



**MOJAVE JANE BRANDS INC. (FORMERLY HIGH HAMPTON HOLDINGS CORP.)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**(EXPRESSED IN CANADIAN DOLLARS)**



---

## **INDEPENDENT AUDITORS' REPORT**

---

To the Shareholders and Board of Directors of Mojave Jane Brands Inc. (formerly High Hampton Holdings Corp.)

### **Opinion**

We have audited the consolidated financial statements of Mojave Jane Brands Inc. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at August 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information ("Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at August 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michael Ryan Ayre.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, Canada  
December 23, 2019

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)****Consolidated Statements of Financial Position**

(Expressed in Canadian Dollars, unless otherwise indicated)

	Note	August 31, 2019	August 31, 2018
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,612,270	15,078,822
Accounts and other receivables	8	73,041	415,900
Inventory	9	110,215	156,683
Prepaid expenses and deposits	10	243,258	972,748
Due from related parties	16	86,909	-
Assets held for sale	11	2,286,735	-
<b>Total current assets</b>		<b>4,412,428</b>	<b>16,624,153</b>
<b>Non-current assets</b>			
Goodwill	6	-	3,510,190
Intangible assets	6,12	733,279	14,469,096
Property, plant and equipment	13	1,404,714	7,104,308
Investment in associate	14	1	-
<b>Total non-current assets</b>		<b>2,137,994</b>	<b>25,083,594</b>
<b>Total Assets</b>		<b>6,550,422</b>	<b>41,707,747</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payables and accrued liabilities		970,047	1,672,677
Contingent consideration provision	6	17,782	-
Deferred rent liability		-	59,951
Due to related parties	16	181,903	395,798
Liabilities related to assets held for sale	11	150,406	-
Loan payable		25,884	66,465
<b>Total current liabilities</b>		<b>1,346,022</b>	<b>2,194,891</b>
<b>Non-current liabilities</b>			
Deferred income tax liability	20	142,579	1,828,048
Liabilities related to assets held for sale	11	60,907	-
<b>Total Liabilities</b>		<b>1,549,508</b>	<b>4,022,939</b>
<b>Shareholders' equity</b>			
Capital stock	15	52,336,779	47,467,971
Subscriptions received (receivable)	15	1,109,800	(50,000)
Common shares issuable	15	403,800	690,800
Stock options and warrants reserve	15	6,996,645	5,891,620
Accumulated other comprehensive loss		(16,968)	(13,355)
Deficit		(55,829,142)	(16,302,228)
<b>Total shareholders' equity</b>		<b>5,000,914</b>	<b>37,684,808</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>6,550,422</b>	<b>41,707,747</b>
<b>Nature of Business and Going Concern (Note 1)</b>		<b>Commitments (Note 18)</b>	
<b>Contingencies (Note 21)</b>		<b>Subsequent Events (Note 22)</b>	

These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 23, 2019.

**APPROVED ON BEHALF OF THE BOARD:**

/s/ Gary Latham  
Gary Latham, Director

/s/ Cam Birge  
Cam Birge, Director

The accompanying notes form an integral part of these consolidated financial statements

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)****Consolidated Statements of Comprehensive Loss**

(Expressed in Canadian Dollars, unless otherwise indicated)

	Note	Year Ended August 31, 2019	Year Ended August 31, 2018
		\$	\$
<b>REVENUE</b>			
Sales		205,067	52,211
Cost of goods sold	9	(1,223,602)	(37,287)
Gross profit (loss)		(1,018,535)	14,924
<b>EXPENSES</b>			
Office and general	17	3,227,388	436,785
Professional and consulting fees	17	1,855,846	2,081,855
Amortization	11,12,13	1,208,267	48,215
Advertising and promotion		1,162,504	1,886,228
Share-based compensation	15	1,105,025	1,787,035
Management fees	16	552,589	1,526,748
Allowance for doubtful receivables	8	487,154	68,854
Communications and travel		257,137	362,358
Research and development		48,032	-
Total expenses		9,903,942	8,198,078
Loss before other income (expenses)		(10,922,477)	(8,183,154)
<b>OTHER INCOME (EXPENSES)</b>			
Impairment of goodwill	6	(6,905,978)	-
Impairment of intangible assets	6,11,12	(5,491,307)	-
Net loss from investment in associate	14	(1,381,928)	-
Other expense		(319,973)	-
Impairment of property, plant and equipment	11,13	(107,636)	-
Foreign exchange loss		(10,813)	(188,853)
Interest and accretion expense		-	(139,006)
Interest income		78,677	37,550
Gain on write-down of contingent consideration	6	609,696	-
Net loss before income tax		(24,451,739)	(8,473,463)
Deferred income tax recovery	20	1,986,718	13,905
Net loss from continuing operations		(22,465,021)	(8,459,558)
Loss from discontinued operations	11	(17,061,893)	(704,059)
<b>Net loss</b>		<b>(39,526,914)</b>	<b>(9,163,617)</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
Foreign exchange loss on translation of subsidiaries		(3,613)	(13,355)
<b>Comprehensive loss</b>		<b>(39,530,527)</b>	<b>(9,176,972)</b>
<b>Loss per share from:</b>			
Continuing operations (basic and diluted)		<b>(0.24)</b>	<b>(0.18)</b>
Discontinued operations (basic and diluted)		<b>(0.18)</b>	-
		<b>(0.42)</b>	<b>(0.18)</b>
<b>Weighted average number of shares outstanding</b>		<b>94,406,305</b>	<b>50,710,447</b>

The accompanying notes form an integral part of these consolidated financial statements

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**
**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars, unless otherwise indicated)

	Capital Stock			Common Shares Issuable	Stock Options and Warrants Reserve	Accumulated Other Comprehensive		Total
	Number of Common Shares	Amount	Subscriptions Received (Receivable )			Loss	Deficit	
		\$	\$	\$	\$	\$	\$	\$
Balance at August 31, 2017	26,798,685	10,261,578	-	116,800	4,930,664	-	(7,138,611)	8,170,431
Private placement	31,653,565	18,992,139	(50,000)	-	-	-	-	18,942,139
Share issuance costs	-	(1,275,197)	-	-	-	-	-	(1,275,197)
Brokers' warrants	-	(677,998)	-	-	677,998	-	-	-
Shares issued for acquisitions	25,338,004	14,322,933	-	-	-	-	-	14,322,933
Shares issued for services	383,876	145,873	-	-	-	-	-	145,873
Exercise of warrants and options	7,402,669	3,926,254	-	-	(446,622)	-	-	3,479,632
Vested restricted share units	1,150,000	471,500	-	(471,500)	-	-	-	-
Conversion of debenture	2,166,665	1,300,889	-	-	(11,955)	-	-	1,288,934
Share-based compensation	-	-	-	1,045,500	741,535	-	-	1,787,035
Other Comprehensive loss	-	-	-	-	-	(13,355)	-	(13,355)
Net loss	-	-	-	-	-	-	(9,163,617)	(9,163,617)
<b>Balance at August 31, 2018</b>	<b>94,893,464</b>	<b>47,467,971</b>	<b>(50,000)</b>	<b>690,800</b>	<b>5,891,620</b>	<b>(13,355)</b>	<b>(16,302,228)</b>	<b>37,684,808</b>
Subscriptions received	-	-	1,159,800	-	-	-	-	1,159,800
Shares issued for acquisitions	11,235,221	4,529,308	-	-	-	-	-	4,529,308
Exercise of warrants, options and RSUs	910,500	339,500	-	(287,000)	-	-	-	52,500
Share-based compensation	-	-	-	-	1,105,025	-	-	1,105,025
Other comprehensive loss	-	-	-	-	-	(3,613)	-	(3,613)
Net loss	-	-	-	-	-	-	(39,526,914)	(39,526,914)
<b>Balance at August 31, 2019</b>	<b>107,039,185</b>	<b>52,336,779</b>	<b>1,109,800</b>	<b>403,800</b>	<b>6,996,645</b>	<b>(16,968)</b>	<b>(55,829,142)</b>	<b>5,000,914</b>

The accompanying notes form an integral part of these consolidated financial statements

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)****Consolidated Statements of Cash Flows**

(Expressed in Canadian Dollars)

	Year Ended August 31, 2019	Year Ended August 31, 2018
	\$	\$
<b>Operating activities</b>		
Net loss from continuing operations	(22,465,021)	(8,459,558)
Items not affecting cash:		
Accretion expense	-	42,433
Amortization	1,208,267	48,215
Bad debt expense	-	68,854
Deferred income tax recovery	(1,986,718)	(13,905)
Gain on write-down of contingent consideration	(609,696)	-
Impairment of goodwill	6,905,978	-
Impairment of intangible assets	5,491,287	-
Impairment of property, plant and equipment	107,636	-
Loss on sale of vehicle	7,615	-
Net loss from investment in associate	1,381,928	-
Shares issued for services	-	145,873
Share-based compensation	1,105,025	1,787,035
Net change in non-cash working capital:		
Amounts and other receivables	342,859	(317,058)
Prepaid expenses and deposits	672,007	(718,997)
Inventory	46,468	(30,219)
Accounts payables and other accrued liabilities	(427,803)	792,662
Due to related parties	(213,895)	309,383
Net cash flows used in operating activities	(8,434,063)	(6,345,282)
Net cash flows used in operating activities of discontinued operations	(2,911,569)	(652,249)
	(11,345,632)	(6,997,531)
<b>Investing activities</b>		
Cash acquired from acquisitions	-	465,001
Cash paid for acquisition and investment in associate	(658,450)	(660,400)
Pre-acquisition advances	(66,054)	(1,072,061)
Purchase of equipment	(1,038,389)	(93,863)
Net cash flows used in investing activities	(1,762,893)	(1,361,323)
Net cash flows used in investing activities of discontinued operations	(1,479,341)	(2,159,428)
	(3,242,234)	(3,520,751)
<b>Financing activities</b>		
Due from related party	(86,910)	-
Loans payable	(40,581)	(528,155)
Shares issued for cash, net of issuance costs	52,500	21,146,574
Subscriptions received	1,159,800	-
Net cash provided by financing activities	1,084,809	20,618,419
Net cash provided by financing activities of discontinued operations	60,907	-
	1,145,716	20,618,419
Change in cash and cash equivalents	(13,442,150)	10,100,137
Effect of foreign exchange on cash	1,090	-
Effect of foreign exchange on cash of discontinued operations	(25,492)	-
Cash and cash equivalents, beginning of year	15,078,822	4,978,685
<b>Cash and cash equivalents, end of year</b>	<b>1,612,270</b>	<b>15,078,822</b>
<b>Supplementary cash flow information</b>		
Interest paid	-	-
Income taxes paid	-	-
<b>Non-cash transactions (Note 15)</b>		

The accompanying notes form an integral part of these consolidated financial statements

# **Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

## **Notes to the Consolidated Financial Statements**

**For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

---

### **1. Nature of Business and Going Concern**

Mojave Jane Brands Inc., formerly High Hampton Holdings Corp. (the “Company”) was incorporated in British Columbia on November 12, 2010. The registered office address of the Company is 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC, V6E 4N7. The principal place of business address is 8 Wellington Street East, Toronto, Ontario, MCE 1C5. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange under the symbol “JANE”, on the Frankfurt Exchange under symbol “FSE: 0HCN” and the USA: OTC under the symbol “HHPHF”.

The Company’s principal business is the manufacturing, processing and sale of cannabis extracts. Subsequent to August 31, 2019, the Company ceased generating revenues as it vacated its leased premise in Coachella, CA, and plans to continue to seek out other potential strategic alliances, joint venture, acquisition or merger opportunities with existing licensed producers or entities offering products or services in the cannabis industry.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended August 31, 2019, the Company incurred a net loss of \$39,526,914 and had net cash flows used in operating activities from continuing operations of \$8,434,063. The Company will be dependent on additional financing to meet its operating requirements over the next twelve months. Several alternatives including, but not limited to completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties cast significant doubt on the entity’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **2. Basis of Presentation and Statement of Compliance**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements have been prepared on a going concern basis, under historical cost convention. The principal accounting policies and critical estimate and judgments, used when compiling these financial statements are set out below. These consolidated financial statements were approved by the Board of Directors on December 23, 2019.

Certain comparative information has been reclassified to conform to the presentation adopted in the current year. There was no impact to the financial position or net loss as a result of these reclassifications.

### **3. Significant Accounting Policies**

#### **a) Principles of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All material intercompany transactions and balances have been eliminated on consolidation.

---



## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

### 3. Significant Accounting Policies (continued)

#### a) Principles of Consolidation (continued)

##### Subsidiaries

The legal subsidiaries of the Company as of August 31, 2019 are as follows:

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>Ownership Interest</b>	<b>Functional Currency</b>
420 Realty LLC	USA	100%	US Dollar
8 Points Management LLC	USA	100%	US Dollar
Bravo Distribution LLC	USA	100%	US Dollar
Advanced Greenhouse Technologies Ltd (i)	Canada	100%	Canadian Dollar
Advanced Greenhouse Technologies Inc (i)	USA	100%	US Dollar
California Gold Bar Inc.	USA	100%	US Dollar
CoachellaGro Corp.	USA	100%	US Dollar
The Herbal Clone Bank Inc. (i)	Canada	100%	Canadian Dollar
HS Airways	USA	100%	US Dollar
Mojave Jane, LLC	USA	100%	US Dollar

(i) The subsidiary is inactive and had no transactions during the year ended August 31, 2019 and 2018.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions are eliminated upon consolidation.

#### b) Functional and Presentation Currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"), which was determined to be Canadian dollars for the Company. The functional currencies of the Company's subsidiaries are noted in Note 3(a) above. The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Transactions in currencies other than the functional currency are recorded as follows:

- (i) Monetary assets and liabilities are translated at current rates of exchange with the resulting gain or losses recorded in foreign exchange gain/loss in the statement of loss and comprehensive loss;
- (ii) Non-monetary items are translated at historical exchange rates;
- (iii) Expense items are translated at the average rates of exchange with any gains or losses recognized within foreign exchange gain/loss in the statement of loss and comprehensive loss.

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of comprehensive loss items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of comprehensive loss items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of comprehensive loss.

---

## **Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

### **Notes to the Consolidated Financial Statements**

**For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

---

#### **3. Significant Accounting Policies (continued)**

##### ***c) Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

##### ***d) Inventory***

Inventory consists of cannabis extracts and concentrates. The Company values inventories at the lower of cost and net realizable value. The cost of inventories is determined using the weighted average cost basis. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write down previously recorded is reversed. Storage costs, indirect administrative overhead and certain other selling costs related to inventories are expensed in the period incurred.

##### ***e) Accounts and Other Receivables***

Accounts and other receivables consist of trade receivables from customers, GST/HST receivable from government authorities in Canada in respect of the Company's expenses and cost reimbursement from third parties.

Trade receivables are recognized initially at fair value less allowances made for doubtful receivables based on a review of year-end trade receivables, and do not carry any interest. An allowance for doubtful trade receivables is generally made when there is objective evidence that the Company will not be able to collect the amounts due according to original payment terms or when there are indications of collection issues related to specific customers. An allowance for doubtful GST/HST receivable is generally made when management no longer considers it possible that the future economic benefits will flow to the Company.

As at August 31, 2019, the Company has recorded a provision for doubtful accounts and other receivables totaling \$487,154 (2018 - \$Nil).

##### ***f) Revenue Recognition***

The Company has adopted IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") effective January 1, 2018 on a modified retrospective basis in accordance with the transitional provisions of IFRS 15. Results for the reporting period beginning on September 1, 2018 are presented under IFRS 15, while prior reporting period amounts have not been restated and continued to be reported under IAS 18 – *Revenue* ("IAS 18"). The adoption of IFRS 15 resulted in no significant impact on the Company's consolidated financial statements.

The Company's revenue is comprised of sales of its product line which consists of cannabis extracts. Payment is due upon delivery of products.

Prior to the adoption, IAS 18 measured revenue at fair value of the consideration received or receivable, net of returns, discounts, rebates and sales taxes or duty. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 3. Significant Accounting Policies (continued)

##### *f) Revenue Recognition (continued)*

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The Company recognizes revenues on product sales when the performance obligations relating to the sale of its products are satisfied. The performance obligations are satisfied at a point in time when the customer obtains control of the product, which occurs under IFRS 15 when the product has been delivered to the customer.

##### *g) Critical Accounting Estimates and Judgments*

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- whether an indication of impairment loss or a reversal of an impairment loss exists for property, plant and equipment and finite lived intangible assets;
- determining the fair values of identifiable assets acquired, liabilities assumed, contingent consideration for business combinations and asset acquisitions;
- judgments used in determining if an acquisition constitutes a business combination or asset acquisition;
- judgments used in determining whether the Company has acquired significant influence over an entity;
- discount rates and cash flows used to calculate the recoverable amounts for cash generating units for the purposes of determining whether an impairment of goodwill and indefinite lived intangible assets exists;
- estimates and judgments used in determination of the fair value less cost to sell of assets held for sale and finite lived intangible assets;
- amortization methods and periods used for property, plant and equipment and finite lived intangible assets;
- estimates and judgments used in determination of the manufacturing costs, selling costs, wastage and expected yield for inventory;
- the collectability of accounts or loans receivable;
- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities;
- the fair value estimation of share-based payments and awards;
- whether the Company has sufficient financing to operate as a going concern; and
- determining the classification of contingent consideration as a financial liability or equity.

Actual results may differ from those estimates and judgments.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 3. Significant Accounting Policies (continued)

##### *h) Business Combinations*

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

In certain situations goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in the consolidated statements of comprehensive loss as a bargain purchase gain.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

##### *i) Intangible Assets*

Intangible assets consist mainly of favorable leases, customer relationships, management contracts, trademarks and non-compete covenants acquired by the Company. Intangible assets with finite lives are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are reviewed annually for impairment. Any impairment of indefinite intangible assets is recognized in the consolidated statement of comprehensive loss in the period it is incurred. In allocating a reversal of an impairment loss, the carrying amount of an asset is not increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior period.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The useful lives of the Company's intangible assets are as follows:

Customer relationships	8 years;	Favorable leases	Lease term;
Licenses	1 - 5 years;	Management contracts	Contract term;
Non-compete covenants	Period of non-compete agreement; and		
Trademarks	have an indefinite useful life.		

---

## **Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

### **Notes to the Consolidated Financial Statements**

**For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

---

#### **3. Significant Accounting Policies (continued)**

##### ***i) Intangible Assets (continued)***

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including property and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

##### ***j) Goodwill***

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating units ("CGU") to which it relates. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use of the related CGU. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in the consolidated statement of comprehensive loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

##### ***k) Investment in associates***

The Company has interests in associates. Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. The Company accounts for associates using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of comprehensive income and distributions of the investee. The carrying value of associates is assessed for impairment at each statement of financial position date. In instances where the Company does not exercise significant influence, the investments are initially recognized at cost and subsequent to initial recognition, the carrying value of the investment is assessed for impairment using the cost method.

##### ***l) Financial Instruments***

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, due from related parties, accounts payables, loan payable, due to related parties, and contingent consideration payable.

The Company has adopted IFRS 9, *Financial Instruments* ("IFRS 9") effective September 1, 2018 on a retrospective basis where appropriate; however, in accordance with the transitional provisions of IFRS 9, comparative figures have not been restated. IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

### 3. Significant Accounting Policies (continued)

#### l) Financial Instruments (continued)

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

##### Classification and subsequent measurement

The Company completed a detailed assessment of its financial assets and liabilities as at September 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivables	Loans and receivables	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Accounts payables	Other liabilities	Amortized cost
Loan payable	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost
Contingent consideration provision	Not applicable	FVTPL

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on September 1, 2018.

##### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:
  - it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

### 3. Significant Accounting Policies (continued)

#### l) Financial Instruments (continued)

##### *Financial assets: Subsequent measurement and gains and losses*

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of loss and comprehensive loss.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is recognized in the statement of loss and comprehensive loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of loss and comprehensive loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of loss and comprehensive loss.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of loss and comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the statement of loss and comprehensive loss.

##### *Financial liabilities*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of loss and comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of loss and comprehensive loss.

##### Derecognition

##### *Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 3. Significant Accounting Policies (continued)

##### l) *Financial Instruments (continued)*

###### *Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged, are cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

##### m) *Property, Plant and Equipment*

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided over the related assets' estimated useful life using the following methods and annual rates:

Automobiles	20% declining balance and double-declining balance
Computer equipment	20% - 30% declining balance
Equipment	14% - 30% declining balance and double-declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	Lease term

##### n) *Impairment of Non-Financial Assets*

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets including property, plant and equipment are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of the value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

##### o) *Share-Based Payments*

The Company's share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purpose (direct employee) or provides services similar to those performed by a direct employee.

The Company accounts for stock options issued to employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

---



## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 3. Significant Accounting Policies (continued)

##### *o) Share-Based Payments (continued)*

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date of the goods and services are received.

Proceeds from unit placements are allocated between share and warrants using the residual method.

##### *p) Income Taxes*

###### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax is recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

###### Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

---

# Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

## Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

### 3. Significant Accounting Policies (continued)

#### q) *Net Loss Per Share*

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

#### r) *Recent Accounting Pronouncements*

The following amended accounting standards were adopted during the year ended August 31, 2019. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

##### New or Amended Standards Effective September 1, 2018

###### *IFRS 9 – Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The adoption of IFRS 9 had no significant impact on the Company's consolidated financial statements other than the classification of its financial instruments.

###### *IFRS 15 – Revenue from Contracts with Customers*

The IASB replaced IAS 18 Revenue, in its entirety with IFRS 15 Revenue from Contracts with Customers. The Company adopted IFRS 15 using the modified retrospective approach where the cumulative impact of adoption, if any, is recognized in retained earnings as of September 1, 2018 and comparatives are not restated.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The adoption of IFRS 15 did not have a significant impact on the Company's consolidated financial statements.

---

## **Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

### **Notes to the Consolidated Financial Statements**

**For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

---

#### **3. Significant Accounting Policies (continued)**

##### ***s) Accounting Standards and Amendments Issued but not yet Applied***

###### New accounting standards effective September 1, 2019

###### *IFRS 2 – Shared-Based Payments*

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features. The adoption of the amendments to IFRS 2 is not expected to have a significant impact on the Company's consolidated financial statements.

###### *IFRS 16 – Leases*

IFRS 16 was issued in January 2016. It will result in substantially all leases being recognized on the balance sheet, as the distinction between operating and finance lease is removed. Under the new standard, an asset (the right to use a leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low-value leases. The adoption of IFRS 16 is expected to result in the recognition of a right-of-use asset and a lease liability of \$2,976,000.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 4. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company to support the growth and development of its subsidiaries and additional acquisition opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of its shareholders' equity.

The Company is not exposed to any externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended August 31, 2019.

#### 5. Financial Risk Management

##### Fair value hierarchy

*The following summarizes the fair value hierarchy under which the Company's financial instruments are valued.*

*Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;*

*Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and*

*Level 3 - Inputs for the asset or liability that are not based upon observable market data.*

Cash and cash equivalents are recorded at fair value on a recurring basis using a level 1 fair value measurement. The carrying value of accounts receivable, due from related parties, accounts payable, due to related parties and loan payable approximate their fair value because of the short-term nature of current market rates for these instruments. Contingent consideration provision is recorded at fair value on a recurring basis using a level 3 fair value measurement, which is calculated based on the estimated net income of Mojave Jane LLC for a five year period from the date of acquisition and discounted for the time value of money. Refer to Note 6 for details. A 10% change in the estimated net income will not have a significant impact on the calculated contingent consideration provision.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

##### Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

##### *Credit Risk*

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents consist of cash in bank accounts with reputable financial institutions with strong credit ratings which are closely monitored by management and in trust accounts with the Company's legal representatives.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 5. Financial Risk Management (continued)

##### *Liquidity Risk*

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. As at August 31, 2019, the Company had enough cash and cash equivalents on hand to meet its current liabilities. However, the Company may need to raise additional financing over the next twelve months to meet its operating requirements (see note 1). The Company's accounts payable, loan payable and due to related parties have contractual maturities of less than 30 days and are subject to normal trade terms.

##### *Market Risk*

Market risk is the risk of loss that might arise from changes in market factors such as interest rates and foreign exchange rates.

i. Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as its cash equivalents bear fixed interest rates.

ii. Foreign Currency Risk:

The Company holds cash and cash equivalents in bank and investment accounts denominated in United States dollars. The Company's subsidiaries are domiciled in the United States and have a US dollar functional currency. Therefore, the Company is subject to risk in fluctuations in the exchange rate of the United States dollar.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 6. Acquisitions

##### Mojave Jane, LLC

On November 12, 2018, the Company acquired all the issued and outstanding shares of Mojave Jane, LLC ("Mojave Jane"). In consideration, the Company issued an aggregate of 8,974,352 common shares of the Company ("the Share Exchange") with the shares being subject to escrow until certain milestone conditions are met, triggering a staggered share release.

For accounting purposes, the acquisition of Mojave Jane was treated as a business combination. The following table summarizes the total consideration, the book value of the identifiable assets acquired, and liabilities assumed as of the date of the acquisition of Mojave Jane:

	\$
Contingent share consideration	3,805,830
Contingent consideration provision	627,478
Cash advances	66,053
<b>Total consideration</b>	<b>4,499,361</b>
Assets acquired:	
Prepaid expenses	16,520
Property, plant and equipment	419,528
Intangible assets	1,009,535
Goodwill	3,395,788
Less liabilities assumed:	
Accounts payable and accrued liabilities	(40,765)
Deferred income tax liability	(301,245)
<b>Net assets acquired</b>	<b>4,499,361</b>

The contingent consideration provision relates to royalty payments due to former shareholders of Mojave Jane. The royalty was calculated as 5.5% of Mojave Jane's forecasted net income and is payable over the subsequent five years from the date of acquisition on November 12, 2018 and was discounted for the time value of money. The contingent consideration provision was re-measured at August 31, 2019 and a gain on write-down of contingent provision of \$609,696 has been recorded in the consolidated statement of comprehensive loss.

As part of the Company's acquisition of Mojave Jane, the Company acquired intangible assets consisting of Trademarks and brand, customer relationships, management agreements and licenses. Refer to Note 12 for a list of the intangible assets acquired.

As at August 31, 2019, the Company recognized an impairment of \$3,395,788 pertaining to the goodwill of Mojave Jane and an impairment of \$342,671 pertaining to the intangible assets due to decline in the estimated recoverable amount of the assets from future related cash flows.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 6. Acquisitions (continued)

##### 420 Realty, LLC

On June 21, 2018 the Company acquired 100% of 420 Realty, LLC ("420 Realty"). In consideration, the Company issued an aggregate of 8,047,099 common shares of the Company ("the Payment Shares") to the shareholders of 420 Realty and made cash payments totalling \$660,400.

All Payment Shares issued in connection with the Acquisition are subject to a voluntary escrow period expiring December 21, 2018, except for the Payment Shares issued to the insider which are subject to a voluntary escrow period expiring on December 21, 2018 and June 21, 2019.

For accounting purposes, the acquisition of 420 Realty was treated as an asset acquisition as the Company determined that 420 Realty did not meet the definition of a business. The following table summarizes the consideration transferred, the estimated fair value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

	\$
Common shares issued	5,479,546
Cash payment	660,400
<b>Total consideration</b>	<b>6,139,946</b>
Assets acquired:	
Intangible asset	6,139,946
Less liabilities assumed	-
<b>Net assets acquired</b>	<b>6,139,946</b>

As part of the Company's acquisition of 420 Realty, the Company acquired a lease of a building in the city of Cudahy, California (the "Lease"), which had been granted conditional approval to cultivate, manufacture, distribute and deliver medicinal cannabis by the city of Cudahy. The Lease is valid for a period of ten years plus an option period of five years. The lease payments required by the underlying Lease commitment were significantly lower than the market value of comparable premises and as a result, the Company recorded a favorable lease asset of \$6,139,946 upon acquisition of 420 Realty. The favorable lease was recorded as an intangible asset on the consolidated statement of financial position. Refer to Note 12 for details of the intangible asset acquired.

During the year ended August 31, 2019, the Company determined that it would not proceed with its planned construction of and utilization of the leased facility in the city of Cudahy, California, and initiated a plan to locate a buyer for 420 Realty, LLC. As a result, 420 Realty was reclassified as an Asset Held for Sale, and the Company recorded an impairment of \$6,186,695 to write down the assets held in 420 Realty to \$559,020, which represents the lower of the carrying value and fair value less costs to sell, which was determined by a re-measurement of the favorable lease intangible asset at the current estimated market rate for a similar lease (see Note 11).

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 6. Acquisitions (continued)

##### 8 points Management LLC & Bravo Distro LLC

On July 9, 2018, the Company acquired all of the issued and outstanding shares of 8 Points Management LLC and Bravo Distro LLC (together, "Bravo Distro") (the "Acquisition"). In consideration, the Company issued an aggregate of 4,200,000 common shares of the Company (the "Payment Shares"). All Payment Shares issued in connection with the Acquisition are subject to a statutory hold period of 4 months expiring November 10<sup>th</sup>, 2018, and are to be held in escrow with 50% of the Payment Shares released 12 months from the closing date of the Acquisition, subject to meeting certain conditions, and the remaining 50% Payment Shares released 24 months from the closing of the Acquisition, subject to meeting certain conditions.

For accounting purposes, the acquisition of Bravo Distro was treated as an asset acquisition as the Company determined that the Acquisition did not meet the definition of a business. The following table summarizes the total consideration, the fair value of the identifiable assets acquired and liabilities assumed as of the date of the Acquisition:

	\$
Common shares issued	1,119,753
Cash advances	264,108
<b>Total consideration</b>	<b>1,383,861</b>
Assets acquired:	
Cash	37,344
Deposits	65,485
Intangible assets	2,201,730
Less liabilities assumed:	
Accounts payable and accrued liabilities	(527,788)
Notes payable	(392,910)
<b>Net assets acquired</b>	<b>1,383,861</b>

As part of the Company's acquisition of Bravo Distro, the Company acquired intangible assets consisting of management contracts, non-compete agreements with employees of Bravo Distro and a favorable lease asset resulting from a lease held by Bravo Distro for a premise in Sacramento for which the payments required by the underlying lease commitment are significantly lower than the market value of comparable premises. Refer to Note 12 for details of the intangible assets acquired.

During the year ended August 31, 2019, the Company determined indicators of impairment existed with respect to certain intangible assets previously recognized on acquisition of Bravo Distro. An impairment test was subsequently performed by the Company, resulting in an impairment charge of \$1,160,538 on its intangible assets where the carrying value exceeded the estimated recoverable amount.

The Company also determined that it would not proceed with executing its business plan for Bravo Distro, and entered into negotiations to sell back Bravo Distro to its previous owners. As a result, Bravo Distro was reclassified as an Asset Held for Sale, and the Company recorded a further impairment of \$250,838 to write down the intangibles assets held in Bravo Distro to \$Nil (see Note 11).

---



## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 6. Acquisitions (continued)

##### HS Airways Holding and California Gold Bar Inc.

On July 31, 2018, the Company acquired all of the issued and outstanding shares of HS Airways Holding and California Gold Bar Inc. (together, "Cali Gold"). In consideration, the Company issued 13,090,905 common shares and such shares are subject to escrow and released on certain dates or conditions.

For accounting purposes, the acquisition of Cali Gold was treated as a business combination. The following table summarizes the total consideration, the book value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition of Cali Gold:

	\$
Common shares issued	7,723,634
Cash advances	815,006
<b>Total consideration</b>	<b>8,538,640</b>
Assets acquired:	
Cash	427,657
Accounts receivable and other	91,091
Inventory	126,464
Deposits	4,818
Property and equipment	77,122
Intangible assets	6,386,800
Goodwill	3,510,190
Less liabilities assumed:	
Accounts payable and accrued liabilities	(60,205)
Loans payable	(183,344)
Deferred income taxes	(1,841,953)
<b>Net assets acquired</b>	<b>8,538,640</b>

As part of the Company's acquisition of Cali Gold, the Company acquired intangible assets consisting of customer relationships, non-compete agreements with employees of Cali Gold and Trademarks. Refer to Note 12 for details of the intangible assets acquired.

The resulting goodwill represented corporate synergies and expected sales growth of Cali Gold.

As at August 31, 2019, the Company recognized an impairment of \$3,510,190 pertaining to the goodwill of Cali Gold which was recognized upon acquisition given that the carrying value of the Cali Gold CGU is not likely to be recoverable from future related cash flows. At August 31, 2019, the Company also recognized an impairment of \$5,148,636 pertaining to the intangible assets acquired upon the acquisition of Cali Gold due to decline in the estimated recoverable amount of the intangible assets from future related cash flows.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

#### 7. Cash and Cash Equivalents

	August 31, 2019	August 31, 2018
	\$	\$
Bank deposits	484,876	5,066,086
Guaranteed investment certificates	-	9,660,396
Cash held in trust accounts	1,127,394	352,340
	<b>1,612,270</b>	<b>15,078,822</b>

#### 8. Accounts and other receivables

	August 31, 2019	August 31, 2018
	\$	\$
Trade receivables	73,041	81,243
GST/HST receivables	-	318,323
Other receivables for recoverable costs	-	16,334
	<b>73,041</b>	<b>415,900</b>

During the year ended August 31, 2019, the Company recorded an allowance for uncollectible amounts of \$487,154 pertaining to a denial of GST/HST claims filed by the Company with the Canada Revenue Agency. The Company has filed an appeal of the decision; however, collectability of the amount is not certain.

#### 9. Inventory

Inventory consists of cannabis extracts and concentrates classified as finished goods. Inventories expensed in cost of sales for the year ended August 31, 2019 amounted to \$205,067 (2018: \$37,287). In addition, the Company recorded write-down of inventory of \$1,018,535 (2018 - \$Nil), which has been included in cost of goods sold, resulting from manufacturing costs incurred in excess of the inventory's net realizable value, disposal of inventory which did not pass certain quality thresholds, and the write-off of obsolete inventory.

#### 10. Prepaid Expenses and Deposits

	August 31, 2019	August 31, 2018
	\$	\$
Professional and consulting fees	146,247	218,046
Insurance	403	63,667
Land development	-	573,843
Security deposit and rent	76,948	91,056
Other	19,660	26,136
	<b>243,258</b>	<b>972,748</b>

During the year ended August 31, 2019, the Company determined that certain land development deposits which were advanced to vendors may not be recoverable as a result of the Company's decision to cease further development at its Coachella property (see Note 11). As a result, the Company recorded an impairment of \$573,843 (2018 - \$Nil) pertaining to deposits made to a vendor which has been presented in discontinued operations in other expenses (see Note 11).

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

#### For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

#### 11. Assets Held for Sale and Discontinued Operations

During the year ended August 31, 2019, the Company initiated a plan to dispose of certain asset groups. As a result, certain asset groups were reclassified as assets held for sale as at August 31, 2019. The asset groups classified as held for sale are as follows:

1) Coacheallagro

The Company acquired Coachellagro Corp. (“Coachellagro”) during the year ended August 31, 2017 in order to develop its cannabis production business. As part of the acquisition of Coachellagro, the Company acquired a parcel of land in Coachella, California, where it intended to build a facility. During the year ended August 31, 2019, the Company determined that it would no longer pursue the development of the land and committed to a plan to locate a buyer for the land. As a result, the Company reclassified Coachellagro as an asset held for sale and recorded an impairment of \$5,077,872 to write down the asset group to the lesser of its carrying value and fair value less cost to sell, which was determined through an assessment of the market value of similar parcels of land.

2) Bravo Distro

As described in Note 6, the Company acquired Bravo Distro during the year ended August 31, 2018. In consideration, the Company issued a total of 4,200,000 common shares of the Company (the “Payment Shares”). All Payment Shares issued in connection with the Acquisition are held in escrow with 50% of the Payment Shares to be released 12 months from the closing of the Acquisition, subject to meeting certain conditions, and the remaining 50% Payment Shares to be released 24 months from the closing of the Acquisition, subject to meeting certain conditions. During the year ended August 31, 2019, the Company determined that the terms for the release of the Payment Shares held in escrow were determined to have not been met, and as a result the Company commenced actions to return these Payment Shares to treasury. Furthermore, as described in Note 6, the Company also committed to a plan to dispose of its interest in Bravo Distro.

3) 420 Realty

The Company acquired 420 Realty during the year ended August 31, 2018 and during the current year, committed to a plan to dispose of the entity (see Note 6).

The recoverable amount, which represents the lesser of the carrying value and fair value less costs of sale, of the above noted assets groups are as follows:

	Coachellagro	Bravo Distro	420 Realty	Total
	\$	\$	\$	\$
Current assets	-	75,782	-	75,782
Land and favorable leases	1,474,215	-	559,020	2,033,235
Property and equipment	-	177,718	-	177,718
Total assets	1,474,215	253,500	559,020	2,286,735
Current liabilities	-	150,406	-	150,406
Long-term debt	-	60,907	-	60,907
Total liabilities	-	211,313	-	211,313
Net assets	1,474,215	42,187	559,020	2,075,422

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)****Notes to the Consolidated Financial Statements****For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

**11. Assets Held for Sale and Discontinued Operations (continued)**

During the years ended August 31, 2019, net loss attributable to the asset groups held for sale are as follows:

	<b>Coachellagro</b>	<b>Bravo Distro</b>	<b>420 Realty</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>				
Office and general	304,435	886,737	-	1,191,172
Advertising and promotion	-	3,837	-	3,837
Professional and consulting fees	-	1,186,767	-	1,186,767
Amortization	-	684,431	519,406	1,203,837
Communications and travel	-	75,960	-	75,960
<b>Total expenses</b>	<b>304,435</b>	<b>2,837,732</b>	<b>519,406</b>	<b>3,661,573</b>
Loss before other income (expenses)	(304,435)	(2,837,732)	(519,406)	(3,661,573)
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	-	1,519	-	1,519
Impairment of intangible assets	-	(1,411,376)	(5,077,561)	(6,488,937)
Impairment of property and equipment	(5,077,872)	-	(1,109,134)	(6,187,006)
Other expense	(573,843)	(152,053)	-	(725,896)
<b>Net loss from discontinued operations</b>	<b>(5,956,150)</b>	<b>(4,399,642)</b>	<b>(6,706,101)</b>	<b>(17,061,893)</b>

During the year ended August 31, 2018, net loss attributable to the asset groups held for sale are as follows:

	<b>Coachellagro</b>	<b>Bravo Distro</b>	<b>420 Realty</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>				
Office and general	39,249	76,111	-	115,360
Advertising and promotion	-	292	-	292
Professional and consulting fees	-	369,039	-	369,039
Amortization	-	126,944	84,582	211,526
Communications and travel	-	7,842	-	7,842
<b>Total expenses</b>	<b>39,249</b>	<b>580,228</b>	<b>84,582</b>	<b>704,059</b>
<b>Net loss from discontinued operations</b>	<b>(39,249)</b>	<b>(580,228)</b>	<b>(84,582)</b>	<b>(704,059)</b>

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

**Notes to the Consolidated Financial Statements**

**For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

**12. Intangible Assets**

	<b>Customer Relationships</b>	<b>Favorable Leases</b>	<b>Management Contracts</b>	<b>Non-compete</b>	<b>Trademarks</b>	<b>Licenses</b>	<b>Total</b>
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, August 31, 2017	-	-	-	-	-	-	-
Obtained through acquisition:							
Cali Gold	4,401,098	-	-	45,573	1,940,129	-	<b>6,386,800</b>
Bravo Distro	-	512,217	1,650,222	39,291	-	-	<b>2,201,730</b>
420 Realty	-	6,139,946	-	-	-	-	<b>6,139,946</b>
Balance, August 31, 2018	4,401,098	6,652,163	1,650,222	84,864	1,940,129	-	<b>14,728,476</b>
Obtained through acquisition:							
Mojave Jane	215,418	-	203,383	-	50,220	540,514	<b>1,009,535</b>
Impairment	(4,616,516)	(6,108,948)	(1,853,605)	(84,864)	(1,300,129)	(540,514)	<b>(14,504,576)</b>
Reclassification to assets held for sale	-	(458,395)	-	-	-	-	<b>(458,395)</b>
Change in foreign exchange rate	-	(84,820)	-	-	43,059	-	<b>(41,761)</b>
Balance August 31, 2019	-	-	-	-	733,279	-	<b>733,279</b>
<b>Accumulated Amortization</b>							
Balance August 31, 2017	-	-	-	-	-	-	-
Amortization	(48,215)	(91,354)	(119,811)	-	-	-	<b>(259,380)</b>
Balance August 31, 2018	(48,215)	(91,354)	(119,811)	-	-	-	<b>(259,380)</b>
Amortization	(571,476)	(481,459)	(779,843)	-	-	(432,174)	<b>(2,264,952)</b>
Reclassification and other adjustments	619,691	572,813	899,654	-	-	432,174	<b>2,524,332</b>
Balance, August 31, 2019	-	-	-	-	-	-	-
<b>Net Book Value</b>							
August 31, 2018	4,352,883	6,560,809	1,530,411	84,864	1,940,129	-	14,469,096
August 31, 2019	-	-	-	-	733,279	-	733,279

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

**Notes to the Consolidated Financial Statements**

**For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

**13. Property, Plant and Equipment**

	Automobiles	Computer equipment	Furniture and Fixtures	Equipment	Land	Leasehold Improvements	Total
<b>Cost</b>	\$	\$	\$	\$	\$	\$	\$
Balance, August 31, 2017	-	-	-	-	4,774,256	-	4,774,256
Additions	-	13,005	3,735	93,662	1,886,644	256,046	2,253,092
Obtained through acquisition:							
Cali Gold	47,761	-	-	29,361	-	-	77,122
Change in foreign exchange rate	122	-	-	77	-	-	199
Balance, August 31, 2018	47,883	13,005	3,735	123,100	6,660,900	256,046	7,104,669
Reclassification	-	28,892	-	(28,892)	-	-	-
Additions	83,478	-	26,397	1,131,088	389,693	1,158,131	2,788,787
Disposals	(12,597)	-	-	-	-	-	(12,597)
Recovery of deposits	-	-	-	-	(498,505)	-	(498,505)
Obtained through acquisition:							
Mojave Jane	-	-	-	419,533	-	-	419,533
Reclassification to assets held for sale	(83,478)	(13,223)	(3,735)	-	(1,474,215)	(198,859)	(1,773,510)
Impairment	-	-	-	(50,060)	(5,077,873)	(1,166,709)	(6,294,642)
Change in foreign exchange rate	505	218	69	3,637	-	(48,609)	(44,180)
Balance, August 31, 2019	35,791	28,892	26,466	1,598,406	-	-	1,689,555
<b>Accumulated Amortization</b>							
Balance, August 31, 2017	-	-	-	-	-	-	-
Amortization	-	(361)	-	-	-	-	(361)
Balance, August 31, 2018	-	(361)	-	-	-	-	(361)
Amortization	(11,276)	(13,069)	(4,151)	(261,438)	-	(15,499)	(305,433)
Reclassification to assets held for sale	-	4,762	692	-	-	15,499	20,953
Balance, May 31, 2019	(24,515)	(8,668)	(3,459)	(261,438)	-	-	(284,841)
<b>Net Book Value</b>							
August 31, 2018	47,883	12,644	3,735	123,100	6,660,900	256,046	7,104,308
August 31, 2019	24,515	20,224	23,007	1,336,968	-	-	1,404,714

## **Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

### **Notes to the Consolidated Financial Statements**

#### **For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

---

#### **14. Investment in Associate**

During the year ended August 31, 2019, the Company acquired a 20.75% strategic minority interest in the 2083 Group, Inc. ("2083 Group"), a California based entity, best known for their Speed Weed delivery platform and services. In order to acquire the 20.75% interest, the Company made cash payments totaling \$658,450 and issued 2,260,869 common shares of the Company with a fair value of \$723,478 for total consideration of \$1,381,928. As at the date of the acquisition, the 2083 Group had a net liability position of \$36,494 USD. The excess of the cost over the Company's share of the net fair value of the 2083 Group's identifiable assets and liabilities was allocated to goodwill.

The Company's investment in the 2083 Group is recorded using the equity method as management determined that the Company has significant influence over the 2083 Group. During the period from the Company's acquisition of 20.75% interest to August 31, 2019, 2083 Group incurred a loss of \$72,875, of which \$20,042 is attributable to the Company before impairment of goodwill (see below).

As at August 31, 2019, 2083 Group had total assets of \$69,866 USD and total liabilities of \$183,309 USD. The Company evaluated the carrying value of its goodwill in 2083 Group and estimated the net recoverable amount to be \$1 of the cash generating unit and the Company recorded an impairment of \$1,361,886 which as been included in net loss from investment in associate.

Pursuant to the terms of the underlying share purchase agreement with shareholders of the 2083 Group, the Company is committed to investing an additional \$1,185,000 USD upon the achievement of certain milestones by the 2083 Group.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 15. Capital Stock

##### Authorized

Unlimited common shares without par value.

##### Issued

107,039,185 common shares (2018 – 94,893,464 common shares)

During the year ended August 31, 2019:

- (i) In November 2018, the Company issued 8,974,352 common shares pursuant to its acquisition of Mojave Jane (see Note 5).
- (ii) In July 2019, the Company issued 2,260,869 common shares pursuant to its acquisition of a 20.75% interest in the 2083 Group (see Note 14).
- (iii) The Company issued 210,500 common shares for gross proceeds of \$52,500 pursuant to the exercise of stock options and warrants.
- (iv) The Company issued 700,000 common shares pursuant to its restricted share units plan.

During the year ended August 31, 2018:

- (i) In December 2017, the Company issued 383,876 common shares with an estimated fair market value of \$145,873 to Infrastructure Engineers as a retainer for future engineering services to be rendered on the Coachella Property.
  - (ii) In January 2018, the Company issued 2,166,665 common shares as a result of the conversion of the secured debenture.
  - (iii) In March, 2018, the Company closed a private placement of 31,653,565 units of the Company (the "Units") at a price of \$0.60 per unit for gross proceeds of \$18,992,139. Each unit consisted of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.90 for a period of 24 months. In addition, the Company paid to eligible finders \$1,213,286 in cash and issued 1,863,814 non-transferable finder's warrants (the "Finder's Warrants") with an estimated fair value of \$677,998. Each Finder's Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.90 for a period of 24 months. The Company also incurred other share issuance costs of \$61,911.
  - (iv) On June 21, 2018, the Company issued 8,047,099 common shares pursuant to its acquisition of 420 Realty (see Note 5).
  - (v) On July 9, 2018, the Company issued 4,200,000 common shares pursuant to its acquisition of Bravo Distro (see Note 5).
  - (vi) On July 31, 2018, the Company issued 13,090,905 common shares pursuant to its acquisition of Cali Gold (see Note 5).
-



## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

#### 15. Capital Stock (continued)

##### Issued (continued)

(vii) The Company issued 7,127,669 common shares for gross proceeds of \$3,342,132 pursuant to the exercise of warrants.

(viii) The Company issued 275,000 common shares for gross proceeds of \$137,500 pursuant to the exercise of stock options.

(ix) The Company issued 1,150,000 common shares pursuant to its restricted share units plan.

##### Shares Held in Escrow

As at August 31, 2019 there were 8,438,475 common shares held in escrow, of which 4,200,000 common shares were issued by the Company in relation to the acquisition of Bravo Distro (see Note 6), 3,044,875 common shares were issued in relation to the acquisition of CaliGold (see Note 6) and 1,193,600 common shares were issued in relation to the acquisition of Mojave Jane (see Note 6).

##### Stock Options

The Company's Board of Directors approved the implementation of an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
		\$
Balance, August 31, 2017	-	-
Granted	2,500,000	0.50
Exercised	(275,000)	0.50
Balance, August 31, 2018	2,225,000	0.50
Granted	3,975,000	0.31
Exercised	-	-
Expired or cancelled	(1,450,000)	0.50
Balance, August 31, 2019	4,750,000	0.35

The following table details the stock options outstanding and exercisable as at August 31, 2019:

Stock options	Price	Expiry Date
	\$	
775,000	0.50	September 15, 2019
2,500,000	0.34	May 8, 2024
1,000,000	0.28	May 28, 2024
225,000	0.25	May 31, 2020
250,000	0.26	November 30, 2019
4,750,000		

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

#### For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 15. Capital Stock (continued)

##### Stock Options (continued)

The weighted average remaining life of stock options outstanding at August 31, 2019 is 3.53 years.

During year ended August 31, 2019, the Company recorded share-based compensation of \$1,105,025 (2018 - \$741,535) related to the issuance and vesting of stock options.

The fair value assigned to the stock options granted and vested during the year ended August 31, 2019 was estimated using the following assumptions:

Dividend yield	0%
Expected volatility	181.53%
Risk free interest rate	1.61%
Expected life	4.49 years
Forfeiture rate	0%

The fair value assigned to the stock options granted and vested during the year ended August 31, 2018 was estimated using the following weighted average assumptions:

Dividend yield	0%
Expected volatility	151.54%
Risk free interest rate	1.59%
Expected life	2 years
Forfeiture rate	0%

##### Performance Share Units and Restricted Share Units

The Company's Board of Directors approved the implementation of a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated several RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

On December 1, 2017, 2,550,000 Restricted Share Units ("RSUs") were granted to a senior officers, directors and consultants of the Company. The share price on December 1, 2017 was \$0.41. The RSUs were fully vested upon grant and as a result, the Company recorded share-based compensation expense of \$1,045,500 during the year ended August 31, 2018. Of the total RSUs granted, the Company has issued 1,850,000 common shares and a total of 700,000 common shares remain issuable as at August 31, 2019.

---

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)****Notes to the Consolidated Financial Statements****For the year ended August 31, 2019 and 2018**(Expressed in Canadian Dollars)

---

**15. Capital Stock (continued)**Warrants

The changes in share purchase warrants outstanding during the year ended August 31, 2019, are as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
		\$
Balance, 2017	12,206,152	0.55
Granted	33,567,379	0.90
Exercised	(7,152,569)	0.48
Balance, August 31, 2018	38,620,962	0.87
Exercised	(210,500)	0.25
Expired	(4,705,900)	0.68
Balance, August 31, 2019	33,729,462	0.90

The following table details the warrants outstanding as at August 31, 2019:

<b>Warrants</b>	<b>Price</b>	<b>Expiry Date</b>
	\$	
162,083	0.85	August 2, 2020
33,567,379	0.90	March 13, 2020
33,729,462		

The weighted average remaining life of the warrants outstanding as at August 31, 2019 is 0.90 years.

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 16. Related party transactions and balances

During the year ended August 31, 2019 and 2018, the Company incurred the following expenses as compensation to directors, officers and companies that are controlled by directors of the Company:

##### Key management personnel compensation

	August 31, 2019	August 31, 2018
	\$	\$
Salaries	1,642,018	-
Management and director fees	552,589	1,526,748
Professional fees	-	83,350
Share based compensation	837,025	1,065,590
	3,031,632	2,675,688

---

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer, chief financial officer and chief operation officer.

As at August 31, 2019, the Company has balances payable totaling \$Nil to former officers and to a Company controlled by a former Officer (2018 - \$373,944) which are due on demand, unsecured and is non-interest bearing.

As at August 31, 2019, the Company has a balance payable of \$181,903 due to certain directors (2018 - \$21,854) for key management compensation which is due on demand, unsecured and is non-interest bearing.

As at August 31, 2019, the Company has a balance receivable from related parties of \$86,909 (2018 - \$Nil) related to payroll taxes paid on behalf of a director and officer of the Company. The amount is due on demand, unsecured and non-interest bearing.

During the year ended August 31, 2019, the Company incurred termination benefit costs of \$494,920 (2018 - \$Nil) in severance payouts and \$23,275 in share based compensation to certain management personnel. These amounts are included in the key management personnel compensation noted above.

During the year ended August 31, 2018, the Company acquired 420 Realty, whereby the former CEO of the Company, David Argudo, was also part of the management team of 420 Realty LLC (see Note 6).

---

**Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

**Notes to the Consolidated Financial Statements**

**For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

---

**17. Supplementary Expense Information**

Office and General:

	<b>August 31, 2019</b>	<b>August 31, 2018</b>
	\$	\$
Salaries and wages	2,230,761	112,580
Insurance	93,156	9,204
Administration and other expenses	353,826	202,488
Rent	465,371	20,394
Regulatory and shareholder filing fees	84,274	92,119
	<b>3,227,388</b>	<b>436,785</b>

---

Professional and Consulting Fees:

	<b>August 31, 2019</b>	<b>August 31, 2018</b>
	\$	\$
Consulting fees	872,086	1,508,584
Legal fees	613,628	453,788
Audit and accounting fees	370,131	119,483
	<b>1,855,846</b>	<b>2,081,855</b>

---

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

---

#### 18. Commitments

- (i) The Company's subsidiary 420 Realty LLC maintains a lease at a building located at 4311-4315 Santa Ana St., Cudahy, California 90201. The lease expires on July 31, 2027 and can be extended by five years with an option term.
- (ii) The Company's subsidiary HS Airway Holdings maintains a lease at a building located at 241 N. 10<sup>th</sup> Street, Suite 6, Sacramento, CA, 95811. The lease expires on January 31, 2022.
- (iii) The Company's subsidiary HS Airway Holdings maintains a lease at a building located at 3145 Tiger Run Court, Suite 113, Carlsbad, CA, 92010. The lease expires on March 31, 2021
- (iv) The Company's subsidiary HS Airway Holdings maintains a lease at a building located at 248 Redondo Ave, Sacramento, CA, 95815. The lease expires on January 31, 2020.
- (v) The Company's subsidiary HS Airway Holdings maintains a lease at a building located at 1041 Folger Street, Berkeley, CA, 94702. The lease expires on December 31, 2021.
- (vi) The Company's subsidiary HS Airway Holdings maintains a lease at a building located at 3350 East 9<sup>th</sup> Street, Oakland, CA, 94601. The lease expires on December 19, 2020 and has a one-time option to cancel the lease effective December 19, 2019.
- (vii) The Company's subsidiary Mojave Jane LLC maintained a sublease at 84805 48<sup>th</sup> Avenue, Coachella, CA, 92236. The sublease expired on September 23, 2019.
- (viii) The Company maintains a lease at a building located at 451 East Main Street, Studio 10, Ventura, CA, 93001. The lease expires on February 29, 2020 and can be extended by one year with an option term.
- (ix) The Company maintains a lease at a building located at Puente Hills Business Center, 17700 Castleton Street, Suite 238, City of Industry, CA, 91748. The lease expires on August 31, 2023.
- (x) The Company maintains a sublease at a building located at 8 Wellington Street East, Toronto, ON, MCE 1C5. The sublease expires on December 30, 2019.

The lease commitments for the above noted leases are as follows:

	<b>\$</b>
Less than one year	782,998
Two to five years	2,187,447
Greater than five years	1,281,719
	<b>4,252,164</b>

---

# Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

## Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

### 19. Segment Reporting

#### *Operating segments*

	Cannabis production	Cannabis distribution	Cannabis infused products	Corporate	Total
	\$	\$	\$	\$	\$
<b>Year ended August 31, 2019</b>					
Revenue	-	-	205,067	-	205,067
Gross profit (loss)	-	-	(1,018,535)	-	(1,018,535)
Net loss from continuing operations	-	-	(16,093,939)	(6,371,082)	(22,465,021)
Net loss from discontinued operations	(12,662,251)	(4,399,642)	-	-	(17,061,893)
<b>Year ended August 31, 2018</b>					
Revenue	-	-	52,211	-	52,211
Gross profit (loss)	-	-	14,924	-	14,924
Net loss from continuing operations	-	-	(288,167)	(8,171,391)	(8,459,558)
Net loss from discontinued operations	(84,582)	(580,228)	-	(39,249)	(704,059)

#### *Geographical Segments*

	United States of America	Canada	Total
	\$	\$	\$
<b>Year ended August 31, 2019</b>			
Non-current assets			
Intangibles	733,279	-	733,279
Property, plant and equipment	1,363,313	41,401	1,404,714
Assets held for sale	2,286,735	-	2,286,735
Revenue	205,067	-	205,067
Gross profit (loss)	(1,018,535)	-	(1,018,535)
Net loss from continuing operations	(16,093,939)	(6,371,082)	(22,465,021)
Net loss from discontinued operations	(17,061,893)	-	(17,061,893)
<b>Year ended August 31, 2018</b>			
Non-current assets			
Intangibles	14,469,096	-	14,469,096
Land	6,660,900	-	6,660,900
Goodwill	3,510,190	-	3,510,190
Property, plant and equipment	414,516	28,892	443,408
Revenue	52,211	-	52,211
Gross profit	14,924	-	14,924
Net loss from continuing operations	(288,167)	(8,171,391)	(8,459,558)
Net loss from discontinued operations	(664,810)	(39,249)	(704,059)

## Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)

### Notes to the Consolidated Financial Statements

For the year ended August 31, 2019 and 2018

(Expressed in Canadian Dollars)

#### 20. Income Taxes

The difference between tax expense for the periods and the expected income taxes based on the combined federal and provincial statutory tax rate of 27% (2017 – 27%) for British Columbia, Canada arises as follows:

	2019	2018
	\$	\$
Income tax recovery based on substantively enacted rates	(12,141,718)	(2,434,905)
Permanent differences and other	8,266,000	144,000
Changes in tax benefits not recognized	1,889,000	2,277,000
Net deferred tax (recovery)	(1,986,718)	(13,905)

Significant components of the company's deferred income tax assets (liabilities) are as follows:

	2019	2018
	\$	\$
Deferred income tax assets (liabilities):		
Non-capital loss carry forward	4,643,000	2,845,000
Investment in associate	187,000	-
Share issuance costs and other	300,000	414,000
Plant, property and equipment	90,000	-
Gross deferred income tax assets (liabilities)	5,220,000	3,259,000
Unrecognized deferred income tax assets	(5,220,000)	(3,259,000)
Deferred income tax assets	-	-
Deferred income tax liabilities:		
Intangible assets	142,579	1,828,048
Deferred income tax liability	142,579	1,828,048

The Company has available for deduction against future taxable income, Canadian non-capital losses of approximately \$16,929,000 which will begin to expire in 2035. Management has estimated United States non-capital losses to be immaterial.

#### 21. Contingencies

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believe that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.



## **Mojave Jane Brands Inc. (Formerly High Hampton Holdings Corp.)**

### **Notes to the Consolidated Financial Statements**

#### **For the year ended August 31, 2019 and 2018**

(Expressed in Canadian Dollars)

---

#### **22. Subsequent Events**

- (i) Subsequent to August 31, 2019, the Company closed a private placement of 15,930,500 units of the Company (the "Units") at a price of \$0.20 per unit for gross proceeds of \$3,186,100. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of \$0.30 per common share for a period of 24 months after the closing date. At August 31, 2019, the Company had received \$1,109,800 relating to this private placement that has been included in cash and cash equivalents.
  - (ii) Pursuant to a settlement agreement, the Company transferred all interest in Bravo Distro to its former owners in exchange for the return to the Company's treasury of common shares issued for the acquisition of Bravo Distro. The Company classified Bravo Distro as an asset held for sale at August 31, 2019 (see Note 11).
  - (iii) Subsequent to August 31, 2019, the Company's sub-lease for its Mojave Jane LLC premise ended. As a result, all equipment held at this premise was moved to storage and is currently idle.
  - (iv) Subsequent to August 31, 2019, the Company signed a binding letter of intent ("LOI") whereby the Company will acquire a 100% interest in Pacific Crest 4 LLC for consideration totalling \$1.2 million USD (the "Transaction"), of which \$500,000 USD is to be paid upon closing and \$700,000 USD will be payable within one year pursuant to a convertible debenture agreement. The completion of the Transaction has not occurred as of December 23, 2019.
-