date to determine eventual collectability. If the collection of an account is in doubt, an allowance for bad debt is recorded. If an account is determined to be uncollectable it is written off. At March 31, 2019, there are no accounts receivable where collection is in doubt (December 31, 2019 - $nil) and there have been no accounts written off in the three months ended March 31, 2019.

7. INVENTORY

The Company's inventory consists of the following:

As at	**March 31, 2019**	**December 31, 2018**
Harvested cannabis - raw materials	$ 62,788	$ -
Cannabis related products and packaging	235,412	-
	$ 298,200	**$ -**

The Company's inventory is derived entirely from the U.S. Targets. The Company regularly performs a review of slow moving, obsolete and redundant items and records a provision for such amounts to reflect inventory balances at net realizable value. There were no slow moving, obsolete or redundant items of inventory at March 31, 2019.

8. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants which were acquired in connection with the Alpine Cultivation acquisition. The changes in the carrying value of the biological assets are as follows:

Three months ended	**March 31, 2019**	**December 31, 2018**
Beginning balance	**$ -**	**$ -**
Biological assets acquired from U.S. Targets	89,494	-
Changes in fair value less cost to sell due to biological transformation	22,602	-
Transferred to inventory upon harvest	(7,680)	-
Ending balance	**$ 104,416**	**$ -**

The Company values biological assets at the end of each reporting period at fair value less costs to sell ("FVLCS"). The determination of fair value lest costs to sell is based a valuation model that estimates the expected harvest yield per plant applied to the estimated wholesale price per gram, less estimated selling costs. The model also considers the stage of the biological asset in the aggregate plant life cycle.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The valuation model includes the following estimates, all of which are Level 3 inputs in the fair value hierarchy:

(i) Average number of weeks in the growing cycle (from propagation to harvest) = 17 weeks based on historical results.

(ii) Average wholesale selling price of whole flower = $3.50 per gram based on historical and expected future sales.

(iii) Average harvest yield of whole flower = 59 grams per plant, net of expected wastage, based on historical results.

(iv) Selling costs (shipping, order fulfillment, and labelling) = $0.50 per gram based on historical results.

The above inputs are subject to volatility and uncontrollable factors which could significantly affect the fair value of biological assets in future periods. Management has quantified the sensitivity of the inputs on the calculation of the fair value of the biological assets for the three months ended March 31, 2019 as follows:

	Change in FVLCS
Input	
Selling price per gram - 10% change	$ 12,200
Harvest yield per plant - 10% change	$ 10,500

At March 31, 2019 the average stage of completion of the biological assets is 55.4% based on the number of days remaining to harvest. The estimated FVLCS of dry cannabis at March 31, 2019 is $97.22 per plant and the expected total yield is approximately 63,488 grams of cannabis.

9. LOAN RECEIVABLE

Other current assets include a loan receivable totaling $100,000 which bears interest at 2.5% per year. Unpaid interest totaling $575 is included in the total amount due at March 31, 2019 and December 31, 2018. The loan was due on December 31, 2018 but remains outstanding pending completion of certain building upgrades at a dispensary located in Redding, California which the Company agreed to acquire subsequent to March 31, 2019 (see note 24). Interest on the loan receivable stopped accruing on December 31, 2018.

10. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill at consist of the following:

	Intangible assets				
	Licenses	**Software**	**Trademark**	**Goodwill**	**Total**
Cost					
Balance at December 31, 2018	**$2,565,500**	**$183,250**	**$ -**	**$ -**	**$ 2,748,750**
Acquired in business acquisitions	2,820,000	-	78,500	5,417,473	8,315,973
Impact of foreign exchange	53,681	3,825	-	-	57,506
Balance at March 31, 2019	**$5,439,181**	**$187,075**	**$ 78,500**	**$5,417,473**	**$11,122,229**
Accumulated amortization					
Balance at December 31, 2018	**$ 164,756**	**$ 41,168**	**$ -**	**$ -**	**$ 205,924**
Amortization expense	125,696	23,506	907	-	150,109
Loss on investment	-	-	-	415,000	415,000
Impact of foreign exchange	2,548	1,079	-	-	3,627
Balance at March 31, 2019	**$ 293,326**	**$ 65,753**	**$ 907**	**$ 415,000**	**$ 774,660**
Net book value at December 31, 2018	**$2,400,744**	**$142,082**	**$ -**	**$ -**	**$ 2,542,826**
Net book value at March 31, 2019	**$5,145,855**	**$121,322**	**$ 77,593**	**$5,002,473**	**$10,347,569**

Licenses consist of (i) a Health Canada cultivation license application acquired from certain shareholders of the Company in July 2018, and (ii) retail and cultivation licenses acquired in connection with the acquisition of the U.S. Targets in February 2019. The Health Canada cultivation license application is being amortized on a straight-line basis over seven years. The retail and cultivation licenses acquired in connection with the acquisition of the U.S. Targets are being amortized on a straight-line basis over 10 years.

The software intangible consists of eCommerce software acquired from certain shareholders of the Company in July 2018. The software intangible asset is being amortized on a straight-line basis over two years.

The trademark intangible asset consists of the Hype Cannabis Co. ("Hype") which is a registered California trademark owned by Alpine CNAA which was acquired in the Alpine Cultivation acquisition. The Hype product is sold in both the Port City and Alpine Alternative dispensaries. The trademark intangible asset is being amortized on a straight-line basis over 10 years.

The Health Canada cultivation license application and the software intangible asset are denominated in CAD. Accordingly, the associated cost and accumulated depreciation of the intangible assets are impacted by differences in average and period end foreign exchange rates.

Given the recent timing of the acquisition of the Company's intangible asset and the on-going positive market conditions in the cannabis market place, both in Canada and the U.S., there are no indicators that the carrying values of any of the Company's intangible assets may be impaired at March 31, 2019 or December 31, 2018.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

Goodwill results from the acquisition of the U.S. Targets in February 2019 and is initially measured at the excess of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is not amortized but goodwill is subject to impairment tests at least annually. Prior to completing the acquisition of the U.S. Targets, the Company purchased a 20% non-controlling interest in Port City for $800,000. At the time of the U.S. Target acquisition, it was determined that the $800,000 carrying value of the initial Port City investment was impaired and a loss of $415,000 was recognized in the interim consolidated statement of operations and comprehensive loss.

11. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Buildings	Land	Equipment and other	Construction in process	Total
Cost					
Balance at December 31, 2018	**$ -**	**$ -**	**$ 2,420**	**$ -**	**$ 2,420**
Acquired in business acquisitions	140,237	-	143,329	148,128	431,694
Purchases	1,199,682	800,000	-	43,354	2,043,036
Impact of foreign exchange	-	-	52	-	52
Balance at March 31, 2019	**$1,339,919**	**$ 800,000**	**$ 145,801**	**$ 191,482**	**$2,477,202**
Accumulated amortization					
Balance at December 31, 2018	**$ -**	**$ -**	**$ 286**	**$ -**	**$ 286**
Amortization expense	7,725	-	6,222	-	13,947
Impact of foreign exchange	-	-	5	-	5
Balance at March 31, 2019	**$ 7,725**	**$ -**	**$ 6,513**	**$ -**	**$ 14,238**
Net book value at December 31, 2018	**$ -**	**$ -**	**$ 2,134**	**$ -**	**$ 2,134**
Net book value at March 31, 2019	**$1,332,194**	**$ 800,000**	**$ 139,288**	**$ 191,482**	**$2,462,964**

The Company purchased land and buildings totaling $1,999,682 in the three months ended March 31, 2019. The consideration paid to acquire the land and buildings consisted of $800,000 cash and the assumption of a note payable totaling $1,199,682 (see note 15). The cash was paid as a deposit in December 2018. The buildings currently hold the cultivation and dispensary locations acquired in the Alpine Cultivation and Alpine Alternative acquisitions.

Buildings and equipment and other assets are depreciated on a straight-line basis over their estimated useful lives. Land is not depreciated but is subject impairment testing at least annually. Given the recent timing of the acquisition of the land acquisition and the on-going positive market conditions in the cannabis market place in the U.S., there are no indicators that the carrying value of the land may impaired at March 31, 2019.

Assets under construction consist of improvements and renovations being completed on the Company's buildings. The construction and upgrades are not yet complete and will not be subject to depreciation until the underlying asset is available for use.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The Company did not dispose of any property and equipment in the three months ended March 31, 2019 and there were no impairments of property and equipment at March 31, 2019 or December 31, 2018.

12. RIGHT-OF-USE ASSETS

Right-of-use assets consist of the following:

	Leases		
	Dispensary	Warehouse	Total
Balance at December 31, 2018	$ -	$ -	$ -
Initial adoption of new lease standard	-	133,304	133,304
Acquired in business acquisitions	769,397	-	769,397
Impact of foreign exchange	-	2,789	2,789
Balance at March 31, 2019	**$ 769,397**	**$ 136,093**	**$ 905,490**
Accumulated depreciation			
Balance at December 31, 2018	$ -	$ -	$ -
Amortization expense	25,445	5,130	30,575
Impact of foreign exchange	-	(27)	(27)
Balance at March 31, 2019	**$ 25,445**	**$ 5,103**	**$ 30,548**
Net book value at March 31, 2019	**$ 743,952**	**$ 130,990**	**$ 874,942**

The Company initially adopted IFRS 16 effective January 1, 2019, whereby the amount recognized as a right-of-use asset was equal to the present value of the future lease payments due under outstanding leases at January 1, 2019. The right-of-use assets are being depreciated on a straight-line basis over the remaining term of the underlying lease as there are no options to acquire or otherwise transfer ownership of the underlying asset to the Company at the end of the lease term. The remaining terms of the dispensary and warehouse leases at January 1, 2019 are 46 and 80 months, respectively (see note 14 for description of related lease obligations).

13. ACCOUNTS PAYABLE

The Company's accounts payable consist of the following:

	March 31, 2019	December 31, 2018
Trade accounts payable and accruals - CAD denominated	$ 1,115,339	$ 531,393
Trade accounts payable and accruals - USD denominated	436,758	203,159
Income taxes payable - USD denominated	818,801	-
Accrued state and local taxes - USD denominated	288,014	-
Amounts due on the Altitude Reverse Take-over - CAD denominated	156,467	-
Translation of CAD denominated balance	(320,068)	(141,894)
	$ 2,495,311	**$ 592,658**

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

Amounts due on the Altitude Reverse Take-over consist of (i) $82,317 (CAD $110,000) in notes payable assumed in the Altitude Reverse Take-over and (ii) $34,773 (CAD $46,467) related to the cash proceeds due on the Altitude Reverse Take-over (see note 4). The amounts due are non-interest bearing and are translated into USD at each reporting period date.

14. LEASE OBLIGATIONS

As described in note 12, the Company has two office leases for which a right-of-use asset and related lease obligation is recognized. The balance in lease obligation is as follows:

	Leases		
	Dispensary	**Warehouse**	**Total**
Balance at December 31, 2018	$ -	$ -	$ -
Initial adoption of new lease standard	-	133,304	133,304
Acquired in business acquisitions	760,500	-	760,500
Principal paid	(23,829)	(4,865)	(28,694)
Impact of foreign exchange	-	2,814	2,814
Total balance at March 31, 2019	736,671	131,253	867,924
Less current portion of lease obligation	(187,117)	(17,289)	(204,406)
Lease obligations at March 31, 2019	**$ 549,554**	**$ 113,964**	**$ 663,518**
Interest expensed in the three months ended March 31, 2019	**$ 2,326**	**$ 1,340**	**$ 3,666**

The dispensary lease terminates on October 31, 2022 with monthly rent payments totaling $20,000 through the term of the lease. The lease contains no extension options.

The Company's warehouse lease has an initial term ending August 31, 2020 with monthly rent payments totaling CAD $2,750 through the term of the lease. The lease has two options to extend for five years each. The measurement of the lease obligation assumes only the first extension option will be exercised.

Neither the dispensary or warehouse leases contain purchase or early termination options and there are no requirements to purchase the underlying assets or any residual value guarantees at the end of the leases.

The following table presents the contractual maturities of the lease obligations at March 31, 2019 on an undiscounted basis:

	Lease		
	Dispensary	**Warehouse**	**Total**
Amounts due			
Less than one year	$ 240,000	$ 24,694	$ 264,694
One to three years	620,000	74,082	694,082
Four to five years	-	49,388	49,388
Thereafter	-	10,289	10,289
Total maturities at March 31, 2019	**$ 860,000**	**$ 158,453**	**$ 1,018,453**

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The Company also has an office lease which is not recognized as a lease obligation as the lease term is less than 12 months. Monthly rent for the lease totals $3,742 (CAD $5,000) and expires in July 2019. Accordingly, the total contractual amounts due for this lease totals $14,966 at March 31, 2019; all due in the next 12 months.

15. NOTES PAYABLE

The Company's notes payable consists of the following:

	March 31, 2019	December 31, 2018
Note payable:		
Land and buildings	$ 1,192,674	$ -
Vehicle	18,772	-
Total notes payable	1,211,446	-
Less current portion	(44,239)	-
Notes payable, long term	**$ 1,167,207**	**$ -**

The Company has a note payable outstanding related to the acquisition of land and buildings in Sacramento, California totaling $1,192,674 at March 31, 2019 (see note 11). The note bears interest at 6% per year, requires monthly payments of principal and interest totaling $9,314 and matures in April 2036. Interest expense recognized in the three months ended March 31, 2019 totals $11,977 and principal repaid totals $7,008. Principal repayments due in the next 12 months totaling $41,327 are recorded as current liabilities on the interim consolidated statement of financial position at March 31, 2019.

The Company also has a note payable related to the acquisition of vehicle totaling $15,860 which was assumed on the Alpine Alternative acquisition. The note payble bears interest at 4.99% per year, requires monthly payments of principal and interest totaling $395 and matures in March 2023. Principal repayments due in the next 12 months totaling $2,912 are recorded as current liabilities on the interim consolidated statement of financial position at March 31, 2019.

The following table presents the contractual maturities of the notes payable at March 31, 2019 on an undiscounted basis:

	Land and buildings	Vehicle	Total
Amounts due			
Less than one year	$ 111,763	$ 4,740	$ 116,503
One to three years	335,290	14,220	349,510
Four to five years	223,526	-	223,526
Thereafter	1,238,709	-	1,238,709
Total maturities at March 31, 2019	**$ 1,909,288**	**$ 18,960**	**$ 1,928,248**

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

16. INCOME TAXES

The total income tax provision reported in the interim consolidated statement of operations and comprehensive loss for the three months ended March 31, 2019 differs from income tax expense computed by applying the combined income tax rates in relevant jurisdictions to income before taxes due to the following:

	Amount
Loss before taxes	$ (2,118,971)
Combined corporate statutory tax rate (%)	27.0
Expected tax recovery at statutory rates	(572,122)
Tax differences	
Non-deductible expenses	580,000
Change in unrecognized deductible temporary differences	124,000
Change in statutory, foreign tax, foreign exchange rates and other	(28,878)
Total income tax recovery	$ 103,000
Current income tax expense	$ 138,000
Deferred income tax recovery	(35,000)
	$ 103,000

Non-deductible expenses consist primarily of the listing fee, transaction expenses and the loss on the investment in Port City. In addition, general and administrative and selling and marketing expenses incurred by the U.S. Targets are not deductible for U.S. federal tax purposes. Specifically, entities that operate in the cannabis industry are subject to the limits of Section 280E of the U.S. Internal Revenue Code under which only those expenses directly related to sales of cannabis can be deducted. Accordingly, each of the U.S. Targets are effectively taxed at the gross margin level for federal tax purposes. Further, although proper deductions for cost of goods sold are generally allowed to determine gross income, the scope of such items has been the subject of debate, and deductions for significant costs may not be permitted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

The deferred income tax effects of temporary differences that give rise to the deferred tax liability consists of the following:

As at	**March 31, 2019**	**December 31, 2018**
Deferred tax liability (asset)		
Intangible assets	$ 802,000	$ -
Tax losses	(496,000)	(415,000)
Other	8,000	-
	314,000	(415,000)
Valuation allowance	492,000	415,000
	$ 806,000	$ -

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The Company's tax losses are largely due to operating losses arising out of the Calgary head office which is recorded in the accounts of Vibe, a Canadian incorporated entity. The likelihood that Vibe will generate sufficient future profits to utilize the tax losses is not currently probable. Accordingly, a valuation allowance for the entire balance of Vibe's tax losses is provided at March 31, 2019 and December 31, 2018.

17. SHAREHOLDERS' EQUITY

(a) Share capital

The Company is authorized to issue an unlimited number of Class A voting common shares. Holders of common shares are entitled to participate in dividends when declared by the Company.

The Company has the following issued and outstanding common shares:

	Number of shares
Balance at December 31, 2018	**53,535,586**
Issued in private placement	9,856,242
Issued in acquisition of U.S. Targets (note 4)	10,815,157
Issued in Altitude reverse take-over (note 4)	2,197,992
Balance at March 31, 2019	**76,404,977**
Weighted average shares outstanding - March 31, 2019	**61,974,616**

The Company completed a private placement of common shares in February and March 2019 whereby 9,856,242 shares were issued at $0.39 per share. In December 2018, the Company received advances of $352,069 related to subscriptions to purchase the Company's common shares. The common shares were issued to the subscribers in February 2019 as part of the private placement and are included in outstanding share capital at March 31, 2019.

The common shares issued in connection with the acquisition of the U.S. Targets and the Altitude Reverse Take-over are recorded at a calculated price of $0.39 per share, consistent with the private placement per share proceeds noted above.

There have been no dividends declared in the three months ended March 31, 2019.

(b) Warrants

In connection with the private placement of common shares, the Company issued Finder's Warrants in December 2018 that are exercisable for up to 125,810 common shares of the Company. The Finder's Warrants have an exercise price of $0.39 per share, expire eighteen months from the date of issuance and had a fair value at the date of issuance of $25,227.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

(c) Stock Options

The Company has an option plan that grants stock options to officers, employees, directors and certain consultants of the Company (the "Option Plan"). Under the Option Plan a maximum of 10% of the outstanding common shares of the Company are available for issue as stock options. The Company had the following changes in outstanding stock options:

	Number of options	Weighted average exercise price
Balance at December 31, 2018	**3,626,154**	**$ 0.09**
Granted	4,288,999	0.70
Exchanged in Altitude Reverse Take-over	156,662	0.90
Cancelled	(2,231,146)	0.004
Balance at March 31, 2019	**5,840,669**	**0.58**
Exercisable		
December 31, 2018	**998,600**	**$ 0.22**
March 31, 2019	**3,045,238**	**$ 0.63**

In connection with the Altitude Reverse Take-over described in note 4, the Company exchanged 156,662 fully vested stock options outstanding in Altitude for fully vested stock options of the Company.

The range of exercise prices for the options outstanding and exercisable at March 31, 2019 are as follows:

	Total options outstanding		Total exercisable options	
	Number of options	Weighted average remaining life	Number of options	Weighted average remaining life
Exercises prices ($)		(yrs)		(yrs)
0.004	593,528	4.34	457,060	4.34
0.39	1,884,560	2.26	698,587	1.89
0.72	1,518,822	2.24	45,832	2.18
0.87	1,732,929	1.88	1,732,929	1.88
0.89	55,832	2.18	55,832	2.18
1.07	54,998	2.18	54,998	2.18
	5,840,669	**2.33**	**3,045,238**	**2.26**

The Company uses the Black-Scholes option pricing model to determine the estimated fair value of options at the grant date. The grant date fair value is recognized as stock-based compensation expense in the interim consolidated statement of operations and comprehensive loss on a straight-line basis over the vesting dates of the options.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

The per option fair value of the options granted in the three months ended March 31, 2019 and the assumptions used in the fair value calculation are as follows:

	Option exercise price ($)		
	0.39	**0.72**	**0.87**
Black-Scholes input			
Share price at grant date ($)	0.39	0.39	0.39
Expected annual dividends ($)	-	-	-
Expected volatility (%)	115.00	115.00	115.00
Risk-free interest rate (%)	1.65 - 1.76	1.88	1.76
Expected life of stock option	2.76 - 3.00	2.47 - 2.50	2.00
Fair value ($)	0.23	0.18	0.14

The Company recognized stock-based compensation of $423,497 in the three months ended March 31, 2019. No stock-based compensation expense was recorded for the stock options exchanged in the Altitude Reverse Take-over as the options were fully vested prior to the exchange.

18. FINANCIAL INSTRUMENTS

(a) Carrying value and fair value disclosures

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivable (included in other assets), accounts payable, subscriptions received in advance, lease obligations and notes payable.

All financial instruments at March 31, 2019 and December 31, 2018 were initially recognized at fair value and subsequently measured at amortized costs except for the proceeds due on the sale of Atrum Shares included in accounts receivable (see note 4 and 6) which is measured at FVTPL with fair value calculated using Level 1 Inputs in the fair value measurement hierarchy.

The carrying value of cash and cash equivalents, accounts receivable, loan receivable (included in other assets), accounts payable and subscriptions received in advance approximately their value due to the short period to maturity of these instruments.

The fair value of lease obligations and notes payable is based on amounts owed to third parties and estimated internal borrowing rates (in the case of lease obligations) using current market price indicators which are considered Level 2 Inputs in the fair value measurement hierarchy.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

(b) Financial instrument risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risk in the ordinary course of business as follows:

(i) *Interest rate risk (market 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 rates of interest. Cash and cash equivalents bear interest at market rates but are short term in nature. The Company's financial liabilities, largely notes payable and lease obligations, have fixed rates of interest. Accordingly, the Company has limited exposure to interest rate risk.

(ii) *Price risk (market risk).* Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company has exposure to price risk in measuring the value of the proceeds due on the sale of Atrum Shares included in accounts receivable (see notes 4 and 6) which is based on the publicly available share price. A 10% change in the price of Atrum Shares will impact net income by approximately $50,000. In addition, the Company's assessment of the fair value of biological assets is based on the estimated market price of cannabis which is based on management estimates and subject to fluctuation (see note 8 for sensitivities).

(iii) *Credit risk.* Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk largely through cash and cash equivalents held at financial institutions as the majority of the Company's sale are transacted in cash. Total cash and cash equivalents held at financial institutions at March 31, 2019 totaled $2,800,686. Credit risk exposure on such cash and cash equivalents balances is managed by holding funds in established financial institutions. To the extent the Company does grant credit to customers, management has established credit evaluating and monitoring processes to mitigate credit risk. The maximum exposure to credit risk at March 31, 2019 related to accounts receivable with customers is $124,509.

(iv) *Liquidity risk.* Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they become due. The Company actively manages its working capital requirements, cash commitments and credit availability to ensure that it can meet its financial obligations as they come due. The contractual obligations of the Company generally consist of accounts payable, lease obligations and notes payable. The remaining contractual maturities of the Company's financial obligations are as follows:

	Less than one year	Two to Three years	Four to Five years	Thereafter	Total
Financial liability					
Accounts payable (note 13)	$ 2,495,311	$ -	$ -	$ -	$ 2,495,311
Notes payable (note 15)	116,503	349,510	223,526	1,238,709	1,928,248
Lease obligations (note 14)	264,694	694,082	49,388	10,289	1,018,453
Other lease (note 14)	14,966	-	-	-	14,966
Total contractual maturities	**$2,891,474**	**$1,043,592**	**$272,914**	**$1,248,998**	**$5,456,978**

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

19. CAPITAL MANAGEMENT

The Company views its capital as the combination of notes payable and shareholders' equity less cash and cash equivalents. The Company's objectives when managing its capital are to safeguard assets while maximizing the growth of the business and return to shareholders. The overall capitalization of the Company is as follows:

	March 31, 2019	December 31, 2018
Notes payable, including current portion	$ 1,211,446	$ -
Shareholders' equity	12,960,793	5,800,136
Less cash	(3,083,889)	(2,328,893)
Total capital	**$ 11,088,350**	**$ 3,471,243**

In order to meet the Company's capital management objectives, management is focused on several specific strategies as follows:

(i) Ensuring the Company has the financing capacity to continue to execute on opportunities to increase overall market share through strategic acquisitions.

(ii) Maintaining a strong capital base to secure investor, creditor and market confidence and ensure the Company's strategic objectives are met.

(iii) Providing shareholder return through profitable business opportunities that grow the Company and benefit other stakeholders, while also safeguarding the entity's ability to continue as a going concern.

In managing the Company's capital, management considers current economic conditions, the risk characteristics of the underlying assets and the Company's planned capital requirements, within guidelines approved by its Board of Directors. Total capitalization is maintained or adjusted by issuing new debt or equity securities when opportunities are identified and through the disposition of under-performing assets to reduce debt or equity when required.

20. COMMITMENTS AND CONTINGENCIES

The Company has no commitment other than the leases described in note 14.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines or restrictions on its operations and losses of permits that could cause the Company to cease operations. While management believes that the Company is compliant with applicable local and state regulations at March 31, 2019, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. Accordingly, the Company may be subject to regulatory fines, penalties or operating restrictions in the future.

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

21. RELATED PARTY TRANSACTIONS

The Company's only related party transactions for the three months ended March 31, 2019, not discussed elsewhere in these notes, relates to compensation paid to key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has identified key management personnel as executive officers and members of the Board of Directors. The Company incurred a total of salaries, wages and short-term benefits for these identified key management personnel in the three months ended March 31, 2019 totaling $120,655 which are included as general and administrative expenses in the interim consolidated statement of operations and comprehensive loss. In addition, the Company recognized stock-based compensation expense for these individuals totaling $389,850 in the three months ended March 31, 2019.

22. EXPENSES BY NATURE

The Company presents certain expenses in the interim consolidated statement of operations and comprehensive loss by function. The following table presents these expenses by nature:

Three months ended	**March 31, 2019**
Cost of goods sold	
Materials and product supplies	$ 635,439
Salaries, benefits and other employee costs	61,012
Store supplies	24,378
Distribution fees	17,566
Other	6,946
Total cost of goods sold	**$ 745,341**
General and administrative	
Salaries, benefits and other employee costs	$ 262,708
Professional fees	103,349
Security services	38,187
Rent and utilities	21,228
Other	27,559
	$ 453,031
Selling and marketing	
Salaries, benefits and other employee costs	$ 72,916
Advertising and promotion	23,504
Other	1,350
	$ 97,770

(Expressed in U.S. dollars unless otherwise noted) – Unaudited

23. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31, 2019, the Company paid interest totaling $15,643. The Company did not receive any interest income or pay any income taxes in the three months ended March 31, 2019. The following tables details the changes in operating working capital:

Three months ended	**March 31, 2019**
Accounts receivable	$ (81,790)
Inventory	(39,505)
Bio assets	(14,922)
Other current assets	(187,571)
Accounts payable and accrued liabilities	346,426
Net change in operating working capital	**$ 22,638**

24. SUBSEQUENT EVENTS

On April 3, 2019 the Company commenced trading on the Canadian Securities Exchange under the trading symbol VIBE.

On April 3, 2019, the Company also entered purchase and sale agreement for a dispensary operation in Redding, California for total proceeds of $1,000,000 payable through the issuance of the Company's common shares. The acquisition is expected to close in the second quarter of 2019.

On April 4, 2019 the Company granted 500,000 stock options to non-executive members of the Board of Directors. The stock options have an exercise price of $0.64, vest equally on July 4, 2019, October 4, 2019, January 4, 2020 and April 4, 2020, and expire on April 4, 2021. On May 30, 2019 the Company granted 525,000 stock options to certain employees of the Company. The options have an exercise price equal to the greater of the closing market price of the common shares on May 29, May 30 or May 31, 2019 and are exercisable for a period of four years from the date of issuance and vest equally on May 30, 2020, 2021, and 2022.

In April and May 2019, the Company issued 207,951 common shares through the exercise of stock options with an exercise price of $0.004.

In May 2019, the Company signed an agreement with a third party to provide investor relations services from June 1, 2019 through September 30, 2019 for a total fee of $80,000 payable in monthly installments of $20,000.

On May 30, 2019, Vibe terminated the securities purchase agreement dated August 16, 2018 (the "NGEV SPA") whereby the Company was to acquire all the outstanding securities of NGEV Inc. ("NGEV"). The NGEV SPA was terminated due to the inability of the vendors of NGEV to fulfill certain conditions in favour of the Company set out in the NGEV SPA.