1157630 B.C. Ltd.

Condensed Interim Consolidated Financial Statements

For the six months ended
February 29, 2020 and February 28, 2019

(Expressed in Canadian Dollars)

(Unaudited)

Condensed Interim Consolidated Statements of Financial Position
As at February 29, 2020 and August 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

	Note	February 29, 2019	August 31, 2019
ASSETS			
Current			
Cash		$ 13,036	$ 9,201
Amount receivable		15,946	61,743
Prepaid expenses		8,731	3,059
		37,713	74,003
Long term deposits		36,918	36,918
Right-of-use asset	5	195,880	-
Property and equipment	6	691,673	671,215
		$ 962,184	**$ 782,136**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued liabilities		$ 338,050	$ 280,121
Amounts payable	7	1,943,205	1,823,205
Consideration payable	4	1,015,000	1,015,000
Current portion of lease liability	5	65,958	-
		3,362,213	3,118,326
Lease liability	5	135,108	-
		3,497,321	3,118,326
Shareholders' deficiency			
Common Shares	8	493,685	493,685
Deficit		(3,028,822)	(2,829,875)
		(2,535,137)	(2,336,190)
		$ 962,184	**$ 782,136**

Nature of operations and going concern (Note 1)
Commitments (Note 10)

On behalf of the Board:

"Alex Field" Director

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

1157630 B.C. Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Note	Three Months Ended February 29, 2020	Three Months Ended February 28, 2019	Six Months Ended February 29, 2020	Six Months Ended February 28, 2019
EXPENSES					
Accretion and interest	5	$ 8,197	$ 296	$ 17,317	$ 406
Advertising and promotion		-	2,807	1,276	4,257
Amortization of right-of-use asset	5	23,505	-	47,010	-
Consulting fees		8,000	7,500	42,500	21,450
Insurance (recovery)		(1,652)	1,329	(1,652)	2,656
Management fees	9	15,000	15,000	30,000	37,500
Office and miscellaneous (recovery)		1,806	(1,439)	7,656	3,658
Professional fees		14,363	6,201	18,827	8,972
Rent		10,341	34,732	23,385	71,307
Repairs and maintenance		1,806	1,619	4,530	3,680
Travel		-	4,046	4,439	6,771
Utilities		2,459	4,679	3,659	8,398
Loss and comprehensive loss for the period		$ (83,825)	$ (76,770)	$ (198,947)	$ (169,055)
Basic and diluted loss per share		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding		10,000,000	10,000,000	10,000,000	10,000,000

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

1157630 B.C. Ltd.

Condensed Interim Consolidated Statements of Change in Shareholders' Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Common Shares		Amount	Deficit	Total
Authorized:					
Unlimited number common shares without par value					
Balance as at August 31, 2018	10,000,000	$	443,285	$ (2,253,000)	$ (1,809,715)
Share subscriptions received	-		50,400	-	50,400
Net loss for the period	-		-	(169,055)	(169,055)
Balance as at February 28, 2019	**10,000,000**		**493,685**	**(2,422,055)**	**(1,928,370)**
Balance as at August 31, 2019	10,000,000		493,685	(2,829,875)	(2,336,190)
Net loss for the period	-		-	(198,947)	(198,947)
Balance as at February 28, 2020	**10,000,000**	**$**	**493,685**	**$ (3,028,822)**	**$ (2,535,137)**

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

1157630 B.C. Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended February 29, 2020	Three Months Ended February 29, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (198,947)	$ (169,055)
Items not affecting cash		
Amortization of right-of-use asset	47,010	-
Interest on lease liability	16,007	-
Changes in non-cash working capital items		
Increase in amount receivable	45,797	16,895
Increase in prepaid expenses	(5,672)	(7,065)
Decrease in accounts payable and accrued liabilities	57,929	5,034
Net cash used in operating activities	(37,876)	(154,191)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits	-	(21,000)
Property and equipment	(20,458)	(176,442)
Net cash used in investing activities	(20,458)	(197,442)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts payable	120,000	250,000
Lease payments	(57,831)	-
Net cash provided by financing activities	62,169	250,000
Change in cash during the period	3,835	(101,633)
Cash and cash equivalents, beginning of period	9,201	97,249
Cash (bank indebtedness) and cash equivalents, end of period	$ 13,036	$ (4,384)
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

1157630 B.C. Ltd., (the "Company") was incorporated on March 21, 2018 in British Columbia under the Business Corporations Act. The address of the Company's corporate office and its principal place of business is 1055 Hastings Street W, Unit 300, Vancouver, British Columbia, Canada.

The Company is in the process of applying for a license to produce cannabis. Operations have not commenced as of the date of these condensed interim consolidated financial statements

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to continue in operation for the foreseeable future, will be able to realize its assets, discharge its liabilities and commitments in the normal course of business.

Management believes the Company will be successful at securing additional funding to continue its operations and intended to advance its new business opportunities in the area of cannabis production, however, the Company has incurred significant operating losses since inception, has a working capital deficit of $3,324,500, has a deficiency of $3,028,822, has limited resources, no source of operating cash flows and no assurances that sufficient funding will be available to further its goals and objectives. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to successfully complete its manufacturing process, commercialize its products and receive regulatory approvals for its business, the outcome of which cannot be predicted at this point. As a result, it may be necessary for the Company to obtain additional capital, such as issuance of equity and/or debt securities, or alternative financing sources of financing. There is no assurance that the Company will be able to obtain sufficient funds to continue its operating activities.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto as of and for the year ended August 31, 2019.

These condensed interim consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 6, 2020

2. BASIS OF PREPARATION (Continued)

Basis of measurement and presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended August 31, 2019, except for those noted below.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Critical accounting estimates and judgements:

a) **Recoverability of asset carrying values**
The Company assesses its assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, at each reporting period.

b) **Estimated useful lives and impairment considerations**
Depreciation and amortization of equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

c) **Business combination vs asset acquisition**
Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

2. BASIS OF PREPARATION (Continued)

Use of estimates and judgements (Continued)

d) Deferred tax assets and liabilities
The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assess whether it is probably that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

e) Discount rate used for consideration payable
The carrying value of the convertible debentures is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

f) Going concern
Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are a list of significant accounting policies used by the Company.

(a) Basis of Consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and wholly owned subsidiary Go Green B.C. Medicinal Marijuana Ltd. ("Go Green"). Go Green was incorporated pursuant to the laws of British Columbia, Canada and its office is located at 19069 Okanagan Centre Road West, Lake Country, British Columbia, Canada. As described in Note 4, the Company acquired Go Green during the period ended August 31, 2018. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intercompany transactions and balances have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents includes highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the periods presented, the Company does not have any cash equivalents.

(c) Financial instruments

Financial assets and financial liabilities are recognized on the condensed interim consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

(i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

(ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

(iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments (Continued)

At each reporting period date, the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company's financial assets consist of cash, which has been classified at FVPL.

A financial liability is initially classified as measured at amortized cost or FVPL. A financial liability is classified as measured at FVPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVPL on initial recognition. Financial liabilities at FVPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable, amounts payable, consideration payable and lease liability, which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

(d) Intangible assets

Intangible assets consist of in-process license applications acquired by the Company. Intangible assets 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 intangible assets is recognized in the consolidated statement of comprehensive loss but increases in intangible asset values are not recognized. As described in Note 4, the Company acquired certain intangible assets through its acquisition of Go Green, which will have a definite life based on the term of lease premises where the Company intends to cultivate cannabis.

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 Company does not have any intangible assets with an indefinite life.

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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.

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. The Company completed the transaction described in Note 4 and concluded that the transaction did not qualify as a business combination under IFRS 3, "Business Combinations".

(f) Goodwill

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. 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. 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 income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

(g) Property and equipment

Property and equipment is measured at cost less accumulated amortization and impairment losses. Property and equipment consists of security equipment and leasehold improvements and is amortized on a straight-line basis over the term of premise lease to which it relates. Certain of the Company's equipment have not yet been put into use and as a result useful lives have not yet been determined and no amortization has been recorded to date on this property and equipment.

An asset's residual value, useful life and amortization method are reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized through the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of non-current assets

At each financial position reporting date, the Company's non-current assets are reviewed to determine whether there is any indication that the carrying value of those assets are impaired and may not be recoverable. If any such indication exists, the recoverable amount of the asset is evaluated at the level of a cash-generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

<u>Equity units</u>

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants where the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against common share component.

(j) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it will not be recognized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

(m) New accounting standards, interpretations and amendments

IFRS 16 *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard estimates the classification of leases as either operation or finance leases as it required by IAS 17 and instead introduces a single lessee accounting model. The adoption of IFRS 16 resulted in the recognition of a right-of-use asset and an offsetting lease liability of $242,890 on September 1, 2019. Further information is provided in Note 5.

(Expressed in Canadian Dollars)

4. ASSET ACQUISITION

On April 20, 2018 the Company entered into a share purchase agreement (the "Agreement") with 1065703 B.C. Ltd. ("1065703") to acquire 100% of all the issued and outstanding shares of Go Green from 1065703 in exchange for $2,000,000 paid in cash and the issuance of common shares. The consideration is detailed as follows:

- $275,000 in cash (paid);
- $225,000 in cash three months following the closing date (paid);
- $500,000 in cash on or before the earlier of November 15, 2018 or the issuance of a cultivation license by Health Canada (paid); and
- $1,000,000 in common shares on the earlier of December 15, 2018 or such time as that the Company completes a going public transaction (the "Delivery Date"). The number of common shares will be determined using the market value of the common shares. The number of common shares will be variable based on the market price on the Delivery Date. Should the market value be $0.25 or greater then the number of shares to be issued will be equal to $1,000,000 divided by the market price on the delivery date. Should the market price of the common shares be less than $0.25, unless otherwise agreed upon in writing by the Company and 1065703, 1065703 may accept the number of common shares equal to $1,000,000 divided by the market price or cause the Company to provide for a first charge over all the Company's present and after-acquired property along with other certain restrictions (unissued).

The details of the purchase have been accounted for as follows:

Cash paid	$	500,000
Cash to be paid November 15, 2018		420,000
Fair Value of common shares issued		1,000,000
Total consideration	**$**	**1,920,000**
Intangible asset acquired	**$**	**1,920,000**

The Company has accounted for the purchase as an asset acquisition as it did not meet the criteria under IFRS 3 "Business Combinations" to be classified as a business acquisition. Of the consideration exchanged, $500,000 was paid during the period ended August 31, 2018 and the remaining balance of $1,500,000 was set up as a current liability. The Company discounted the liability at a rate of approximately 20% in order to provide for its current present value. The liability will be accreted up over the payment terms noted above. During the year ended August 31, 2019, the Company recorded an accretion expense of $80,000 and made cash payment of $500,000.

The intangible asset consisted of in-process licensing application relating to the Go Green's license application to produce cannabis in Canada ("Intangible Asset"). In accordance with the Company's accounting policy, the Intangible Asset is subject to an annual impairment test and as a result the full value of the intangible asset purchased of $1,920,000 was impaired and charged to the consolidated statement of comprehensive loss for the period ended August 31, 2018. As of the date of approval of these condensed interim consolidated financial statements, the approval of the processing and cultivation license has not been granted.

During the year ended August 31, 2019, the Company and 1065703 amended the terms of the Agreement, whereby the Company agreed to increase the share consideration to $1,015,000, payable on the earlier of February 29, 2020 or such time as the Company completes a going public transaction (unissued). Pursuant to the amended Agreement, the market value of the common shares was determined to be $0.30 per common share. The additional $15,000 was impaired and charged to the consolidated statement of comprehensive loss for the year ended August 31, 2019. Currently the Company is in default as it has not delivered the share consideration to 1065703 by February 29, 2020. 1065703 has not taken any legal action as of the date of these condensed interim consolidated financial statements. Both parties continue to negotiate and 1065703 has not executed upon its security as a result of the default. 1065703 has security in the form of all the outstanding shares of Go Green. The balance payable as at February 29, 2020 is $1,015,000 (August 31, 2019 - $1,015,000).

(Expressed in Canadian Dollars)

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

In accordance with IFRS 16 *Leases*, the Company has recognized certain leases meeting the criteria of IFRS 16 as right-of-use assets, and recognized corresponding lease liabilities. The right-of-use assets and lease liabilities were measured at the present value of the lease payments, discounted using the Company's incremental borrowing rates applied at the date of inception of the leases. The weighted average incremental borrowing rate applied to the right-of-use assets and lease liabilities for the period ended February 29, 2020 was 15% per annum. The details of the right-of-use asset and the corresponding lease liability recognized as at February 29, 2020 are as follows. The lease term remaining as at February 29, 2020 is approximately 2.10 years.

a) Right-of-use assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets as at and for the period ended February 29, 2020:

	February 29, 2020
Cost	
Balance, August 31, 2019	$ -
Additions upon adoption of IFRS 16	242,890
Balance, February 29, 2020	242,890
Accumulated depreciation	
Balance, August 31, 2019	-
Amortization	(47,010)
Balance, February 29, 2020	(47,010)
Carrying amount as at February 29, 2020	$ 195,880

b) Lease liability

The following is the continuity of lease liability as at and for the period ended February 29, 2020:

	February 29, 2020
Balance, August 31, 2019	$ -
Recognized upon adoption of IFRS 16	242,890
Lease payments	(57,831)
Interest expense on lease liability	16,007
Balance, February 29, 2020	201,066
Less: current portion of lease liability	(65,958)
Lease liability – non current	$ 135,108

(Expressed in Canadian Dollars)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY (continued)

b) Lease liability (continued)

As at February 29, 2020, minimum lease payments for the lease liabilities are as follows:

Year ending		
August 31, 2020	$	57,831
August 31, 2021		115,662
August 31, 2022		57,831
Total undiscounted lease liability at February 29, 2020		231,324
Less: Interest on lease liability		(30,258)
Total present value of minimum lease payments at February 29, 2020	$	201,066

6. PROPERTY AND EQUIPMENT

During the period ended February 29, 2020, the Company purchased certain equipment and incurred leasehold improvement costs of $20,458 (year ended August 31, 2019 - $659,007) at its Kelowna facility. As at February 29, 2020, the facility is not ready for use and as a result, the Company has not recorded any depreciation for the period ended February 29, 2020.

7. AMOUNTS PAYABLE

During the period ended August 31, 2018, the Company entered into a definitive share purchase agreement with the shareholders of Mountain Lake Minerals Inc. (“MLK”), pursuant to which MLK will acquire 100% of the Company including its subsidiary, Go Green, in exchange for 40,000,000 common shares of MLK (the “Transaction”). The Transaction will result in the Company’s shareholders acquiring control of MLK and as a result will be accounted for as a reverse-take-over.

In contemplation of the close of the Transaction, MLK advanced and paid on behalf of the Company certain expenses and made cash advances to the Company to fund on-going operations. As of February 29, 2020, MLK had made total advances or paid expenses of $1,943,205 net (August 31, 2019 - $1,823,205 net). The amounts are non-interest bearing, unsecured and have no formal terms of repayment. As of the date of approval of these condensed interim consolidated financial statements, the Transaction had not closed.

8. SHARE CAPITAL

Authorized share capital:

- Unlimited number common shares without par value

During the six months ended February 29, 2020 and 2019, there were no share transactions.

9. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Included in accounts payable and accrued liabilities at February 29, 2020 is $17,027 (August 31, 2019 - $11,956) owing to current and former directors, companies controlled by directors or companies with directors in common.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the six months ended February 29, 2020, the Company incurred management fees of $30,000 (February 29, 2019 - $37,500) from the former President and director of the Company.

10. COMMITMENTS

The Company has entered into an agreement to lease its warehouse and production facility in Kelowna, British Columbia commencing during 2018 and expiring on March 31, 2022. The minimum lease payments in connection with this lease are detailed in Note 5.

11. CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities in the area of cannabis production and distribution and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. 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.

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT (Continued)

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operating activities, the Company will need to become profitable in perusing its new business and/or raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the six months ended February 29, 2020. The Company is not subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash as fair value through profit or loss. The carrying values of accounts payable, amounts payable, consideration payable and lease liability, which have been classified as financial liabilities at amortized cost, are measured at amortized cost using the effective interest method.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 29, 2020 and August 31, 2019 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
February 29, 2020				
Assets				
Cash	$ 13,036	$ -	$ -	$ 13,036
August 31, 2019				
Assets				
Cash	$ 9,201	$ -	$ -	$ 9,201

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and other receivables.

The Company's credit risk is primarily attributable to cash and cash equivalents. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly-rated financial institutions.

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at February 29, 2020, the Company had current liabilities of $3,362,213 (August 31, 2019 - $3,118,326). Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices, and investments, as they are carried at fair values based on quoted market prices.