INTEGRATED CANNABIS COMPANY, INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 OCTOBER 2019

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

INTEGRATED CANNABIS COMPANY, INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

AS AT:	**October 31, 2019**	**July 31, 2019 (Audited)**
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,597,812	$ 4,681,677
Accounts receivable	799,595	582,420
Government HST recoverable	66,429	48,954
Prepaid expenses and deposits	1,148,745	156,479
Inventory (note 14)	742,360	454,115
Promissory note receivable (note 14)	1,448,589	1,447,268
Loans receivable (note 7)	4,605,361	4,305,303
	10,408,891	11,676,216
Investments (note 17)	233,232	2
Property and equipment (note 6)	3,369,879	2,704,188
Brands and licenses (notes 13 and 14)	52,300,945	52,300,945
Total Assets	$ 67,312,947	$ 66,681,351
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 10)	$ 545,437	$ 619,564
Lease liability (note 15)	111,328	-
Loan payable (note 10)	18,008	83,748
Notes payable (note 13)	12,500,000	12,500,000
	13,174,773	13,203,312
Lease liability (note 15)	192,514	-
Total liabilities	13,367,287	13,203,312
Shareholders' Equity		
Common share capital (note 11)	53,452,879	52,491,279
Shares to be issued (note 14)	17,609,800	17,600,000
Share subscriptions receivable	(95,286)	(95,286)
Reserves	4,885,339	4,392,803
Deficit	(22,907,072)	(20,910,757)
Total shareholders' equity	52,945,660	53,478,039
Total liabilities and shareholders' equity	$ 66,312,947	$ 66,681,351

Nature of operations (note 1)
Going concern (note 2)
Subsequent event (Note 18)

Approved on behalf of the Board of Directors December 30, 2019:

"Eugene Beukman" (signed)
Eugene Beukman, Director

"Nishal Kumar" (signed)
Nishal Kumar, Director

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

INTEGRATED CANNABIS COMPANY, INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended October 31,	2019	2018
Sales	$ 1,827,283	$ 1,102
Cost of sales	(1,299,394)	-
	527,889	1,102
Operating Expenses		
Advertising and promotion	818,481	60,704
Bank charges	3,231	259
Filing and listing fees	27,129	15,810
Legal and professional fees	273,185	23,368
Management and consulting fees (note 10)	729,223	179,520
Office and general expenses	173,950	39,904
Stock-based compensation (note 11)	494,163	-
Transfer agent fees	5,960	4,128
Total operating expenses	(2,525,322)	(323,693)
Net loss before other items	(1,997,433)	(322,591)
Interest revenue	1,118	93
Net loss	(1,996,315)	(322,498)
Foreign currency translation	(1,627)	-
Comprehensive loss	$ (1,997,942)	$ (322,498)
Basic and diluted net loss per share	(0.01)	(0.01)
Weighted average number of common shares outstanding	135,694,819	36,155,837

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

INTEGRATED CANNABIS COMPANY, INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended October 31,		2019		2018
Operating Activities				
Net loss for the period	$	(1,996,315)	$	(322,498)
Accretion expense		478		-
Depreciation		46,327		-
Foreign exchange		792		-
Shares for services		701,500		-
Stock-based compensation		494,163		-
Net changes in non-cash working capital				
Accounts receivable		(217,175)		-
Government HST recoverable		(17,475)		(2,484)
Prepaid expenses and deposits		(992,266)		-
Inventory		(288,245)		-
Accounts payable and accrued liabilities		(74,127)		18,039
Net cash used in operating activities		(2,342,343)		(306,943)
Investing activities				
Advances to Critical Mass Industries, LLC (note 12)		-		(328,550)
Investment in CA Brands (note 17)		(233,230)		-
Purchase of property and equipment		(410,825)		-
Loans receivable		(300,000)		-
Net cash provided by (used in) investing activities		(944,055)		(328,550)
Financing activities				
Share subscriptions received		9,800		-
Exercise of warrants		260,100		110,710
Repayment of loans payable		(65,740)		-
Net cash provided by financing activities		204,160		110,710
Net change in cash		(3,082,238)		(524,783)
Effect of foreign exchange on cash		(1,627)		28,141
Cash, beginning of period		4,681,677		1,719,569
Cash, end of period	$	1,597,812	$	1,222,927
Supplemental information				
Interest paid	$	-	$	-
Tax paid	$	-	$	-

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

INTEGRATED CANNABIS COMPANY, INC.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Share Capital							
	Number of shares	Amount	Shares to be issued	Share subscriptions receivable	Reserve for foreign currency translation	Reserve for share-based payments	Deficit	TOTAL
Balance at July 31, 2018	**36,023,786**	**$ 15,170,422**	**$ -**	**$ -**	**$ -**	**$ 3,173,916**	**$(16,335,050)**	**$ 2,009,288**
Exercise of warrants	276,773	110,710	-	-	-	-	-	110,710
Foreign currency translation	-	-	-	-	28,141	-	-	28,141
Loss for the period	-	-	-	-	-	-	(322,498)	(322,498)
Balance at October 31, 2018	**36,300,559**	**$ 15,281,132**	**$ -**	**$ -**	**$ 28,141**	**$ 3,173,916**	**$(16,657,548)**	**$ 1,825,641**
Balance at July 31, 2019	**134,209,393**	**$ 52,491,279**	**$17,600,000**	**$ (95,286)**	**$ (43,443)**	**$ 4,436,246**	**$(20,910,757)**	**$53,478,039**
Exercise of warrants	693,594	260,100	-	-	-	-	-	260,100
Shares for services	1,400,000	701,500	-	-	-	-	-	701,500
Share subscriptions received	-	-	9,800	-	-	-	-	9,800
Stock-based compensation	-	-	-	-	-	494,163	-	494,163
Foreign currency translation	-	-	-	-	(1,627)	-	-	(1,627)
Loss for the period	-	-	-	-	-	-	(1,996,315)	(1,996,315)
Balance at October 31, 2019	**136,302,987**	**$ 53,452,879**	**$17,609,800**	**$ (95,286)**	**$ (45,070)**	**$ 4,930,409**	**$(22,907,072)**	**$52,945,660**

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

1. Nature of Operations

Integrated Cannabis Company, 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. The Company was a mineral exploration company engaged in the acquisition and exploration of mineral resource properties in Canada. Prior to January 29, 2016, the Company 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 the Company. The record date for the dividend is January 29, 2016. Winston no longer has any shareholder interest in the Company. The Company 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 period ended July 31, 2018, the Company 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 (Note 3).

During the year ended July 31, 2019, the Company completed the acquisition of all of the issued and outstanding shares of 1200665 B.C. Ltd. (note 13), which intends to complete the acquisition of a Nevada cultivation manufacturing and real property interests of V6E Holdings LLC ("V6E") and Sullivan Park Capital LLC. ("Sullivan Park"), and also completed the acquisition of all of the issued and outstanding shares of Ganja Gold Inc. (note 14), which holds a California cannabis manufacturing interests.

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 October 31, 2019, the Company has yet to generate a positive net income and had an accumulated deficit of $22,907,072 (July 31, 2019 - $20,910,757). 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, formerly known as 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:

(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%.

4. Statement of Compliance and Basis of Presentation

Statement of compliance

These condensed consolidated interim financial statements are prepared by the Company in accordance with International Accounting Standards 34 - Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"). The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at and for the period ended July 31, 2019.

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.

(Expressed in Canadian Dollars)

Basis of consolidation
These consolidated financial statements include the financial statements of the Company and the entity controlled by the Company as follows:

Name	Date of acquisition
1127466 B.C. Ltd.	October 25, 2017
X-Sprays Industries Inc.	October 25, 2017
1200665 B.C. Ltd.	May 21, 2019
Ganja Gold Inc.	July 31, 2019

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 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.

(Expressed in Canadian Dollars)

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

Changes in accounting policies

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

See notes 6 and 15 for the effect of the adoption of IFRS 16.

6. Property and Equipment

	Building(1)	Equipment	Right-of-Use Asset	TOTAL
COSTS				
Balance, July 31, 2018	**$ -**	**$ -**	**$ -**	**$ -**
Additions	2,704,188	-	-	2,704,188
Balance, July 31, 2019	**2,704,188**	**-**	**-**	**2,704,188**
Additions (note 15)	-	410,825	303,364	714,189
Foreign currency adjustments	-	(2,328)	-	(2,328)
Balance, October 31, 2019	**2,704,188**	**408,497**	**303,364**	**3,416,049**
ACCUMULATED DEPRECIATION				
Balance, July 31, 2018 and 2019	**-**	**-**	**-**	**-**
Depreciation	-	27,367	18,960	46,327
Foreign currency adjustments	-	(157)	-	(157)
Balance, October 31, 2019	**-**	**27,210**	**18,960**	**46,170**
NET BOOK VALUE				
Balance, July 31, 2019	2,704,188	-	-	2,704,188
Balance, October 31, 2019	**$ 2,704,188**	**$ 381,287**	**$ 284,404**	**$ 3,369,879**

(1) During the year ended July 31, 2019, the Company acquired 1200665BC (note 13) resulting in the acquisition of certain property and equipment with a carrying value of $2,704,188. The business of 1200665BC through its investments in V6E and Sullivan Park has yet to commence as of July 31, 2019 and October 31, 2019. As a result, the Company did not amortize the property and equipment.

(Expressed in Canadian Dollars)

7. Loans Receivable

During the year ended July 31, 2019, the Company acquired 1200665BC (note 13) and Ganja Gold (note 14) resulting in the acquisition of certain loans receivable as follows:

Entity	Amount
1200665BC	$ 4,241,505
Ganja Gold	63,798
Total	**$ 4,305,303**

During the three months ended October 31, 2019, the Company advanced $300,000 to 1200665BC. Loans receivable as at October 31, 2019 is as follows:

Entity	Amount
1200665BC	$ 4,541,505
Ganja Gold	63,856
Total	**$ 4,605,361**

The loans receivable acquired from 1200665BC are due from V6E and Sullivan Park as the closing conditions for the acquisitions of V6E and Sullivan Park by 1200665BC have not been met as of July 31, 2019 and October 31, 2019. The loans receivable acquired from Ganja Gold are due from the shareholders. The loans are unsecured, non-interest bearing and due on demand.

8. Financial Risk Management

Classification of financial instruments

As at October 31, 2019	Financial assets - FVTPL	Financial assets – amortized costs	Financial liabilities – amortized costs
	$	$	$
Cash	1,597,812	-	-
Accounts receivable	-	799,595	-
Promissory note receivable	-	1,448,589	-
Loans receivable	-	4,605,361	-
Accounts payable and accrued liabilities	-	-	545,437
Loans payable	-	-	18,008
Notes payable	-	-	12,500,000

(Expressed in Canadian Dollars)

As at July 31, 2019	Financial assets - FVTPL	Financial assets – amortized costs	Financial liabilities – amortized costs
	$	$	$
Cash	4,681,677	-	-
Accounts receivable	-	582,420	-
Promissory note receivable	-	1,447,268	-
Loans receivable	-	4,305,303	-
Accounts payable and accrued liabilities	-	-	619,564
Loans payable	-	-	83,748
Notes payable	-	-	12,500,000

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

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. Credit risk associated with the promissory note receivable (note 14) and loans receivable (note 7) arises from the possibility that the principal and/or interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationship. The Company is not currently exposed to any significant credit risk associated with its trade receivable.

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 October 31, 2019, the Company has a working capital deficiency of $2,765,882 and will require additional financing to meet its short term obligations.

9. 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 period.

10. Related Party Transactions and Disclosures

As of October 31, 2019, the amount due to related parties is $18,008 (July 31, 2019 - $18,009). 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 three months ended October 31, 2019, the Company paid/accrued management and consulting fees of $32,500 (2018 - $48,256) to companies controlled by the Chief Financial Officer of the Company. As at October 31, 2019, $997 (July 31, 2018 - $578) remained outstanding.

11. 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 October 31, 2019.

(ii) Common shares

a) During the month of September 2018, the Company issued 276,773 common shares upon exercise of warrants at $0.40 per share.

b) On November 6, 2018 and on June 12, 2019, the Company issued 143,749 common shares and 412,498 common shares upon exercise of warrants at $0.30 per share respectively.

c) On November 19, 2018 and on June 11, 2019, the Company issued 250,000 common shares and 143,749 common shares upon exercise of warrants at $0.30 per share respectively.

d) On May 7, 2019, the Company completed a first tranche of its non-brokered private placement. Pursuant to the first tranche, the company issued 11,404,000 units at a price of $0.25 per unit for gross proceeds of $2,851,000. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant shall be exercisable to acquire one additional common share at a price of $0.375 for a period of two years from the date of issuance. In the event that the common shares trade at a closing price of greater than $0.50 per share for ten (10) consecutive trading days, the Company may accelerate the expiry date of the warrants to expire on the 30th day after the date on which such notice is given. In connection with the closing, the Company paid an aggregate of $37,525 in finder fees and issued 117,250 finder warrants, valued at $28,655, that have the same terms as the offering warrants. The fair value of the finder warrants have been determined using the Black-Scholes Option Pricing Model using the following assumptions: expected life: 2 years, expected volatility: 178%, expected dividend yield: 0% and risk-free rate: 1.58%.

e) On May 13, 2019, the Company completed a second tranche of its non-brokered private placement. Pursuant to the second tranche, the company issued 8,600,000 units at a price of $0.25 per unit for gross proceeds of $2,150,000. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant shall be exercisable to acquire one additional common share at a price of $0.375 for a period of two years from the date of issuance. In the event that the common shares trade at a closing price of greater than $0.50 per share for ten (10) consecutive trading days, the Company may accelerate the expiry date of the warrants to expire on the 30th day after the date on which such notice is given. In connection with the closing, the company paid an aggregate of $96,390 in finder fees and issued 329,560 finder warrants, valued at $58,946, that have the same terms as the offering warrant. The fair value of the finder warrants have been determined using the Black-Scholes Option Pricing Model using the following assumptions: expected life: 2 years, expected volatility: 95%, expected dividend yield: 0% and risk-free rate: 1.59%.

f) On May 14, 2019, the Company completed a third and final tranche of its non-brokered private placement. In the final tranche, the Company issued 2,500,000 units at a price of $0.28 per unit for aggregate gross proceeds of $700,000. Each unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant shall be exercisable to acquire one additional common share at a price of $0.375 for a period of two years from the date of issuance. In the event that the common shares trade at a closing price of greater than $0.50 per share for ten (10) consecutive trading days, the Company may accelerate the expiry date of the warrants to expire on the 30th day after the date on which such notice is given. The Company did not pay any finders fees in connection with the third tranche.

g) The Company issued 609,677 common shares, valued at $201,193, and 1,500,000 options exercisable at $0.32 for a period of five years from the date of issuance to a consultant of the Company for services rendered. The common shares are subject to a voluntary escrow, and will be released quarterly starting 3 months from the date of the Agreement.

h) On August 14, 2019, the Company issued 150,000 common shares, valued at $76,500 to a consultant of the Company for services rendered.

i) On August 16, 2019, the Company issued 1,250,000 common shares, valued at $625,000 to a consultant of the Company for services rendered.

j) In September 2019, the Company issued 693,594 common shares upon exercise of warrants at $0.375 per share.

(Expressed in Canadian Dollars)

(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%.

On June 28, 2019, the Company granted 1,500,000 stock options to a consultant at an exercise price of $0.32 per share expiring June 28, 2024. All options were fully vested at the date of grant. The fair value of these 1,500,000 stock options was determined to be $492,555 using the Black Scholes Option Pricing Model using the assumptions at the time of grant of risk free interest rates of 1.40%, expected life of 5 years, expected volatility of 250%, forfeiture rate of 0% and a dividend rate of 0%.

On July 4, 2019, the Company granted 4,000,000 stock options to consultants at an exercise price of $0.33 per share expiring July 4, 2024. All options were fully vested at the date of grant. The fair value of these 4,000,000 stock options was determined to be $1,273,486 using the Black Scholes Option Pricing Model using the assumptions at the time of grant of risk free interest rates of 1.44%, expected life of 5 years, expected volatility of 250%, forfeiture rate of 0% and a dividend rate of 0%.

On July 31, 2019, the Company granted 4,100,000 stock options to consultants at an exercise price of $0.33 per share expiring July 31, 2024. 1,650,000 options vest in 6 months and 2,450,000 options vest over 4 years. The fair value of these 4,100,000 stock options was determined to be $1,796,211 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 250%, forfeiture rate of 0% and a dividend rate of 0%.

The issued and outstanding options balance as at October 31, 2019 and July 31, 2019 is comprised as follows:

	Number of Options	Weighted Average Price
Balance November 30, 2017	-	$ -
Options granted	3,600,000	$ 0.40
Balance July 31, 2018	3,600,000	$ 0.40
Options granted	9,600,000	$ 0.33
Balance July 31, 2019 and October 31, 2019	13,200,000	$ 0.35

(Expressed in Canadian Dollars)

(iv) Warrants

The issued and outstanding warrants balance as at October 31, 2019 and July 31, 2019 is comprised as follows:

	Exercise Price	Average Life	Expiry Date	Number of Warrants
Balance July 31, 2018	$0.31	0.36		2,409,230
Private placements warrants	$0.375	1.77	May 7, 2021	5,702,000
Finders' warrants	$0.375	1.77	May 7, 2021	117,250
Private placements warrants	$0.375	1.79	May 13, 2021	4,300,000
Finders' warrants	$0.375	1.79	May 13, 2021	329,560
Private placements warrants	$0.375	1.79	May 14, 2021	1,250,006
Finders' warrants exercised	$0.40	-	September 26, 2018	(276,773)
Warrants exercised	$0.30	-	June 13, 2019	(949,996)
Warrants expired	$0.30	-	June 13, 2019	(1,182,461)
Balance July 31, 2019	$0.375	1.78		11,698,816
Warrants exercised	$0.375	-	May 7, 2021	(80,000)
Warrants exercised	$0.375	-	May 13, 2021	(254,000)
Finders' warrants exercised	$0.375	-	May 13, 2021	(2,450)
Warrants exercised	$0.375	-	May 14, 2021	(357,144)
Balance October 31, 2019	$0.375	1.53		11,005,222

(v) Reserves

Reserves includes accumulated foreign currency translation adjustments and 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.

12. Letter of Intent

In October 2018, 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. The Company paid a total of US$450,000 during the year ended July 31, 2019. At closing, will pay an additional US$2,400,000 and issue 2,300,000 Integrated Cannabis common shares to the shareholders of CMI in exchange for the securities being acquired. During the year ended July 31, 2019, the Company terminated the LOI to acquire all of the issued and outstanding securities of CMI and wrote-off the advances of $597,310 to a carrying value of $Nil.

(Expressed in Canadian Dollars)

13. Acquisition of 1200665 B.C. Ltd.

On May 21, 2019, the Company entered into a share exchange agreement (the "BC Definitive Agreement") among the Company, 1200665 B.C. Ltd., a private British Columbia company ("1200665BC") and the shareholders of 1200665BC, pursuant to which, the Company will acquire all of the issued and outstanding shares of 1200665BC ('BC Transaction"). 1200665BC, through its interests in V6E and Sullivan Park, is the owner of a cannabis cultivation business and license and prospective owner of a cannabis manufacturing business and license in the state of Nevada.

In consideration for the BC Transaction and pursuant to the terms of the BC Definitive Agreement, the Company: (a) has issued an aggregate of 30,645,161 common shares of the Company pro rata to shareholders of 1200665BC on the closing of the BC Transaction (the "BC Closing Date"); (b) will pay $5,019,900 in cash, payable within 120 days following the BC Closing Date; and (c) will pay up to an additional $7,480,100 in cash, payable upon 1200665BC completing certain milestones after the BC Closing Date.

The purchase price allocation of 1200665BC's assets acquired and liabilities assumed is summarized below:

Purchase price:		**Amount**
Paid in shares	$	11,645,161
Payable in cash recorded as notes payable		12,500,000
Total purchase price	$	24,145,161
Assets acquired:		
Cash	$	468,669
Accounts receivable		1,301
Investments		2
Property and equipment (note 6)		2,704,188
Loans receivable (note 7)		2,740,373
Brands and licenses		18,333,221
Liabilities assumed:		
Accounts payable and other liabilities		27,641
Loans payable		74,952
Net assets acquired	$	24,145,161

(Expressed in Canadian Dollars)

14. Acquisition of Ganja Gold Inc.

On July 31, 2019, the Company entered into a share exchange agreement (the "California Definitive Agreement") among the Company, Ganja Gold Inc., a California company ("Ganja Gold") and the shareholders of Ganja Gold, pursuant to which, the Company will acquire all of the issued and outstanding shares of Ganja Gold ("California Transaction"). Ganja Gold is a State and municipally licensed cannabis manufacturing business.

In consideration for the California Transaction and pursuant to the terms of the California Definitive Agreement, the Company: (a) has issued and aggregate of 40,000,000 common shares of the Company (the "Payment Shares") pro rata to shareholders of Ganja Gold on the closing of the California Transaction (the "California Closing Date"); (b) will issue up to an additional 40,000,000 common shares upon Ganja Gold completing certain milestones after the Closing Date. The Payment Shares are subject to a voluntary hold period of 12 months from the California Closing Date which expires July 31, 2020.

In connection with the California Transaction, the Company issued 3,200,000 common shares to an arm's length third party finder. The finder shares are subject to a statutory hold period of 4 months and a day from the California Closing Date which expires December 1, 2019.

The purchase price allocation of Ganja Gold's assets acquired and liabilities assumed is summarized below:

Purchase price:		**Amount**
Paid in shares	$	17,600,000
Paid in shares – finder's fees		1,408,000
Payable in shares recorded as shares to be issued		17,600,000
Total purchase price	$	36,608,000
Assets acquired:		
Cash	$	449,100
Accounts receivable		537,419
Inventory		454,115
Deposit		131,480
Promissory note		1,447,268
Loans receivable		63,798
Brands and licenses		33,967,724
Liabilities assumed:		
Accounts payable and other liabilities		377,164
Loans payable		65,740
Net assets acquired	$	36,608,000

(Expressed in Canadian Dollars)

15. Commitment

The Company, through its wholly owned subsidiary, Ganja Gold, has a lease commitment in California, USA for approximately 4,000 sq. ft. facility for cannabis manufacturing. Future payments for the facility are as follows:

Periods	**Annual Rent**
August 1, 2019 to July 31, 2020	$ 96,000
August 1, 2020 to July 31, 2021	96,000
August 1, 2021 to July 31, 2022	96,000
August 1, 2022 to July 31, 2023	96,000
Total	$ 384,000

On adoption of IFRS 16, Leases, the Company recognized the right-of-use asset (note 6), and a corresponding increase in a lease liability, in the amount of $303,364 which represented the present value of future lease payments using a discount rate of 12%.

During the three months ended October 31, 2019, the Company recorded an accretion expense of $478 related to the lease liability.

16. Segmented Information

The assets and operations of the Company are located in Canada and the United States. The Company has one reportable business segments in the cannabis sector.

	Canada	**USA**	**TOTAL**
	$	**$**	**$**
Three months ended October 31, 2019			
Revenues	-	1,827,283	1,827,283
Total expenses	(2,206,600)	(1,616,998)	(3,823,598)
Net loss	(2,206,600)	210,285	(1,996,315)
As at October 31, 2019			
Current assets	5,346,344	5,062,547	10,408,891
Total assets	8,568,169	57,744,778	66,312,947
Total liabilities	346,412	13,020,875	13,367,287
As at July 31, 2019			
Current assets	8,146,235	3,529,981	11,676,216
Total assets	8,146,235	58,535,117	66,681,352
Total liabilities	262,198	12,941,115	13,203,313

17. Other investments

On August 30, 2019, the Company announced it has entered into a term sheet (the “Term Sheet”) to acquire Nevada based CannaAmerican Brands LLC (“CA Brands”).

The term sheet contemplates the Company acquiring all of the issued and outstanding shares of CA Brands for $4,000,000 to be satisfied through the issuance of common shares of the Company at a deemed price per share of $0.45.

The Term Sheet sets out certain terms and conditions pursuant to which the proposed transaction will be completed. The proposed transaction remains subject to certain closing conditions including, without limitation, (a) the receipt by the Company of all necessary corporate and regulatory approval; (b) customary due diligence; (c) definitive agreements; (d) each party's representations and warranties in the share purchase agreement being true and correct in all aspects, and each party meeting its terms and conditions and completing its covenants and obligations as contained therein; and (e) all of the requisite municipal and State approvals. There can be no guarantees that the proposed transaction will be completed as contemplated at all. The Company may pay a finder’s fee in relation to the proposed transaction in accordance with CSE policies.

The Company advanced $233,230 to CA Brands during the period ended October 31, 2019.

18. Subsequent Event

On November 5, 2019, the Company announced that it, together with certain shareholders of the Company have entered into a voluntary pooling agreement. The voluntary pooling agreement will restrict the sale of approximately 26 million shares of the Company, representing approximately 20% of the issued and outstanding shares of the Company for six months from the date of the pooling agreement to May 1, 2020, bringing the total restricted shares outstanding to approximately 66 million shares, which collectively represents approximately 50% of the total outstanding shares of the Company.