INTEGRATED CANNABIS COMPANY, INC.
(formerly CNRP Mining Inc.)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE EIGHT MONTH PERIOD ENDED JULY 31, 2018
(Expressed in Canadian Dollars)

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A CHAN AND COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Integrated Cannabis Company, Inc. (formerly CNRP Mining Inc.)

We have audited the accompanying financial statements of Integrated Cannabis Company, Inc. (formerly CNRP Mining Inc.) (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the eight-month period ended July 31, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2018, and its financial performance and its cash flow for the eight-month period ended July 31, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter
The consolidated financial statements of the Company for the year ended July 31, 2017, were audited by another auditor who expressed an unmodified opinion on those consolidated statements on November 27, 2017.

"A Chan & Company LLP"
Chartered Professional Accountant

Burnaby, British Columbia
November 28, 2018

INTEGRATED CANNABIS COMPANY, INC.
(formerly CNRP Mining Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

AS AT:	**July 31, 2018**	**November 30, 2017**
ASSETS		
Current assets		
Cash	$ 1,719,569	$ -
Subscription receivable	-	330,001
Government HST recoverable	26,292	-
Prepaid expenses (note 6)	309,935	-
Total Assets	$ 2,055,796	$ 330,001
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 6)	$ 28,499	$ 4,850
Loan payable (note 8)	18,009	-
Total liabilities	46,508	4,850
Shareholders' Equity		
Common share capital (note 9)	15,170,422	330,001
Reserve for share-based payments (note 9)	3,173,916	-
Deficit	(16,335,050)	(4,850)
Total shareholders' equity	2,009,288	325,151
Total liabilities and shareholders' equity	$ 2,055,796	$ 330,001

Nature of operations (note 1)
Going concern (note 2)

Approved on behalf of the Board of Directors November 28, 2018:

"John Knapp" (signed)
John Knapp, Director

"Nishal Kumar" (signed)
Nishal Kumar, Director

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

INTEGRATED CANNABIS COMPANY, INC.
(formerly CNRP Mining Inc.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Eight Months Ended July 31, 2018	November 30, 2017
Operating Expenses		
Advertising and promotion	$ 49,727	$ -
Bank charges	14	-
Filing and listing fees	10,650	-
Office and general expenses	6,528	-
Legal and professional fees	27,980	4,850
Share based payments	1,989,657	-
Transfer agent fees	4,925	-
Management and consulting fees	711,529	-
	(2,801,010)	(4,850)
Other		
Interest revenue	21,197	-
Listing expense	(13,550,387)	-
Net loss and other comprehensive loss	$ (16,330,200)	$ (4,850)
Basic and diluted net loss per share	(0.76)	(0.00)
Weighted average number of common shares outstanding	21,399,387	5,048,508

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

INTEGRATED CANNABIS COMPANY, INC.
(formerly CNRP Mining Inc.)
Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Eight Months Ended July 31, 2018	November 30, 2017
Operating Activities		
Net loss for the period	$ (16,330,200)	$ (4,850)
Amortization of prepaid expense	9,879	-
Listing expense	13,550,387	-
Share based payments	1,989,657	-
Net changes in non-cash working capital		
Government HST recoverable	(17,050)	-
Prepaid expenses	(309,935)	-
Accounts payable and accrued liabilities	(211,869)	4,850
Net cash provided by (used in) operating activities	(1,319,131)	-
Investing activities		
Cash received on acquisition upon Reverse-Takeover	2,702,300	-
Net cash provided by (used in) investing activities	2,702,300	-
Financing activities		
Subscription received	330,000	-
Exercise of warrants	6,400	-
Net cash provided by financing activities	336,400	-
Net change in cash	1,719,569	-
Cash, beginning of period	-	-
Cash, end of period	$ 1,719,569	$ -
Supplemental information		
Interest paid	$ -	$ -
Tax paid	$ -	$ -
Non-cash transactions		
Shares issued to former shareholders of Integrated Cannabis Company, Inc. upon Reverse-Takeover	$ 13,571,917	$ -
Shares issued as finders' fees upon Reverse-Takeover	$ 1,254,000	$ -
Reissuance of private placement warrants to former shareholders of Integrated Cannabis Company, Inc. upon Reverse-Takeover	$ 1,082,312	$ -
Reissuance of finders warrants to former shareholders of Integrated Cannabis Company, Inc. upon Reverse-Takeover	$ 110,052	$ -

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

INTEGRATED CANNABIS COMPANY, INC.
(formerly CNRP Mining Inc.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Share Capital				
	Number of Shares	**Amount**	**Reserves for Share-based Payments**	**Deficit**	**TOTAL**
Balance, July 20, 2017	**1**	**$ 1**	**$ -**	**$ -**	**$ 1**
Shares issued	16,500,000	330,000	-	-	**330,000**
Loss for the period	-	-	-	(4,850)	**(4,850)**
Balance at November 30, 2017	**16,500,001**	**$ 330,001**	**$ -**	**$ (4,850)**	**$ 325,151**
Reverse takeover ("RTO") (note 2)					
Recapitalization upon RTO	17,857,786	13,571,917	-	-	13,571,917
Cancellation of shares upon RTO	(1)	(1)	-	-	(1)
Reissuance of warrants upon RTO	-	-	1,082,312	-	1,082,312
Reissuance of finder's warrants upon RTO	-	-	110,052	-	110,052
Shares issued as finder's fee upon RTO	1,650,000	1,254,000	-	-	1,254,000
Stock options granted	-	-	1,989,657	-	1,989,657
Exercise of warrants	16,000	6,400	-	-	6,400
Reallocation of fair value of warrants exercised	-	8,105	(8,105)	-	-
Loss for the period	-	-	-	(16,330,200)	(16,330,200)
Balance at July 31, 2018	**36,023,786**	**$ 15,170,422**	**$ 3,173,916**	**$ (16,335,050)**	**$ 2,009,288**

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

1. Nature of Operations

Integrated Cannabis Company, Inc. (formerly CNRP Mining Inc.) ("iCannaCo" or the "Company") was incorporated on September 15, 2011 under the laws of the province of British Columbia and is registered extra-provincially under the laws of Ontario. CNRP was a mineral exploration company engaged in the acquisition and exploration of mineral resource properties in Canada. Prior to January 29, 2016 CNRP was 85% owned by Winston Resources Inc. ("Winston" or the "Parent Company"). On January 18, 2016, Winston declared a special dividend to its shareholders by distributing all of its shareholding interest in CNRP. The record date for the dividend is January 29, 2016. Winston no longer has any shareholder interest in the Company. CNRP is a public company whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "ICAN". The head office of the Company is located at Suite 810 - 789 West Pender Street, Vancouver, BC V6C 1H2, Canada.

During the eight-month period ended July 31, 2018 iCannaCo completed the acquisition of all of the issued and outstanding shares of 1127466 B.C. Ltd., which holds a world-wide, exclusive license for X-Sprays a brand of state-of-the-art life enhancement products administered via an optimal oral spray delivery system.

2. Going Concern Assumption

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. As at July 31, 2018, the Company has yet to generate revenues from operations and had a deficit of $16,335,050 (2017 - $4,850). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

3. Reverse Takeover

On October 25, 2017, the Company and 1127466 B.C. Ltd. ("1127466BC") signed a share exchange agreement whereby the Company would acquire all of the issued and outstanding shares of the 1127466BC which holds, through a wholly owned subsidiary, a world-wide, exclusive license for X-SPRAYS – a brand of life-enhancement products administered via an optimal oral spray delivery system. Pursuant to the terms of the agreement, Integrated Cannabis issued an aggregate of 16,500,000 common shares in the capital of the Company (the "payment shares"). Also, as part of the transaction, the Company also issued a finder's fee of 1,650,000 common shares in the capital of the Company.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since the Company, CNRP Mining Inc., ("CNRP") was considered as a shell company whose activities, prior to the acquisition, were limited to the management of cash resources and maintenance of its reporting issuer status and did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* ("IFRS 2") whereby 1127466BC is deemed to have issued shares in exchange for the net assets of the Company together with its reporting issuer status at the fair value of the consideration received by 1127466BC. The accounting for this transaction resulted in the following:

(Expressed in Canadian Dollars)

3. Reverse Takeover (continued)

(i) The financial statements of the consolidated entities are considered a continuation of the financial statements of 1127466BC.

(ii) Since 1127466BC is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the financial statements at their historical carrying values.

(iii) As part of the completion of the reverse acquisition with CNRP to facilitate the reporting issuer status of 1127466BC, the original shareholders of CNRP retained 17,857,786 common shares and 2,425,230 warrants of the Company. A finders' fee of 1,650,000 common shares were also issued to finders.

Since the share and share-based consideration allocated to the former shareholders of CNRP on closing the reverse acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets of CNRP acquired on closing was expensed in the statement of comprehensive loss as listing expense.

The share-based compensation of $13,550,387 recorded as listing expense included the fair value of the 17,857,786 common shares retained by the former shareholders of CNRP and 1,650,000 common shares issued to the finders at $0.76 per share, the fair value of 2,136,457 private placements warrants and 288,733 finders' warrants at a fair value of $0.507 and $0.381 per warrant respectively and the net assets acquired. The $0.76 value for the shares was based on the most recent closing price prior to the reverse acquisition. The fair value of warrants were calculated using Black Scholes option pricing model using the assumptions at the time of the RTO of risk free interest rates of 1.29%, expected life of between 0.32 to 1.04 years, expected volatility of 100%, forfeiture rate of 0% and a dividend rate of 0%.

Assets acquired, and liabilities assumed		
Cash	$	2,702,300
Prepaid expense		9,879
GST receivable		9,242
Loan receivable		4,000
Accounts payable		(87,548)
Accrued liabilities		(151,970)
Due to related party		(18,008)
	$	2,467,895

Purchase price consideration		
Consideration issued	$	14,825,917
Re-issuance of warrants		1,192,365
Listing expense		(13,550,387)
	$	2,467,895

4. Statement of Compliance and Basis of Presentation

Statement of compliance

These consolidated financial statements are prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Furthermore, these consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company.

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

These consolidated financial statements include the financial statements of the Company and the entity controlled by the Company, 1127466 B.C. Ltd. and X-Sprays Industries Inc. All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

Use of Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

i. Share-based payments and fair value adjustment to contingent liability are subject to estimation of the value of the award and warrants at the date of grant and measurement date using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

iii. Management reviews the useful lives of depreciable assets including property, plant and equipment and customer contracts at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence.

Critical accounting judgments

i. The determination that the Company will continue as a going concern for the next year.
ii. The revenue recognition of sale revenue.
iii. The determination of related parties.

5. Significant Accounting Policies

Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and the entity controlled by the Company, 1127466 B.C. Ltd. and X-Sprays Industries Inc. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The accounting policies set out below have been consistently applied to all periods presented.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income (loss) except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or recoverable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Impairment of non-financial assets

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

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

Share-based payments

As part of its remuneration, the Company grants stock options and warrants to buy common shares of the Company to its employees. 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, including directors of the Company. The fair value of employee services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

5. Significant Accounting Policies (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted or vested if the option vests over a period. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

All share-based remuneration is ultimately recognized as an expense in the statements of comprehensive loss with a corresponding credit to contributed surplus. Upon exercise of share options, the proceeds received net of any directly attributable transactions costs and the amount originally credited to contributed surplus are allocated to share capital. When options expire unexercised the related value remains in contributed surplus.

Foreign currency translation
In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, foreign currency monetary assets and liabilities are translated using the reporting date foreign exchange rate. Foreign currency non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

Earnings (loss) per share
Basic earnings (loss) per share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments.

Financial instruments
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company does not hold any available for sale, held to maturity, or derivative financial assets at July 31, 2018.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus directly attributable transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

(Expressed in Canadian Dollars)

5. Significant Accounting Policies (continued)

The Company's financial assets and liabilities are generally classified and measured as follows:

Asset/liability	Category	Measurement
Cash and term deposits	Fair value through profit or	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loan and promissory notes	Other financial liabilities	Amortized cost
Contingent liabilities	Fair value through profit or	Fair value

Loans and receivables and other financial liabilities are initially recognized at the fair value and subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the statement of loss and comprehensive loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance. Impairment is assessed at each reporting date.

Transaction costs incurred in the course of raising debt financing are netted against the carrying value of the liability and then amortized over the expected life of the instrument using the effective interest rate method to expense interest over the period to maturity of the related debt. Other transaction costs incurred are included in the statement and comprehensive loss.

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company expects the adoption of this new policy will have no impact on the Company's consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, IFRS 15 was released, replacing IAS 11 *Construction Contracts,* IAS 18 *Revenue* and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchasers. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company expects the adoption of this new policy will have no impact on the Company's consolidated financial statements.

5. Significant Accounting Policies (continued)

IFRS 16, *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's leases has not yet been determined.

6. Financial Risk Management

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its government HST recoverable, which is due from the Canadian government. As such, the risk of loss on these assets is minimal.

Market and Other Risks

Market risk is the risk of uncertainty arising primarily from possible commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at July 31, 2018, the Company has sufficient funds to meet general and administration expenses for the next twelve months.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration. The Company has designated its cash at FVTPL. The government HST recoverable are classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Amounts payables and other liabilities and due to related parties, are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

7. Capital Management

The Company considers its capital to be comprised of shareholders' equity.

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. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate 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.

There have been no changes to the Company's approach to capital management during the year.

8. Related Party Transactions and Disclosures

As of July 31, 2018, the due to related parties is $18,009 (2017 - $Nil). This amount consists of amounts due to a former director of the Company. These amounts were made to provide working capital and are non-interest bearing and without fixed terms of repayment.

During the period ended July 31, 2018, a company controlled by the spouse of the former CEO of the Company charged a total of management fees of $42,000 and rent expense of $18,000 to the Company. As at the end of July 31, 2018, a total payable of $94,500 owing to this company was reversed against consulting fees and the amount owed to this related party was $Nil.

During the period ended July 31, 2018, a total management fee of $19,758 was expensed to a former director of the Company. As at the period ended July 31, 2018, the amount owed to this related party was $Nil.

9. Share Capital

(i) Authorized capital

The Company's authorized share capital consists of:

- an unlimited number of common shares without par value; and
- an unlimited number of preferred shares issuable in series. No preferred shares are issued as of July 31, 2018.

(ii) Common shares

a) On June 13, 2017, the Company prior to the RTO completed a non-brokered private placement of 9,012,500 units at a price of $0.115 per unit for aggregate gross proceeds of $1,036,438. On September 26, 2017, the Company announced that the price per unit had been voluntarily adjusted by the subscribers from $0.115 to $0.30 per unit. Some securities issued in connection with this offering have been cancelled. In total, the Company issued 3,731,950 adjusted units for proceeds of $1,119,585. Each unit consists of one common share and three-quarter common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $0.30 for a period of twelve (12) months. These warrants were assigned a value of $1,192,364 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows:

- Risk free rate: 1.29%;
- Expected life: 1.04 year;
- Expected volatility: 100% based on historical trends; and
- Weighted average share price: $0.30.

(Expressed in Canadian Dollars)

9. Share Capital (continued)

(ii) Common shares (continued)

b) On July 4, 2017, the Company prior to the RTO completed a non-brokered private placement of 3,000,000 shares at a price of $0.20 per share for aggregate gross proceeds of $600,000. On September 26, 2017, the Company announced that the price per unit had been voluntarily adjusted by the subscribers from $0.20 to $0.30 per unit. Some securities issued in connection with this offering have been cancelled. In total, the Company issued 1,683,329 adjusted units for proceeds of $505,000.

c) On October 6, 2017, the Company prior to the RTO completed a non-brokered private placement of 10,000,000 shares at a price of $0.30 per share for aggregate gross proceeds of $3,000,000.

d) On May 31, 2018, the Company completed the RTO with 1127466 BC Ltd. ("1127466BC") and 1127466BC is considered as the accounting acquirer issuing 17,857,786 common shares and 2,425,230 warrants of the Company to the former shareholders of CNRP (See note 3).

(iii) Stock options

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

During the period ended July 31, 2018, the Company granted 3,600,000 stock options to officers, directors and consultants at an exercise price of $0.40 per share expiring June 8, 2023. All options were fully vested at the date of grant. The fair value of these 3,600,000 stock options was determined to be $1,989,657 using the Black Scholes option pricing model using the assumptions at the time of grant of risk free interest rates of 1.47%, expected life of 5 years, expected volatility of 100%, forfeiture rate of 0% and a dividend rate of 0%.

The issued and outstanding options balance as at July 31, 2018 is comprised as follows:

	Number of Options	Weighted Average Price
Balance November 30, 2017	-	
Options issued	3,600,000	$ 0.40
Exercised	-	
Balance July 31, 2018	3,600,000	$ 0.40

(iv) Warrants

The issued and outstanding warrants balance as at July 31, 2018 is comprised as follows:

	Exercise Price	Average Life	Expiry Date	Number of Warrants
Balance November 30, 2017	-	-	-	-
Private placements warrants issued at RTO	$0.30	0.87	June 13, 2019	2,136,457
Finders' warrants issued at RTO	$0.40	0.16	September 26, 2018	288,773
Finder's warrants exercised	$0.40	0.16	September 26, 2018	(16,000)
Balance July 31, 2018	$0.31	0.78		2,409,230

(Expressed in Canadian Dollars)

9. Share Capital (continued)

(v) Contributed Surplus and Reserves

Contributed surplus includes the accumulated fair value of share-based compensation and warrants transferred from share-based payment reserve and warrant reserve upon cancellation or expiry of the stock options and warrants.

On May 31, 2018, as a result of the RTO, 2,136,457 private placements warrants and 288,733 finders' warrants were considered issued to the former shareholders of CNRP at a fair value of $1,082,312 and 110,052 respectively. The total fair value of $1,192,364 of warrants was recorded as reserve as part of the consideration issued for acquisition.

10. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the period ended July 31, 2018 was based on the loss attributable to common shareholders of $16,330,200 (2017 – $4,850) and the weighted average number of common shares outstanding of 21,399,387 (2017 – 5,048,508). All outstanding options and warrants were excluded from the calculation of diluted loss per share because their effect was anti-dilutive.

11. Income Taxes

The income taxes shown in the consolidated statements of loss and comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	July 31 2018 26.5%	November 30 2017 26.5%
Loss for the period	**(16,330,200)**	(4,850)
Expected income tax recovery	**(4,327,503)**	(1,285)
Items deductible and not deductible for income tax purposes	**4,118,311**	-
Adjustments for RTO	**(2,598,783)**	-
Current and prior tax attributes not recognized	**2,807,975**	1,285
	-	-

Details of deferred tax assets are as follows:

	July 31 2018	November 30 2017
Non-capital loss carryforwards	$ **767,764**	$ 1,285
Resource properties	**2,041,496**	-
Unrecognized deferred tax assets	**(2,809,260)**	(1,285)
	$ **-**	$ -

As at July 31, 2018, the Company had approximately $2,897,000 of non-capital losses available, which begin to expire in 2032 through to 2038 and may be applied against future taxable income.

At July 31, 2018, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

12. Subsequent Events

Subsequent to the period ended July 31, 2018 the Company has:

- 10,400 warrants at $0.40 were exercised for gross proceeds of $4,160
- 173,666 warrants at $0.40 were exercised for gross proceeds of $69,466
- 4,000 warrants at $0.40 were exercised for gross proceeds of $1,600
- 88,707 warrants at $0.40 were exercised for gross proceeds of $35,483
- 143,749 warrants at $0.30 were exercised for gross proceeds of $43,125
- 250,000 warrants at $0.30 were exercised for gross proceeds of $75,000

The Company signed a Letter of Intent (the "**LOI**") to acquire all of the issued and outstanding securities of Critical Mass Industries, LLC ("**CMI**"), a Colorado-based cannabis leader operating successfully for nearly 10-years under the brands Good Meds and BOSM Labs. Integrated Cannabis has paid a non-refundable deposit of US$250,000 upon signing the LOI and, at closing, will pay an additional US$2,500,000 and issue 2,300,000 Integrated Cannabis common shares to the shareholders of CMI in exchange for the securities being acquired.