Blacklist Holdings Inc.

Consolidated Financial Statements

Years Ended December 31, 2018 and 2017

Expressed in United States Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blacklist Holdings Inc.

Opinion

We have audited the consolidated financial statements of Blacklist Holdings Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 David J. Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 7, 2019

Blacklist Holdings Inc.
Consolidated Statements of Financial Position
Expressed in US dollars

	Notes		December 31, 2018		December 31, 2017
ASSETS					
Current assets					
Cash		$	99,772	$	13,618
Trade and other receivables	3, 8		5,549,517		600,810
Prepaids and Deposits	4		714,607		-
			6,363,896		614,428
Non-current assets					
Property and equipment	5		381,111		404,004
TOTAL ASSETS		$	6,745,007	$	1,018,432
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current liabilities					
Accounts payable and accrued liabilities	6	$	1,628,671	$	561,122
Loans payable	7		761,113		776,258
Current portion of vehicle loans	11		25,496		27,030
Convertible debentures	9		12,119,940		-
Subscription receipts	3, 10		5,492,364		-
			20,027,584		1,364,410
Non-current liabilities					
Vehicle loans	11		87,773		63,223
TOTAL LIABILITIES			20,115,357		1,427,633
SHAREHOLDERS' DEFICIENCY					
Share capital	12		147		13
Additional Paid in Capital	12		1,465,010		130,963
Accumulated Deficit			(14,835,507)		(540,177)
TOTAL SHAREHOLDERS' DEFICIENCY			(13,370,350)		(409,201)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		$	6,745,007	$	1,018,432

Nature and Continuance of Operations (Note 1)
Commitments (Note 11)
Subsequent events (Notes 1 and 16)

Approved and authorized for issue by the Board of Directors on May 7, 2019.

"John Gorst"
Director

"Austin Gorst"
Director

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

Blacklist Holdings Inc.
Consolidated Statements of Loss and Comprehensive loss
Expressed in US dollars

	Notes	Years ended December 31, 2018	December 31, 2017
Revenue			
Product sales	8	$ 1,404,320	$ 1,413,930
Equipment rental income	8	157,132	345,413
Royalty income	8	261,230	476,485
		1,822,682	2,235,828
Cost of goods sold		2,287,825	918,361
		(465,143)	1,317,467
Operating expenses			
Business development		495,051	288,838
Depreciation	5	159,253	109,815
Interest and finance charges	7, 8	128,238	102,593
Office and administration		390,172	192,402
Professional fees	8, 12	1,512,664	37,061
Rent expense	8	60,854	92,797
Research and development		16,732	3,864
Salaries and wages	8	1,296,993	482,107
Share based payments	8, 12	-	6,056
Travel		162,832	71,439
Utilities		39,182	34,466
		4,261,971	1,421,438
Other items:			
Gain on disposal of vehicle	5	5,612	-
Impairment of receivables	4, 8	(1,216,079)	(191,120)
Fair value loss on convertible debenture	9	(8,266,749)	-
Loss on settlement of debt	6	(91,000)	-
Reversal of accounts payable	7	-	27,777
Write-off of non-refundable deposit		-	(61,000)
Loss and Comprehensive loss		**$ (14,295,330)**	**$ (328,314)**
Loss per share – basic and diluted		**$ (0.28)**	**$ (0.01)**
Weighted average number of shares outstanding – basic and diluted		**51,002,696**	**47,857,558**

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

Blacklist Holdings Inc.
Consolidated Statement of Changes in Shareholders' Deficiency
Expressed in US dollars

	Share capital				
	Number of shares	Amount	Additional Paid in Capital	Accumulated Deficit	Total
Balance at December 31, 2016	47,793,375	$ 12	$ 124,908	$ (211,863)	$ (86,943)
Shares issued for services rendered	937,127	1	6,055	-	6,056
Net loss for the year	-	-	-	(328,314)	(328,314)
Balance at December 31, 2017	48,730,502	13	130,963	(540,177)	(409,201)
Shares issued for services rendered	2,774,242	24	235,557	-	235,581
Shared issued for settlement of debt	2,746,497	110	1,098,490	-	1,098,600
Net loss for the year	-	-	-	(14,295,330)	(14,295,330)
Balance at December 31, 2018	54,251,241	$ 147	$ 1,465,010	$(14,835,507)	$(13,370,350)

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

Blacklist Holdings Inc.
Consolidated Statements of Cash Flows
Expressed in US dollars
For the years ended December 31, 2018 and 2017

	Years ended December 31, 2018	Years ended December 31, 2017
Loss for the year	$ (14,295,330)	$ (328,314)
Adjustments for:		
Change in fair value of convertible debenture	8,266,749	-
Depreciation	159,253	109,815
Interest and finance charges	98,764	102,593
Impairment of related party receivable	1,216,079	191,120
Loss on settlement of debt	91,000	-
Shares issued for services rendered	235,581	6,056
Gain on disposal of vehicle	(5,612)	-
Write-off of accounts payable	-	(27,777)
Write-off of non-refundable deposit	-	61,000
Changes in non-cash working capital items:		
Trade and Other Receivables	(672,422)	(403,138)
Accounts payables and accrued liabilities	1,875,149	517,100
Prepaids and deposits	(714,607)	-
Inventory	-	4,645
Net cash flows from (used in) operating activities	(3,745,396)	233,100
Investing activities		
Purchase of property and equipment	(74,757)	(115,532)
Net cash flows used in investing activities	(74,757)	(115,532)
Financing activities		
Proceeds from convertible debentures	3,853,191	-
Proceeds from loans payable	537,573	38,991
Repayment of loans payable	(436,895)	(153,853)
Repayment of vehicle loans	(47,562)	(15,630)
Net cash flows from (used in) financing activities	3,906,307	(130,492)
Increase (decrease) in cash	86,154	(12,924)
Cash, beginning of the year	13,618	26,542
Cash, end of the year	$ 99,772	$ 13,618
Supplemental cash flow information:		
Reclassification of accounts payable to loans payable	$ 6,514	$ 164,343
Acquisition of motor vehicles through vehicle loans	$ 55,991	$ 48,444
Loans converted to shares	$ 200,000	$ -
Proceeds for loans payable through property and equipment	$ -	$ 297

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Blacklist Holdings Inc. (the "Company") was incorporated on February 26, 2014, under the General Corporation Law of the State of Washington. The Company's business is the in sale of cannabis related hard goods (such as cartridges, applicators, pens, jars, etc.), licensing its intellectual property ("Licensed IP") and leasing its equipment to processors.

The Company's head office is located at 1142 Broadway, Suite 300, Tacoma, Washington, USA.

The Company executed agreement with Skanderbeg Capital Advisors Inc. ("Skanderbeg"), whereby it would acquire 100% of the issued and outstanding securities of the Company, in exchange for cash and securities of Skanderbeg. In consideration of the transaction, Skanderbeg shall or will cause a Canadian listed reporting issuer to issue 51,000,000 common shares of the pubco to shareholders of the Company. Subject to the closing, the Company will issue financings in the amount no less than $3,250,000 as convertible debentures. On June 18, 2018, Skanderbeg executed an agreement with Zara Resource Inc. ("Zara"), a public company listed on the Canadian Stock Exchange ("CSE"), pursuant to which Skanderbeg assigned to Zara the rights and obligations of the letter of intent between Skanderbeg and the Company.

On June 18, 2018, the Company and Zara have agreed to terms in principle for Zara to acquire all of the issued and outstanding common shares of the Company in consideration for Zara common shares on a one-for-one basis (the "Transaction"). As a result of the acquisition of Blacklist, Zara will become the sole registered owner of all the outstanding shares of the Company.

On March 22, 2019 the Company completed the Transaction through a three cornered amalgamation with Zara and has effectively became the subsidiary of Zara.

There consolidated financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has incurred losses and it will require further financing to operate and further develop its business. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") for all periods presented. The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These Consolidated Financial Statements were authorized for issue by the Board of Directors on May 7, 2019.

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

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements are presented in US dollars, except when otherwise indicated. The functional currency of the Company is determined based on the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its wholly owned subsidiary are in US dollar.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary ("Blacklist FinCo"). Blacklist FinCo was incorporated in British Columbia, Canada in 2018. An entity is controlled by the Company when as a group; it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest is less than 100%, the Company recognized non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

Significant estimates and assumptions

The preparation of a Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

<u>Estimated useful lives and depreciation of property and equipment</u>
Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

<u>Impairment</u>
The carrying value of long lived assets is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in the statement of operations. The assessment of fair values, require the use of estimates and assumptions for recoverable production, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of long lived assets could impact the impairment analysis.

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

Allowance for doubtful accounts, and the recoverability of receivables

Significant estimates are involved in the determination of recoverability of receivables and no assurance can be given that actual proceeds will not differ significantly from current estimations. Management has made significant assumptions about the recoverability of receivables. During the year ended December 31, 2018, the Company recorded an impairment expense of $1,216,079 (December 31, 2017: $191,120) for receivables where collection is doubtful.

Contingencies

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or unasserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the annual consolidated financial statements.

Income taxes

The assessment of income taxes involved the probability of realizing deferred tax assets, in relation to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessment, management give additional weight to positive and negative evidence that can be objectively verified.

Significant judgments

The preparation of Consolidated Financial Statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's Consolidated Financial Statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the fair value and classification of financial instruments; and
- the classification of leases as either operating or finance type leases.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. At December 31, 2018 and 2017, the Company had no dilutive instruments outstanding.

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

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset/ liability	Original classification IAS 39	New classification IFRS 9
Cash	Fair value through profit and loss	Amortized cost
Trade and other receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost
Vehicle loans	Amortized cost	Amortized cost

Expected Credit Loss Impairment Model

IFRS 9 introduces a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's financial statements.

Financial assets and financial liabilities are initially recognized at fair value; subsequent measurement is dependent on the applicable classification. The Company has classified loans when a floating rate does not apply and receivables at amortized cost, which approximates fair value. The Company has classified marketable equity securities at fair value through profit and loss. The Company has classified accounts payable and accrued liabilities as other financial liabilities. The carrying amounts of accounts payable approximates the fair values of those financial instruments, due to the short-term maturity of such instruments.

Impairment of assets

The carrying amount of the Company's non-financial assets (which includes property and equipment) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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

Income taxes

Current income tax:

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

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Leases

Leases of property and equipment where substantially all the risks and benefits incidental to the ownership of the asset are transferred the Company are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leased property and equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

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

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of property and equipment are as follows:

Class of property and equipment	Amortization rate
Motor Vehicles	5 years – 20%
Computer equipment	3 years – 33%
Lab equipment	5 years – 20%
Furniture and fixtures	7 years – 14%
Leasehold improvements	Term of lease

Inventory

Inventory is valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value.

Foreign currency translation

Functional and presentation currency Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in U.S. dollars. The functional currency of the parent company is the U.S. dollar. Transactions and balances Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the statement of operations.

The results and financial position of the group companies, which have a functional currency different from the presentation currency, are translated into the presentation currency as follows: (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). (iii) All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

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

Revenue

The Company adopted IFRS 15 – Revenue from Contracts with Customers on January 1, 2018 using the modified retrospective approach where the cumulative impact of adoption is recognized in retained earnings as of January 1, 2018 Blacklist Holdings, Inc. Notes to Consolidated Financial Statements (in thousands, except for gram, share and per share amounts) 12 and comparatives are not restated. The new standard provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. Under IFRS 15 the Company's accounting policy for revenue recognition is as follows: i) identify the contract with the customer; ii) identify the performance obligation(s) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligation(s); and (v) recognize revenue when (or as) performance obligation(s) are satisfied.

Revenue from the sale of cannabis is recognized at the point in time when control over the goods has been transferred to the customer. The Company transfers control and satisfies its performance obligation upon delivery and acceptance by the customer. Revenue from management services fees are recognized over the term of the arrangement as services are provided. Revenue is presented net of discounts and sales and other related taxes.

Cost of goods sold
Cost of goods sold includes the expenses incurred to acquire and produce inventory for sale, including product costs, inbound freight and duty costs, as well as provisions related to product shrinkage, excess or obsolete inventory, or lower of cost and net realizable value adjustments as required.

Convertible debentures
The Company's convertible debentures are compound financial instruments consisting of a financial liability and a conversion feature. In accordance with IAS 39, the embedded derivatives are required to be separated from the host contracts and accounted for as stand-alone instruments. Debentures containing a cash conversion option allow the Company to pay cash to the converting holder of the debentures, at the option of the Company. As such, the conversion feature is presented as a financial derivative liability within long-term derivative financial instruments. Debentures without a cash conversion option are settled in shares on conversion, and therefore the conversion feature is presented within equity, in accordance with its contractual substance.

On initial recognition and at each reporting date, the embedded conversion feature is measured at fair value using an option pricing model. Subsequent to initial recognition, any unrealized gains or losses arising from fair value changes are recognized through earnings in the statement of earnings and comprehensive income at each reporting date. If the conversion feature is included in equity, it is not remeasured subsequent to initial recognition. On initial recognition, the debt component, net of issue costs, is recorded as a financial liability and accounted for at amortized cost. Subsequent to initial recognition, the debt component is accreted to the face value of the debentures using the effective interest rate method. Upon conversion, the corresponding portions of the debt and equity are removed from those captions and transferred to share capital.

CHANGES IN ACCOUNTING POLICIES
New accounting pronouncements. In 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. The new Leases standard requires lessees to recognize leases traditionally recorded as operating leases in the same manner as financing leases. IFRS 16 will be effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company has completed its assessment of the adoption of the standard and has adopted the standard as of January 1, 2019. The Company has several office leases previously treated as operating leases that will be recorded to the balance sheet by recording an asset for the use of the leased premises and corresponding obligation. The cumulative effect of the change in lease treatment is not material.

Expressed in US dollars

3. TRADE AND OTHER RECEIVABLES

	December 31, 2018	December 31, 2017
Accounts receivable	$ 57,153	$ 600,810
Subscription receipts[1] (Note 10)	5,492,364	-
	$ 5,549,517	$ 600,810

Note 1 – In anticipation of the Company Transaction, it had undergone financing through subscription receipts totaling $5,492,364 which were converted to common shares of Zara when the Transaction was completed and Zara commences trading. As at December 31, 2018, the subscription receipts were held in trust by the Company's legal counsel.

4. PREPAIDS AND DEPOSIT

	December 31, 2018	December 31, 2017
Prepaids	$ 96,768	$ -
Deposits	617,839	-
	$ 714,607	$ -

Deposits at year end consisted of the following of $1,034,717 in advances in pursuant to letters of intent for two anticipated acquisitions. Such amounts will be applied to the purchase prices of such acquisitions or if the acquisitions are no consummated will be paid back over a period of time to Company. $434,717 of the deposit were expenses incurred by the Company on behalf of the anticipated acquisition entity. As at December 31, 2018, the ability of the company to repay the amount owing is uncertain and therefore the amounts receivable have been impaired in full.

In addition, the Company had security deposits for rental locations and insurance in the amount of $17,839.

Expressed in US dollars

5. PROPERTY AND EQUIPMENT

	Motor Vehicles	Computer equipment	Furniture and fixtures	Leasehold improvements	Lab equipment	Total
Cost:						
At December 31, 2016	$78,537	$21,111	$21,559	$96,002	$243,854	$461,063
Additions	58,444	5,445	5,202	13,234	29,948	112,273
At December 31, 2017	136,981	26,556	26,761	109,236	273,802	573,336
Additions	64,991	15,121	22,308	28,270	21,729	152,419
Disposal	(19,296)	-	-	-	-	(19,296)
At December 31, 2018	$182,676	$41,677	$49,069	$137,506	$295,531	$706,459
Amortization:						
At December 31, 2016	$11,350	$2,598	$2,081	$11,717	$31,771	59,517
Charge for the year	22,688	8,027	3,784	36,394	38,922	109,815
At December 31, 2017	34,038	10,625	5,865	48,111	70,693	169,332
Charge for the year	28,618	9,917	4,414	60,943	55,361	159,253
Eliminated on disposal	(3,237)	-	-	-	-	(3,237)
At December 31, 2018	$59,419	$20,542	$10,279	$109,113	$126,054	$325,348
Net book value:						
At December 31, 2017	$102,943	$15,931	$20,896	$61,125	$203,109	$404,004
At December 31, 2018	$123,257	$21,135	$38,790	$28,452	$169,477	$381,111

During the year ended December 31, 2018, the Company disposed of a vehicle for proceeds of $28,145, resulting in a gain on sale of assets of $5,612.

6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017
Trade payables	$ 1,170,589	$ 498,758
Accrued expenses	356,915	-
Amounts due to related parties (Note 8)	101,167	54,500
Amounts due for vehicle loans (Note 11)	-	7,864
	$ 1,628,671	$ 561,122

During the year ended December 31, 2018, $Nil (2017: $27,777) in accounts payable was written off due to forgiveness by creditors.

7. LOANS PAYABLE

On December 31, 2016, the Company issued a promissory note to a director in the amount of $357,483 for the balance outstanding resulting from expenses paid by the director and repayments issued by the Company during the year ended December 31, 2016. The note is interest bearing at 10.5% per annum, unsecured and due on December 31, 2017. On December 31, 2017, the Company entered into a revised promissory note agreement with the director for the amount of $353,219 for the balance outstanding from expenses paid by the director and repayments issued by the Company during the year ended December 31, 2017. During 2018 such note was assigned to an entity controlled by him. As at December 31, 2018, the balance outstanding including accrued interest is $Nil (December 31, 2017: $409,738). During the year ended December 31, 2018, the Company recorded interest expense of $37,536 (2017 - $38,612).

During the year ended December 31, 2015, the Company issued a promissory note to a company related to a director of the Company for the amount of $9,2cm74. The promissory note is interest bearing at 10.5% per annum, unsecured and due on demand. During the year ended December 31, 2018, $390,550 of balance outstanding and accrued interest of a director of the Company was assigned to a company related to a director of the Company. As at December 31, 2018, the balance outstanding including accrued interest is $268,054 (December 31, 2017: $11,670). During the year ended December 31, 2018, the Company recorded interest expense of $1,076 (2017: $Nil).

On December 31, 2016, the Company entered into a promissory note agreement with a director of the Company for the amount of $216,002 for the balance outstanding from expenses paid by the director and repayments issued by the Company during the year ended December 31, 2016. The note is interest bearing at 10.5% per annum, unsecured and due on December 31, 2017. On December 31, 2017, the Company entered into a revised promissory note agreement with the director for the amount of $298,712 for the balance outstanding from expenses paid by the director and repayments issued by the Company during the year ended December 31, 2017. The revised note is interest bearing at 10.5% per annum, unsecured and was extended to December 31, 2019. As at December 31, 2018, the balance outstanding including accrued interest is $206,369 (December 31, 2017: $317,108). During the year ended December 31, 2018, the Company recorded interest expense of $35,412 (2017 $37,983).

During the year ended December 31, 2015, the Company issued a promissory note to a former director of the Company for the amount of $16,337. The promissory note is non-interest bearing, unsecured and due on demand. As at December, 2018, the balance outstanding including accrued interest is $Nil (December 31, 2017: $9,809). During the year ended December 31, 2018, the Company recorded interest expense of $Nil (2017: $Nil)

On October 31, 2017, the Company entered into a business loan and security agreement for the amount of $30,000. The note was interest bearing at 11.48% per annum, secured by all assets of the Company and due on October 31, 2018. As at December 31, 2018, the balance outstanding including accrued interest is $Nil (December 31, 2017: $27,933). During the year ended December 31, 2018, the Company recorded interest expense of $1,410 (2017 $3,410).

In December, 2018, the Company entered into a business loan agreement for the amount of $162,000. The note was not interest bearing and due and payable upon the completion of the Company's next financing. As at December 31, 2018, the balance outstanding is $162,000 (December 31, 2017: $Nil).

In December, 2018, the Company entered into a business loan agreement for the amount of $124,690. The note was not interest bearing and due and payable upon the completion of the Company's next financing. As at December 31, 2018, the balance outstanding is $124,690 (December 31, 2017: $Nil).

Expressed in US dollars

7. LOANS PAYABLE (continued)

	December 31, 2018	December 31, 2017
Balance, beginning	$ 776,258	$ 637,474
Issued	537,573	212,632
Interest expense	84,177	80,005
Settlement of loans payable	(200,000)	-
Repayments of loans payable	(436,895)	(153,853)
Balance, ending	$ 761,113	$ 776,258

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the year ended December 31, 2018 and 2017 was as follows:

	December 31, 2018	December 31, 2017
Salaries and wages	$ 820,335	$ 126,724
Professional fees	37,500	-
Business development	116,497	-
Rent	63,000	51,000
	$ 1,037,332	$ 177,774

Accounts payable and accrued liabilities

As at December 31, 2018, the following is included in accounts payable in related to transactions with related parties, which are non-interest bearing, unsecured and due on demand:

i. $41,167 (December 31, 2017: $21,500) owing to a director for services rendered.
ii. $3,000 (December 31, 2017: $nil) owing to a director for services rendered.
iii. $57,000 (December 31, 2017: $33,000) owing to a company controlled by a director for rent.

Loans payable

As at December 31, 2018, included in loans payable is $474,423 (December 31, 2017 - $748,325) owing to related parties (Note 7). In relation to the loans payable, during the year ended December 31, 2018, the Company recorded interest expense of $73,540 (December 31, 2017: $76,596) paid to related parties.

Accounts receivables

As at December 31, 2018, the accounts receivable in related to transactions with related parties includes $57,193 (December 31, 2017: $600,810) owing from a company related to a company jointly owned by the CEO and former CFO for all of the revenue incurred.

Transactions with related parties:

During the year ended December 31, 2018, the Company had product sales to a company jointly owned by the CEO and former CFO of $1,404,320 (2017 - $1,413,930).

8. RELATED PARTY TRANSACTIONS (continued)

On October 1, 2017, the Company entered into a commercial lease agreement with a company controlled by a director for its head office. Under the agreement, the Company is required to make lease payments for a term of 3 years (Note 8). During the year ended December 31, 2018, the Company recorded rent expense of $63,000 (December 31, 2017: $51,000) to the related party.

During the year ended December 31, 2016, the Company entered into an asset lease agreement with a company controlled by the CEO and former CFO. Under the agreement, the Company is the lessee and has leased the equipment for monthly fees of $10,000. Shortly after the execution of the agreement, both parties mutually filed amendments for fees payable when new equipment was added to the original leased equipment. During the year ended December 31, 2018, the Company had recognized equipment rental income of $157,132 (December 31, 2017: $345,413).

On January 1, 2017, the Company entered into an agreement with a company jointly controlled by the CEO and former CFO (the “Licensee”). Under the agreement, the Company granted the Licensee a non-exclusive, non-transferrable, non-assignable royalty bearing license to reproduce, distribute, publically display, and publically use the IONIC trademark. As consideration of the license granted, the Licensee shall pay royalty fees of 5% of its gross revenue for 3 years. On January 1, 2018, the consideration was increased to be 10% of gross revenue. During the year ended December 31, 2018, the Company recognized royalty income of $261,230 (December 31, 2017: $476,485).

During the years ended December 31, 2018 and 2017, the Company incurred expenses of $781,362 to four companies controlled by the Company’s CEO (2017 - $191,120). The ability of these companies to repay the amounts owing is uncertain and therefore the amounts receivable have been impaired in full.

9. CONVERTIBLE DEBENTURES

On July 6, 2018, the Company entered into convertible secured debenture agreements (individually, the “Convertible Debenture”) for CAD $735,000 (USD $577,459). The Convertible Debenture bears interest at 0% per annum, provided, however that if the LOI is terminated in accordance with its terms, the Company shall pay interest at the rate of 9% per annum from the date that is the three month anniversary of the date of termination of the LOI. The interest shall accrue and shall be payable on the earlier of the maturity date or upon conversion of the Convertible Debenture. The Convertible Debenture is due on October 18, 2020, provided if the LOI is duly terminated pursuant to its terms, then October 18, 2019. Upon closing of the Transaction, the principal amount of this Convertible Debenture shall automatically, without any action on the part of the lender, convert into shares at CAD $0.035 per share.

On October 2, 2018, the Company entered into convertible secured debenture agreements (individually, the “Convertible Debenture”) for an aggregate principal amount of CAD$1,200,000 (USD $942,790). The Convertible Debenture bears interest at 0% per annum, provided, however that if the LOI is terminated in accordance with its terms, the Company shall pay interest at the rate of 9% per annum from the date that is the three month anniversary of the date of termination of the LOI. The interest shall accrue and shall be payable on the earlier of the maturity date or upon conversion of the Convertible Debenture. The Convertible Debenture is due on October 18, 2020, provided however, that if the LOI is duly terminated pursuant to its terms, then October 18, 2019. Upon closing of the Transaction, CAD$270,000 and CAD$1,250,000 of the principal amount of this Convertible Debenture shall automatically, without any action on the part of the lender, convert into shares at CAD$0.25 and CAD$0.40 per share, respectively.

Expressed in US dollars

9. CONVERTIBLE DEBENTURES (continued)

On October 10, 2018, the Company entered into convertible secured debenture agreements (individually, the "Convertible Debenture") for an aggregate principal amount of CAD $1,250,000 (USD $982,073). The Convertible Debenture bears interest at 0% per annum, provided, however that if the LOI is terminated in accordance with its terms, the Company shall pay interest at the rate of 9% per annum from the date that is the three month anniversary of the date of termination of the LOI. The interest shall accrue and shall be payable on the earlier of the maturity date or upon conversion of the Convertible Debenture. The Convertible Debenture is due on October 10, 2020, provided however, that if the LOI is duly terminated pursuant to its terms, then November 26, 2019. Upon closing of the Transaction, the principal amount of this Convertible Debenture shall automatically, without any action on the part of the lender, convert into shares at CAD $0.40 per share.

On November 26, 2018, the Company entered into convertible secured debenture agreements (individually, the "Convertible Debenture") for an aggregate principal amount of CAD$1,719,408 (USD$1,350,869). The Convertible Debenture bears interest at 0% per annum, provided, however that if the LOI is terminated in accordance with its terms, the Company shall pay interest at the rate of 9% per annum from the date that is the three month anniversary of the date of termination of the LOI. The interest shall accrue and shall be payable on the earlier of the maturity date or upon conversion of the Convertible Debenture. The Convertible Debenture is due on November 26, 2020, provided however, that if the LOI is duly terminated pursuant to its terms, then November 26, 2019. Upon closing of the Transaction, the principal amount of this Convertible Debenture shall automatically, without any action on the part of the lender, convert into shares at CAD $0.50 per share.

	December 31, 2018	December 31, 2017
Beginning balance	$ -	$ -
Issue of convertible debentures, net	3,853,191	-
Change in fair value of convertible debentures[1]	8,266,749	-
Ending balance	$ 12,119,940	$ -

Note 1 – The fair value is calculated based on the November 26, 2018 arm's length financing which the shares would be converted at fair valued at $0.50 per share. The Company was a private company at the end of December 31, 2018, thus the November 2018 financing would be the most appropriate representation of the Company's shares fair value.

10. SUBSCRIPTION RECEIPTS

On November 26 and December 5, 2018, the Blacklist FinCo issued 14,280,146 subscription receipts shares for gross proceeds of CAD $7,140,073 (USD$5,492,364). The subscriptions receipts will be held in escrow until the closing of the Transaction; whereby, the subscription receipts will be exchanged for post-consolidated shares of Zara upon the closing of the Transaction. As at December 31, 2018, the funds are held in trust with the Company's legal counsel.

In connection with the $0.50 subscription receipts, the Blacklist Finco will pay CAD $276,290 (USD$210,229) and issue 552,580 financing fee warrants as financing fees. Each warrant is exercisable for CAD $0.50 per share for a period of 18 months from the date of closing of the Transaction.

Expressed in US dollars

11. COMMITMENTS

Vehicle loans

The Company obtained financing for motor vehicles acquired. The loans are secured by the vehicle financed. The loans have terms ranging from 60 – 72 months and bear interest at 5.60% - 12.35%.

	December 31, 2018	December 31, 2017
Balance, beginning	$ 90,253	$ 57,310
Issued	55,991	48,444
Interest expense	14,587	7,993
Repayments	(47,562)	(15,630)
Amounts included in accounts payable (Note 6)	-	7,864
	113,269	90,253
Current	25,496	27,030
Long-term	$ 87,773	$ 63,223

A schedule for the Company's future minimum principal payments over the term of the leases is as follows:

Year	
2019	$ 25,496
2020	28,394
2021	22,948
2022	23,562
2023	12,869
Total	$ 113,269

Operating lease

The Company has obligations under operating lease for its head office for $486,057 with a term of 3 years, expiring on August 31, 2019.

12. SHARE CAPITAL

Authorized share capital

The authorized share capital of the Company consists of the following:

127,500,000 common shares with $0.0001 par value – voting, non-redeemable and noncumulative;

2,000,000 Preferred Stock with $0.0001 par value – non-voting and noncumulative;

2,000,000 Class A Convertible Preferred Stock with $0.0001 par value – voting, with stated value of $1.00, cumulative dividends at the rate per share of 7.5% per annum, and convertible at the option of the holder, at any time, into common shares at a conversion price of $1.00.

12. SHARE CAPITAL (continued)

Share split

Effective May 8, 2017, the Company executed a forward stock-split of its issued and outstanding common shares on a 1 to 7 basis. All references to common shares in the consolidated financial statements has been adjusted to reflect this change.

Effective October 3, 2018, the Company executed a forward stock-split of its issued and outstanding common shares on a 1 to 6.375 basis. All references to common shares in the consolidated financial statements have been adjusted to reflect this change.

Common shares

On January 1, 2018, the Company issued 2,014,492 common shares for services rendered with a fair value of $13,022 recorded as share based payments, of which 1,764,504 were issued to directors of the Company.

On July 18, 2018, the Company issued 318,750 common shares to a director of the Company for services rendered with a fair value of $2,060 recorded as share based payments.

On November 1, 2018, the Company issued 27,107 common shares for settlement of debt of $20,000 for a fair value of $1,191 and recognized a gain on settlement of debt of $9,157.

On November 1, 2018, the Company issued 1,000 common shares for services rendered for a fair value of $500 as professional fees.

On November 11, 2018, the Company issued 719,390 common shares to directors of the Company for settlement of $200,000 in loans payable and $25,000 in accounts payable and recognized a loss on settlement of debt of $62,757.

On November 18, 2018, the Company issued 2,000,000 common shares for settlement of debt $762,600 for a fair value of $800,000 and recognized a loss on settlement of $37,400.

On December 31, 2018, the Company issued 440,000 common shares at fair value of $0.50 per share to officers and directors of the Company for services rendered and was recorded as share based payments

On December 6, 2017, the Company issued 937,125 common shares for services rendered with a fair value of $6,056, of which 468,563 common shares were issued to a director of the Company.

Expressed in US dollars

13. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	December 31, 2018	December 31, 2017
Net loss	$ (14,295,330)	$ (328,314)
Statutory tax rate	34.0%	34.0%
Expected income tax recovery at the statutory tax rate	$ (4,860,000)	$ (110,000)
Non-deductible expenditures	539,000	-
Adjustments to prior year provisions versus statutory tax returns	31,000	41,000
Change in unrecognized deferred assets	4,290,000	69,000
Income tax recovery	$ -	$ -

As at December 31, 2018, the Company has US tax losses of approximately $12,971,000 that may be carried forward indefinitely and applied against taxable income of future years.

Tax attributes are subject to review, and potential adjustments, by tax authorities.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

The Company's primary exposure to credit risk is on its accounts receivable. All of the Company's receivables are due from a related party resulting in a concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as its sales and expenditures are denominated in the same currency as its functional currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Based on borrowings that accrue interest as at December 31, 2018 and 2017, a 1% change in interest rate would not have a significant impact on net loss.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

15. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2017.

16. SUBSEQUENT EVENTS

On January 17, 2019, the Company entered into a secured promissory note agreement for $275,000. The secured promissory note is interest bearing at 18%, secured and was paid in full on February 22, 2019.

On February 20, 2019, the Company entered into a secured promissory note agreement, whereby the Company promises to pay CAD $2,500,000 (USD $1,879,700). The secured promissory note is interest bearing at 17%, secured and due on February 20, 2019.

On January 30, 2019, the Company entered into a secured promissory note agreement whereby the Company promises to pay CAD $3,250,000 (USD $2,443,600). The secured promissory note is interest bearing at 17%, secured and due on May 15, 2019.