Pac Roots Cannabis Corp. (formerly Mountain Lake Minerals Inc.)

Consolidated Financial Statements

For the fifteen months ended November 30, 2020 and twelve months ended August 31, 2019

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Pac Roots Cannabis Corp.

Opinion

We have audited the consolidated financial statements of Pac Roots Cannabis Corp. ("the Group"), which comprise the consolidated statement of financial position as at November 30, 2020 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at November 30, 2020, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The consolidated financial statements of Pac Roots Cannabis Corp. for the year ended August 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on February 25, 2020.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. 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 in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 Group’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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group 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 auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada Canada
March 29, 2021

Pac Roots Cannabis Corp. (formerly Mountain Lake Minerals Inc.)
Consolidated Statements of Financial Position
As at November 30, 2020 and August 31, 2019
(Expressed in Canadian Dollars)

	Note		November 30, 2020		August 31, 2019
ASSETS					
Current assets					
Cash		$	27,775	$	9,201
Amount receivable			111,546		61,743
Prepaid expenses			219,994		3,059
			359,315		74,003
Non-current assets					
Long-term prepaid deposits	7		336,918		36,918
Right-of-use assets	4		146,387		-
Property, equipment and land	5		1,018,920		671,215
Total assets		**$**	**1,861,540**	**$**	**782,136**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	8	$	826,813	$	280,121
Amounts payable to MLK	12		-		1,823,205
Consideration payable	3		503,963		1,015,000
Current portion of lease liabilities	4		124,883		-
Loan payable	9		40,000		-
			1,495,659		3,118,326
Non-current liabilities					
Lease liabilities	4		33,887		-
Consideration payable	3		902,324		-
Total liabilities			2,431,870		3,118,326
Shareholders' deficiency					
Common Shares	10		9,366,815		493,685
Commitment to issue shares	3		1,056,108		-
Warrant reserves	10		781,345		-
Share-based payments reserves	10		554,461		-
Deficit			(12,329,059)		(2,829,875)
Total shareholders' deficiency			(570,330)		(2,336,190)
Total liabilities and shareholders' deficiency		**$**	**1,861,540**	**$**	**782,136**

Nature of operations and going concern (Note 1)
Intangible assets (Note 3)
Subsequent events (Note 17)

On behalf of the Board:

"Patrick Elliott" Director *"Matt McGill"* Director

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

Pac Roots Cannabis Corp. (formerly Mountain Lake Minerals Inc.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	Fifteen months ended, November 30,2020	Twelve months ended, August 31,2019
EXPENSES			
Accretion and interest	3,4	$ 113,759	$ 81,237
Advertising and promotion		139,642	10,636
Amortization of right-of-use asset	4	121,729	-
Consulting fees	11	248,879	106,570
Foreign exchange loss		189	-
Insurance		1,437	8,948
License fees		5,150	-
Management fees	11	40,000	93,000
Office and miscellaneous		66,333	9,628
Professional fees		101,793	63,166
Rent		13,924	148,537
Repairs and maintenance		7,569	11,924
Regulatory and filing fees		32,789	-
Share-based payments	10,11	554,461	-
Travel		14,371	15,253
Utilities		7,017	12,976
Total Expenses		(1,469,042)	(561,875)
Other Expenses			
Impairment of intangible assets	3	(2,781,899)	(15,000)
Interest earned		1,156	-
Write-down of land	3	(1,450,000)	-
Listing expense	12	(3,156,872)	-
Total Other Expenses		(7,387,615)	(15,000)
Loss and comprehensive loss for the period		$ (8,856,657)	$ (576,875)
Basic and diluted loss per share		$ (0.24)	$ (0.06)
Weighted average number of shares outstanding		36,332,740	10,000,000

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

Pac Roots Cannabis Corp. (formerly Mountain Lake Minerals Inc.)

Consolidated Statements of Change in Shareholders' Deficiency

(Expressed in Canadian Dollars)

	Number of Common Shares	Amount	Commitment to issue shares	Share subscriptions receivable	Warrants reserve	Share based payment reserves	Deficit	Total
Balance as at August 31, 2018	10,000,000	$ 493,685	$ -	$ (50,400)	$ -	$ -	$ (2,253,000)	$ (1,809,715)
Share subscriptions received	-	-	-	50,400	-	-	-	50,400
Net loss for the year	-	-	-	-	-	-	(576,875)	(576,875)
Balance as at August 31, 2019	10,000,000	493,685	-	-	-	-	(2,829,875)	(2,336,190)
Eliminated shares of 1157630	(10,000,000)	-	-	-	-	-	-	-
Shares issued to shareholders of 1157630	40,000,000	-	-	-	-	-	-	-
Shares and warrants issued for RTO (Note 12)	12,249,629	3,674,889	-	-	730,000	-	-	4,404,889
Shares returned to treasury (Note 10)	(11,322)	-	-	-	-	-	-	-
Private placement (Note 10)	7,383,004	2,120,750	-	-	-	-	-	2,120,750
Share issuance cost (Note 10)	-	(87,007)	-	-	-	-	-	(87,007)
Warrants issued to finders (Note 10)	-	(51,345)	-	-	51,345	-	-	-
Shares issued for Go Green (Note 3)	3,383,333	1,015,000	-	-	-	-	-	1,015,000
Transaction cost (Note 12)	200,000	60,000	-	-	-	-	-	60,000
Shares issued and to be issued for license (Note 3)	7,500,000	2,034,666	576,360	-	-	-	-	2,611,026
Shares issued and to be issued for 1088070 BC Ltd. (Note 3 and 10)	375,000	106,177	479,748	-	-	-	-	585,925
Distribution to Shareholders (Note 13)	-	-	-	-	-	-	(642,527)	(642,527)
Share-based payments (Note 10)	-	-	-	-	-	554,461	-	554,461
Net loss for the period	-	-	-	-		-	(8,856,657)	(8,856,657)
Balance as at November 30, 2020	**71,079,644**	**$ 9,366,815**	**$ 1,056,108**	**$ -**	**$ 781,345**	**$ 554,461**	**$(12,329,059)**	**$ (570,330)**

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

Pac Roots Cannabis Corp. (formerly Mountain Lake Minerals Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	Fifteen Months Ended November 30, 2020	Twelve Months Ended August 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (8,856,657)	$ (576,875)
Items not affecting cash			
Impairment of intangible assets	3	2,781,899	15,000
Amortization of right-of-use asset	4	121,729	-
Interest on lease liabilities	4	37,127	-
Expenses paid for by MLK		-	77,986
Accretion on consideration payable	3	73,369	80,000
Listing expense	12	3,156,872	-
Share-based payments	10	554,461	-
Write-down of land		1,450,000	-
Changes in non-cash working capital items			
Increase in amount receivable		(7,859)	(61,743)
(Increase) decrease in prepaid expenses		(216,935)	16,709
Increase in accounts payable and accrued liabilities		10,343	242,581
Net cash used in operating activities		(895,651)	(206,342)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan to MLK prior to RTO	12	(300,000)	-
Long term prepaid deposits		-	(23,099)
Cash acquired from RTO	12	161,516	-
Investment in Rock Creek Farms	7	(300,000)	-
Property and equipment	5, 12	(46,265)	(659,007)
Net cash used in investing activities		(484,749)	(682,106)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts paid to Spinco	13	(550,000)	-
Loan received	9	40,000	-
Private placement	10	2,033,743	-
Subscription receivable collected		-	50,400
Advances from MLK prior to RTO		21,704	750,000
Lease payments	4	(146,473)	-
Net cash provided by financing activities		1,398,974	800,400
Change in cash during the period		18,574	(88,048)
Cash, beginning of period		9,201	97,249
Cash, end of period		$ 27,775	$ 9,201
Non-cash investing and financing activities:			
Right-of-use assets acquired by lease arrangements		$ 268,116	$ -
Shares issued for Go Green	3, 10	$ 1,015,000	$ -
Shares issued and to be issued for Phenome license	3, 10	$ 2,611,026	$ -
Shares issued and to be issued for 1088070 BC Ltd.	3, 10	$ 585,925	$ -
Fair value of finders warrants	10	$ 51,345	$ -
Distribution to shareholders	13	$ 642,527	$ -

Supplemental cash flows information (note 16)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Pac Roots Cannabis Corp. (formerly Mountain Lake Minerals Inc., "MLK"), (the "Company" or "Pac Roots") was incorporated on May 16, 2012 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, 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 consolidated financial statements.

On June 8, 2018, the Company executed a definitive share exchange agreement with 1157630 B.C. Ltd. ("1157630"), a private company, and its shareholders for the acquisition of all of the issued and outstanding shares of 1157630 and its subsidiary Go Green (the "Go Green Transaction") and completed a reverse take-over ("RTO") (Note 12).

These 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 $1,136,344 (August 31, 2019 – working capital deficit of $3,044,323), has a deficit of $12,329,059 (August 31, 2019 - $2,829,875), 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.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations during the year. The production and sale of cannabis have been recognized as essential services across Canada and Europe.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on our business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles, property, equipment and land. The Company is closely monitoring the impact of the pandemic on all aspects of its business. As at November 30, 2020, we have also not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

These 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 consolidated financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of November 30, 2020. The Board of Directors approved the financial statements for issue on March 29, 2021.

Basis of measurement and presentation

The Company changed its fiscal year end from August to November. Information included in the consolidated financial statements reflects the fiscal period consisting of the fifteen months ending November 30, 2020, as compared to the twelve months ending August 31, 2019, and as a result, are not entirely comparable.

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiaries 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 these financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The more significant areas are as follows:

Critical accounting estimates and judgements:

a) **Recoverability of asset carrying values**
When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

b) **Estimated useful lives and impairment considerations**
Depreciation and amortization of property, 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates and judgements (Continued)

c) Business combination vs asset acquisition
Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. More specifically, management concluded that the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. For acquisitions that represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that the acquisitions during the year were asset acquisitions, an allocation of the purchase price to the individual identifiable assets acquired and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position.

d) Share-based payments
The amounts recorded for share-based payments are based on estimates. The Black Scholes model used to determine the fair value of stock options and finder warrants is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. The average strike put-option model used to discount future share issuances is based on estimates of assumptions for expected volatility and dividend yield. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options and finders warrants, and commitment to issue shares.

e) Deferred tax assets
The estimation of income taxes includes evaluating the recoverability of deferred tax assets 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 will be realized. The ultimate realization of deferred tax assets 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, and deferred income tax provisions or recoveries could be affected.

f) Discount rate used for consideration payable
The carrying value of the consideration payable is subject to management's estimates in determining an appropriate discount rate based on similar liabilities, the Company's borrowing rate, and other factors.

g) Going concern
The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

Significant Accounting Policies

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

a) 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

b) Financial instruments

Financial assets and financial liabilities are recognized on the 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 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. The Company can make an irrevocable election at initial recognition to classify the instruments at FVOCI, with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

(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. At each reporting 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

b) Financial instruments (Continued)

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 and accrued liabilities, lease liabilities, loan payable, amounts payable to MLK and consideration payable, 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.

c) 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 loss but increases in intangible asset values are not recognized. As described in Note 3, 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 the 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued**)**

d) 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 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 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.

e) 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.

f) Property and equipment

Property and equipment is measured at cost less accumulated depreciation and impairment losses. Property and equipment consists of security equipment and leasehold improvements and is depreciated 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 depreciation has been recorded to date on this property and equipment.

An asset's residual value, useful life and depreciation 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

f) Property and equipment (Continued)

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 consolidated statement of loss.

g) 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.

h) 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.

i) 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

j) 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.

k) 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.

l) Share-based payments

The 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 purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where share options are granted to non-employees, fair value is measured at grant date at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. All share-based payments are reflected in reserves.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

l) Share-based payments (Continued)
When options are exercised, the related amount in reserves is reclassified to share capital. When options expire unexercised, the amount in reserves remains in reserves.

m) New accounting standards, interpretations and amendments
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods are as follows:

The following accounting policy was adopted on December 1, 2019:

IFRS 16 Leases

Initial adoption

On September 1, 2019, the Company adopted IFRS 16, which specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, International Accounting Standard ("IAS") 17 Leases. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

The Company has elected to apply IFRS 16 using a modified retrospective approach, which does not require restatement of prior period financial information. On the date of transition, the Company recorded a right-of-use asset and lease liability of $242,890, discounted using the Company's incremental borrowing rate of 15%.

Ongoing recognition and measurement

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in "accretion and interest" in the consolidated statement of loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

m) New accounting standards, interpretations and amendments (Continued)
Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statement of comprehensive loss.

n) Accounting standards, interpretations and amendments to be adopted
The following new standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements.

Amendments to IFRS 3 Business Combinations

Amendments to IFRS 3, Business Combinations assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. These amendments are effective for reporting periods beginning on or after January 1, 2020.

o) Basis of Consolidation
A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. These consolidated financial statements include the accounts of the Company and its principal subsidiaries:

	Ownership Interest, November 30, 2020	Ownership Interest, August 31, 2019	Jurisdiction
Go Green B.C. Medicinal Marijuana Ltd. (“Go Green”, Note 3)	100%	0%	Canada
1088070 BC Ltd.	100%	0%	Canada
1157630 BC Ltd.	100%	0%	Canada
Mountain Lake Minerals Inc. (formerly 1167343 BC Ltd.)	0%	100%	Canada

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(Expressed in Canadian Dollars)

3. ASSET ACQUISITION

1065703 B.C. Ltd.

On April 20, 2018 1157630 BC Ltd. ("1157630") 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 B.C. Medicinal Marijuana Ltd. ("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 issued will be based on the Company's stock price on the Delivery Date.

The details of the purchase have been accounted for as follows during the period ended August 31, 2018:

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 based on 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 loss for the period ended August 31, 2018. As of the date of approval of these consolidated financial statements, the approval of the processing and cultivation license has not been granted.

During the year ended August 31, 2019, 1157630 and 1065703 amended the terms of the Agreement, whereby 1157630 agreed to increase the share consideration to $1,015,000, payable on the earlier of November 30, 2019 or such time as the Company completes a going public transaction (issued 3,383,333 shares, note 10). 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 loss for the year ended August 31, 2019. 1065703 has security in the form of all the outstanding shares of Go Green.

The balance payable as at November 30, 2020 is $Nil (August 31, 2019 - $1,015,000).

3. ASSET ACQUISITION (Continued)

Phenome One Corp.

On April 8, 2019, MLK entered into a license agreement with Phenome One Corp. ("Phenome") in order to obtain a license (the "Phenome License") from Phenome in respect of a genetic cannabis library of certain cultivars, and technical and materials owned by Phenome in order to allow the Company to propagate, cultivate, harvest, process, breed and develop, manufacture, produce and use such licensed property (the "Phenome Agreement") subject to the following terms:

a) 2,500,000 common shares on the date on which the Issuer receives the approval of the CSE for the Fundamental Change Transactions (the "approval date") (Issued, Note 10);
b) 2,500,000 common shares on the date on which is three months following the approval date (Issued, Note 10);
c) 2,500,000 common shares on the date on which is six months following the approval date (Issued, Note 10);
d) 2,500,000 common shares on the date on which is nine months following the approval date (issued subsequent to the period end);
e) $50,000 in cash on the date which is 18 months following the approval date;
f) $100,000 in cash on the date which is 24 months following the approval date; and
g) $100,000 in cash on the date which is 30 months following the approval date.

Phenome is a company related to Pac Roots by a common officer.

In addition, Pac Roots will make non-refundable, non-creditable royalty payments to Phenome equal to 5% of gross sales of products, which royalty shall be payable within 60 days of each calendar quarter. The Phenome License Agreement will continue for as long as the Pac Roots has payment obligations, including the royalty payments, to Phenome, unless earlier terminated as a result of breach of the agreement or other circumstances, including where gross sales of products in any two consecutive calendar quarters, after 2019, are less than $1,000,000. Pac Roots has been granted a right of first refusal in respect of any of the licensed cultivars, technology or materials (the "licensed material"), subject to certain exceptions as set forth in the Phenome License Agreement, such that should Phenome receive a bona fide offer from an independent third party dealing with it at arm's length to acquire such licensed material, it must first offer the licensed material to Pac Roots on terms no less favorable than those offered to it. Pac Roots will have a period of 30 days to accept such offer, failing which Phenome will be entitled to sell the licensed material on the terms specified for a period of 60 days.

Under the Phenome License Agreement, Pac Roots will have the sole responsibility and decision-making authority in relation to development and commercialization activities in respect of the licensed materials, at its own cost, but shall provide progress reports to Phenome of its activities within 60 days of each calendar quarter.

Pursuant to terms of the Phenome license, the Company recorded intangible assets of $2,781,899 representing the discounted fair value of the common share at $0.30 per share and the cash payable to reflect the time value of money. During the period ended November 30, 2020, the Company issued 7,500,000 common shares with a value of $2,034,666 as a result of the Phenome Agreement (Note 10) and has a remaining commitment to issue 2,500,000 common shares valued at $576,360. The Company discounted the cash consideration using a discount rate of 20% to reflect the time value of money related to future cash outlays and discounted the share issuances using the average strike put-option model which resulted in a present value of $2,781,899 on acquisition date. During the period ended November 30, 2020, the Company recognized accretion expense of $19,176. As at November 30, 2020, the Company has a cash consideration payable to Phenome of $190,049.

During the period ended November 30, 2020, the Company recorded impairment on the intangible assets of $2,781,899 as the recoverable amount could not be determined reliably. As at November 30, 2020, the balance of intangible assets is $Nil.

(Expressed in Canadian Dollars)

3. ASSET ACQUISITIONS (Continued)

1088070 BC. Ltd.

On September 4, 2020, the Company closed a share purchase agreement (the "1088 Agreement") with 1088070 BC. Ltd. ("1088"), a company existing under the laws of the Canada and 0909077 BC Ltd. and Norm Tapp (together, the "1088 Shareholders" and each, a "1088 Shareholder") pursuant to which the Company would acquire all of the issued and outstanding shares of 1088. 1088 owns and controls nine parcels of land comprised of 250 acres of land in the Fraser Valley Region of British Columbia.

The Company will pay an aggregate of $1.5 million in cash and issue an aggregate of 3 million common shares to the 1088 Shareholders, pro rata in accordance with their holdings as follows (the "Consideration"):

a) 375,000 shares to be issued on or before the date which is 30 days from the date of Closing (the "1088 Closing Date") (Issued on October 5, 2020);
b) $200,000 within three months of the Closing Date (paid subsequent to the period end) (Note 17);
c) $300,000 in cash and 562,500 common shares within 12 months of the 1088 Closing Date;
d) $400,000 in cash and 937,500 common shares within 18 months of the 1088 Closing Date; and
e) $600,000 and 1,125,000 common shares within 24 months after the Closing Date. Pending the payment of the Consideration in full, the Company will grant a mortgage over its land package in favor of the 1088 Shareholders.

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

Cash to be paid, discounted	$	1,162,045
Fair Value of common shares to be issued, discounted		585,925
Total consideration	**$**	**1,747,970**
Land acquired	**$**	**1,747,970**

During the period ended November 30, 2020, the Company issued 375,000 shares with a value of $106,177 pursuant to terms of the 1088 Agreement (Note 10) and has a remaining consideration payable of 2,625,000 common shares to pay to 1088 Shareholders valued at $479,748. The Company discounted the cash consideration using a discount rate of 20% to reflect the time value of money related to future cash outlays and share issuances, resulting in a present value of $1,747,970 and discounted future share issuances using the average strike put-option model at acquisition date. During the period ended November 30, 2020, the company recognized accretion expense of $54,193. As at November 30, 2020, the Company has a cash consideration payable to 1088 of $1,216,238. The Company made the first cash payment subsequent to year end (Note 17).

During the period ended November 30, 2020, the Company recorded impairment on the land of $1,450,000 to management's best estimate of its recoverable amount of $297,970, which is its fair value less costs of disposal categorized within level 3.

4. 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 November 30, 2020 was 15% per annum.

(Expressed in Canadian Dollars)

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY (Continued)

Go Green Lake Country Lease

The Company acquired a lease in Lake Country, BC as a result of the completion of the RTO (Note 12). The lease commenced on February 1, 2018 and terminates on March 31, 2022. The details of the right-of-use asset and the corresponding lease liability recognized as at November 30, 2020 are as follows. The lease term remaining as at November 30, 2020 is approximately 1.32 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 November 30, 2020:

	November 30, 2020
Cost	$
Balance, August 31, 2018 and 2019	-
Additions upon adoption of IFRS 16	242,890
Balance, November 30, 2020	242,890
Accumulated depreciation	
Balance, August 31, 2019	-
Depreciation	(117,525)
Balance, November 30, 2020	(117,525)
Carrying amount as at November 30, 2020	125,365

b) Lease liability

The following is the continuity of lease liability as at and for the period ended November 30, 2020:

	November 30, 2020
	$
Balance, August 31, 2018 and 2019	-
Recognized upon adoption of IFRS 16	242,890
Lease payments	(144,578)
Interest expense on lease liability	36,516
Balance, November 30, 2020	134,828
Less: current portion of lease liability	(100,941)
Lease liability – non current	33,887

(Expressed in Canadian Dollars)

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY (Continued)

Go Green Lake Country Lease (Continued)

As at November 30, 2020, minimum lease payments for the lease liability is as follows:

Year ending	
	$
November 30, 2021	115,662
November 30, 2022	38,554
Total undiscounted lease liability at November 30, 2020	154,216
Less: Interest on lease liability	(19,388)
Total present value of minimum lease payments at November 30, 2020	134,828

Vancouver Lease

The Company entered into a lease agreement for office space in Vancouver, B.C. The lease commenced on October 1, 2020 and terminates on September 30, 2021. The details of the right-of-use asset and the corresponding lease liability recognized as at November 30, 2020 are as follows. The lease term remaining as at November 30, 2020 is approximately 0.83 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 November 30, 2020:

	November 30, 2020
Cost	$
Balance, August 31, 2018 and 2019	-
Additions	25,226
Balance, November 30, 2020	25,226
Accumulated depreciation	
Balance, August 31, 2018 and 2019	-
Depreciation	(4,204)
Balance, November 30, 2020	(4,204)
Carrying amount as at November 30, 2020	21,022

(Expressed in Canadian Dollars)

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY (Continued)

Vancouver Lease (Continued)

b) Lease liability

The following is the continuity of lease liability as at and for the period ended November 30, 2020:

	November 30, 2020
	$
Balance, August 31, 2018 and 2019	-
Additions	25,226
Lease payments	(1,895)
Interest expense on lease liability	611
Balance, November 30, 2020	23,942
Less: current portion of lease liability	(23,942)
Lease liability – non current	-

As at November 30, 2020, minimum lease payments for the lease liability is as follows:

Year ending	
	$
November 30, 2021	24,635
Total undiscounted lease liability at November 30, 2020	24,635
Less: Interest on lease liability	(693)
Total present value of minimum lease payments at November 30, 2020	23,942

5. PROPERTY AND EQUIPMENT AND LAND

During the period ended November 30, 2020, the Company purchased certain equipment and incurred leasehold improvement costs of $46,265 (year ended August 31, 2019 - $659,007) at its Kelowna facility. As at November 30, 2020, the facility is not ready for use and as a result, the Company has not recorded any depreciation for the period ended November 30, 2020 related to these assets.

Pursuant to the RTO, the Company acquired equipment of $3,470 (Note 12).

During the period ended November 30, 2020, the Company acquired land from 1088070 BC Ltd. in the Fraser Valley valued at $1,747,970 (Note 3). During the period ended November 30, 2020, the Company recorded impairment on the land of $1,450,000.

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT AND LAND (Continued)

	Leasehold Improvements	Equipment	Land	Total
	$	$	$	$
Balance, August 31, 2018	12,208	-	-	12,208
Additions	659,007	-	-	659,007
Balance, August 31, 2019	671,215	-	-	671,215
Acquired through RTO (Note 12)	-	3,470	-	3,470
Acquired through the acquisition of 1088070 BC Ltd.	-	-	1,747,970	1,747,970
Additions	46,265	-	-	46,265
Impairment	-	-	(1,450,000)	(1,450,000)
Balance, November 30, 2020	**717,480**	**3,470**	**297,970**	**1,018,920**

6. EXPLORATION AND EVALUATION ASSETS

	Grand Falls – Windsor
	$
Balance, August 31, 2018 and 2019	-
Acquired through RTO (Note 12)	211,516
Spin-Off of assets (Note 13)	(211,516)
Balance, November 30, 2020	**-**

The Company acquired exploration and evaluation assets through the completion of the RTO (Note 12).
The Company completed a Spin-Off of assets to its subsidiary Mountain Lake Minerals Inc. ("Spinco") during the period (Note 13).

7. INVESTMENT

Rock Creek Farms Ltd.

On June 30, 2020 and amended March 10, 2021, the Company entered into an agreement (the "Investment Agreement") with Rock Creek Farms Ltd. ("Rock Creek") for the formation of 1293953 BC Ltd. (the "Rock Creek Farms Joint Venture"), which will be owned 49% by Pac Roots and 51% by Rock Creek Farms Ltd. The Company's contribution to the joint venture will be an aggregate of $300,000 in capital. Rock Creek will contribute two commercial leases, consulting services, cultivation equipment, agricultural infrastructure and intellectual property relating to commercial scale hemp operations and proprietary biomass storage techniques (the "Rock Creek Capital Contribution"). Profits generated from the joint venture will be distributed first to the Company until its capital contributions have been repaid and thereafter in accordance with the interests in the joint venture held by the parties.

As at November 30, 2020 the Company made total capital contributions of $300,000 for the Rock Creek Farms Joint Venture which are recorded as long-term prepaid deposits.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2020	August 31, 2019
Accounts payable	$ 442,244	$ 268,165
Amounts due to related parties (Note 11)	382,206	11,956
Accrued liabilities	2,363	-
	$ 826,813	**$ 280,121**

9. LOAN PAYABLE

On November 4, 2020, Phenome One Corp., a company controlled by a common officer, loaned $40,000 to the Company, without interest payable on the unpaid principal. The condition of the loan is that the loan is to be repaid in full by the Company upon the close of the next private placement. The Company repaid the loan subsequent to year end (Note 17).

10. SHARE CAPITAL

Common shares

The Company's authorized capital consists of an unlimited number of common shares without par value. As at November 30, 2020, there were 71,079,644 issued and outstanding common shares of which 30,434,137 are held in escrow. Escrow shares are released 10% on listing (April 28, 2020) and 15% on the dates which are 6, 12, 18, 24, 30 and 36 months following the initial release.

During the fifteen months ended November 30, 2020, the Company had the following transactions that resulted in the issuance of its common shares:

- In April, the Company returned 11,322 common shares previously issued to Sunset Lake Resources pursuant to terms of a prior arrangement by MLK. During the period, the terms expired without issuance of these shares.
- On April 28, 2020, the Company issued 5,500,004 units for gross proceeds of $1,650,000. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.50 for two years. The Company paid $63,907 in share issuance costs and issued 213,022 finder warrants with a fair value of $35,013. The finder's warrants are also exercisable at $0.50 for two years.
- On April 28, 2020, the Company issued 40,000,000 common shares and recorded $60,000 as transaction cost for 200,000 common shares issued as finder's fees pursuant to the RTO (Note 12).
- On April 28, 2020, the Company issued 3,383,333 common shares valued at $1,015,000 issued to Go Green, pursuant to terms of the Agreement (Note 3).
- On April 28, 2020, October 6, 2020 and October 28, 2020 the Company issued an aggregate of 7,500,000 common shares valued at $2,034,666 for the Phenome License pursuant to the terms of the Phenome Agreement (Note 3).
- On September 2, 2020, the Company closed a non-brokered private placement for gross proceeds of $470,750 through the issuance of 1,883,000 of Units. Each Unit is comprised of one common share and one share purchase warrant. Each whole warrant is exercisable at $0.40 for two years. The Company paid $23,100 in share issuance costs and issued 92,400 finder warrants with a fair value of $16,332. The finder's warrants are exercisable at $0.25 for two years.
- On October 5, 2020, the Company issued 375,000 common shares valued at $106,177 issued to 1088 Shareholders, pursuant to the terms of the 1088 Agreement (Note 3).

Stock Options

The Company has a Stock Option Plan (the "Plan") which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. Options granted under the Plan generally have a ten-year term and are granted at a price no lower than the market price of the common shares at the time of the grant.

On June 8, 2020, the Company granted 3,650,000 stock options to directors, officers, and consultants of the Company expiring on June 8, 2023 with an exercise price of $0.205. The fair value of the stock options granted was $554,461. The fair value was calculated using the Black-Scholes model with the following assumptions: share price at grant date - $0.205; exercise price - $0.205; expected life – 3 years; expected volatility – 130.00%; annual rate of dividends – 0%; risk-free rate – 0.32%. Expected volatility was determined based on comparable companies in the same industry.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

Stock Options (Continued)

A summary of the Company's stock option activity for the period ended November 30, 2020 is as follows:

	Number of stock option		Weighted average exercise price
At August 31, 2018 and 2019	-	$	-
Stock options granted	3,650,000		0.205
At November 30, 2020, outstanding and exercisable	3,650,000	$	0.205

The weighted average remaining life of the stock options outstanding is 2.52 years as at November 30, 2020.

Warrants

A summary of the Company's warrant activity for the period ended November 30, 2020 is as follows:

	Number of warrants		Weighted average exercise price
At August 31, 2018 and 2019	-	$	-
Warrants assumed from RTO (Note 12)	6,914,333		0.50
Warrants issued	7,688,426		0.47
At November 30, 2020	14,602,759	$	0.49

On April 28, 2020 the Company issued 5,500,004 warrants pursuant to the private placement described above. Each warrant is exercisable at $0.50 for two years. Using the residual method, no value was attributed to the warrants.

On April 28, 2020, the Company issued 213,022 finder's warrants with a fair value of $35,013 pursuant to the private placement described above. The finder warrants are also exercisable at $0.50 for two years. The fair value was calculated using the Black-Scholes model with the following assumptions: share price at grant date - $0.30; exercise price - $0.50; expected life – two years; expected volatility – 130.00%; annual rate of dividends – 0%; risk-free rate – 0.32%.

On April 28, 2020, the Company also extended the term of 6,914,333 existing warrants exercisable at $0.50 per share expiring on dates ranging from March 29, 2020 to August 16, 2020 to April 28, 2021.

On September 2, 2020, the Company issued 1,883,000 warrant pursuant to the private placement on the same date. The warrants are exercisable at $0.40 for two years. Using the residual method, no value was attributed to the warrants.

On September 2, 2020, the Company issued 92,400 finder's warrants with a fair value of $16,332 pursuant to the private placement on the same date. The finder warrants are exercisable at $0.25 for two years. The fair value was calculated using the Black-Scholes model with the following assumptions: share price at grant date - $0.25; exercise price - $0.25; expected life – 2 years; expected volatility – 130.00%; annual rate of dividends – 0%; risk-free rate – 0.26%.

Expected volatility was determined based on comparable companies in the same industry.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

Warrants (Continued)

The following is a summary of warrants outstanding as at November 30, 2020:

Number of warrants	Exercise Price	Expiry Date
	$	
6,914,333 Warrants assumed from RTO (Note 12)	0.50	April 28, 2021
5,713,026 Warrants issued	0.50	April 28, 2022
1,883,000 Warrants issued	0.40	September 2, 2022
92,400 Warrants issued	0.25	September 2, 2022
14,602,759	0.49	

The weighted average useful life of the Company's outstanding warrants as at November 30, 2020 is 1.00 years.

11. 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.

The following table lists the compensation costs paid directly or to companies controlled by key management personnel for the fifteen months ended November 30, 2020 and twelve months ended August 31, 2019:

Fifteen months ended November 30, 2020	Consulting and Management Fees	Share-based Compensation
Management fees paid/accrued to the former President and director	$ 40,000	$ 15,191
Consulting fees paid/accrued to the CEO	96,000	113,930
Share-based payments to the CFO	-	30,381
Share-based payments to directors of the Company	-	75,954
Share-based payments to a former director of the Company	-	37,977
	$ 136,000	$ 273,433

Twelve months ended August 31, 2019	Consulting and Management Fees	Share-based Compensation
Management fees paid/accrued to the CEO	$ 90,000	$ -
Management fees paid/accrued to the former President and director	60,000	-
	$ 150,000	$ -

During the period ended November 30, 2020, the Company recorded rent recovery of $13,294 from a company related by a common director and officer (August 31, 2019 – $Nil).

Included in accounts payable and accrued liabilities at November 30, 2020 is $382,206 (August 31, 2019 - $11,956) owing to current and former directors, companies controlled by directors or companies with directors in common (Note 8).

(Expressed in Canadian Dollars)

12. REVERSE TAKEOVER TRANSACTION

1157630 B.C. Ltd.

On April 28, 2020, the RTO was completed whereby MLK acquired 100% of the issued and outstanding common shares of 1157630 and Go Green in exchange for 40,000,000 common shares issued to 1157630. Immediately prior to the completion of the RTO, MLK had 12,249,629 common shares and 6,914,333 share purchase warrants with a strike price of $0.50 which had their expiry dates extended to April 28, 2021, these warrants previously had expiry dates between March 29, 2020 to August 16, 2020. Upon completion of the RTO, MLK changed its name to Pac Roots Cannabis Corp. Common shares of 1157630 were exchanged for equivalent securities of the Company on the basis of one Pac Roots Cannabis Corp. share for every 1 share of 1157630.

Prior to the completion of the RTO, MLK paid on behalf of 1157630 certain expenses and made cash advances to fund on-going operations.

Concurrent with the RTO, the Company spun off its interest in mineral properties interest to its subsidiary 1167343 B.C. Ltd. ("Newco") (the "Spin-Off") (Note 13).

In addition, immediately prior to the RTO, MLK issued 2,500,000 common shares and acquired the Phenome License (Note 3).

The RTO has been accounted for as an asset acquisition on the basis that MLK did not meet the definition of a business as it had no ongoing business operations. As 1157630 is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. MLK's results of operations have been included from April 28, 2020, the date of the RTO. For purposes of this transaction, the consideration paid was the fair value of the equity of the Company retained by the shareholders of MLK. This amount was calculated as follows:

Fair value of 12,249,629 notional common shares at $0.30 per share	$	3,674,889
Fair value of 6,914,333 warrants assumed		730,000
Total consideration		4,404,889
Cash		161,516
Amount receivable		41,944
Advances to 1157630		1,844,909
Exploration and evaluation assets		211,516
Equipment		3,470
Accounts payable and accrued liabilities		(589,338)
Notes payable		(66,000)
Loans		(300,000)
Net identifiable assets acquired		1,308,017
		3,096,872
Transaction cost, 200,000 shares issued to a finder at $0.30 per share		60,000
Listing expense	$	3,156,872

The fair value of the warrants assumed was calculated using the Black-Scholes model with the following assumptions: share price at grant date - $0.30; exercise price - $0.50; expected life – 1 year; volatility – 130.00%; annual rate of dividends – 0%; risk-free rate – 0.30%.

(Expressed in Canadian Dollars)

13. PLAN OF ARRANGEMENT

On May 22, 2020, the Company completed the plan of arrangement ("Arrangement") with Spinco. The Company transferred all of its interest in mineral properties, $550,000 for working capital purposes and certain liabilities (the "Mineral Property Assets"). As consideration for the Mineral Property Assets, shareholders' of the Company as of April 28, 2020 received common shares of the Spinco on a one-for-one basis.

The distribution date for the Spinco shares was May 27, 2020 (the "Distribution Date"). The shares of Spinco will not be listed on any exchange on the Distribution Date.

As the Arrangement occurred between companies under common control and the transfer was reflected at carrying values and was recorded as a capital transaction through equity. The carrying values of the net assets and liabilities transferred and acquired pursuant to the Arrangement consisted of the following:

Mineral Property Assets transferred:		
Cash payable to Spinco	$	550,000
Exploration and evaluation properties		211,516
Notes payable		(66,000)
Accounts payable related to exploration and evaluation properties		(52,989)
Total	$	642,527

After the completion of the Arrangement, the Company does not have any exploration and evaluation properties recorded as at November 30, 2020.

On September 8, 2020, the Company made the cash payment to Spinco of $550,000.

14. 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.

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.

(Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT (Continued)

There have been no changes to the Company's approach to capital management during the fifteen months ended November 30, 2020. The Company is not subject to externally imposed capital requirements.

Fair value

The Company classifies its cash as fair value through profit or loss. The carrying values of accounts payable and accrued liabilities, amounts payable, consideration payable, lease liabilities and loan payable, 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 consolidated statement of financial position as at November 30, 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
August 31, 2019				
Assets				
Cash	$ 9,201	$ -	$ -	$ 9,201
November 30, 2020				
Assets				
Cash	$ 27,775	$ -	$ -	$ 27,775

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.

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

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 November 30, 2020, the Company had current liabilities of $1,495,659 (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.

(Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT (Continued)

Liquidity risk (Continued)

The following is a table of the Company's maturity of its liabilities as at November 30, 2020, excluding accounts payable and accrued liabilities.

	Phenome Agreement	1088 Agreement	Go Green Lake County Lease	Vancouver Lease	Total
	$	$	$	$	$
Due in 1 year	50,000	500,000	115,662	24,635	690,297
Due in 2 years	200,000	1,000,000	38,554	-	1,238,554
Due in 3 or more years	-	-	-	-	-
	250,000	**1,500,000**	**154,216**	**24,635**	**1,928,851**

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 does not hold any equity securities and therefore does not have significant exposure to price risk.

(Expressed in Canadian Dollars)

15. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2020 $	2019 $
Loss for the year before income tax	(8,856,657)	(576,875)
Statutory tax rate 27% (2019 – 27%)		
Expected income tax recovery	(2,391,000)	(156,000)
Items not deductible for tax purposes	1,409,000	(26,000)
Change in unrecognized tax benefits	982,000	130,000
Total income tax recovery	-	-

Significant components of the Company’s unrecognized temporary differences and tax losses are as follows:

	2020 $	2019 $	Expiry Dates
Share issuance costs	113,000	-	2021-2024
Non-capital losses	3,962,000	820,000	2032-2040
Lease liability	12,000	-	N/A
Exploration and evaluation assets	796,000	-	N/A
Property and equipment assets	16,000	-	N/A
Intangible assets	3,250,000	-	N/A
Consideration payable	(60,000)	-	N/A
Capital losses	47,000	-	N/A
	8,136,000	820,000	

(Expressed in Canadian Dollars)

16. SUPPLEMENTAL CASH FLOWS INFORMATION

The following changes in liabilities arose from financing activities:

			Non-cash changes			
	August 31, 2019 $	Cash Flows $	Right-of-use assets acquired (Note 4) $	Interest on lease liabilities (Note 4) $	MLK's balance acquired from RTO (Note 12) $	November 30, 2020 $
Amounts payable to MLK	1,823,205	21,704	-	-	(1,844,909)	-
Loan payable	-	40,000	-	-	-	40,000
Lease liabilities	-	(146,473)	268,116	37,127	-	158,770
Total	1,823,205	(84,769)	268,116	37,127	(1,844,909)	216,770

			Non-cash changes	
	August 31, 2018 $	Cash Flows $	Expenses and consideration paid by MLK on behalf of the Company $	August 31, 2019 $
Amounts payable to MLK	495,219	750,000	577,986	1,823,205

17. SUBSEQUENT EVENTS

a. On January 12, 2021, the Company granted 3,450,000 stock options to directors, management and consultants at an exercise price of $0.15 per share. The options are exercisable for a period of three years, ending on January 12, 2024.

b. On February 22, 2021, the Company closed a share purchase agreement with the shareholders of Lords of Grasstown Holdings Ltd. ("Grasstown") pursuant to which the Company will acquire all the issued and outstanding shares of Grasstown. The total purchase price is comprised of a cash payment of $50,000 paid within 30 days of the closing date (paid on March 22, 2021), and issuance of an aggregate of 6,000,000 common shares within five business days of the closing date (Issued on February 22, 2021).

c. On February 23, 2021, the Company granted 400,000 stock options to consultants at an exercise price of $0.235 per share. The options are exercisable for a period of three years, ending on February 23, 2024.

d. In February, the Company and 1088 shareholders agreed to delay the payment by 56 days from the initial payment date at $318 per day for a total penalty of $17,797. The amended balance of $217,797 was paid by the Company on February 24, 2021 (Note 3). The next installment is not due until September 2021.

e. On February 23, 2021, the Company closed a non-brokered private placement of 7,448,255 units at a $0.18 per unit for gross proceeds of $1,340,686. Each Unit consists of one common share and one share purchase warrant. Each warrant is exercisable at a price of $0.30 per share until February 23, 2024. Aggregate finders fees of $75,295 in cash and 408,303 finders warrants were paid to finders. Each finder warrants is exercisable into one common share at a price of $0.18 per share until February 23, 2024.

f. On March 1, 2021, the Company repaid the $40,000 loan to Phenome One Corp. (Note 9).

17. SUBSEQUENT EVENTS (continued)

g. On March 11, 2021, the Company was issued 300,000 shares of 1293953 BC Ltd. Pursuant to the Investment Agreement signed with Rock Creek Farms Ltd. (Note 7), these shares effectively represents 49% of the Rock Creek Farms Joint Venture owned by the Company.