



**ENDOCAN SOLUTIONS INC.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended April 30, 2020

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT**

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

**ENDOCAN SOLUTIONS INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Prepared by Management)

	Note	April 30, 2020	October 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,509	\$ 682
GST recoverable		2,435	3,693
<b>Total assets</b>		<b>\$ 3,944</b>	<b>\$ 4,375</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4	\$ 132,607	\$ 25,901
Amounts due to related parties	5	238,839	395,089
Loans payable to related parties	5	23,293	324,301
<b>Total liabilities</b>		<b>394,739</b>	<b>745,291</b>
<b>Shareholders' deficiency</b>			
Share capital	6	4,641,636	4,161,636
Share-based payments reserve	7	196,760	143,700
Deficit		(5,229,191)	(5,046,252)
<b>Total shareholders' deficiency</b>		<b>(390,795)</b>	<b>(740,916)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 3,944</b>	<b>\$ 4,375</b>

Nature of business and going concern (Note 1)  
Contingencies (Note 11)

The consolidated financial statements were authorized for issue by the board of directors on June 26, 2020 and were signed on its behalf by:

“Bruce Clark” Director “Christopher Hoffmeister” Director

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

**ENDOCAN SOLUTIONS INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – Prepared by Management)

	Note	Three Months Ended April 30, 2020	Three Months Ended April 30, 2019	Six Months Ended April 30, 2020	Six Months Ended April 30, 2019
<b>EXPENSES</b>					
Loan interest	5	\$ -	\$ 975	\$ -	\$ 1,950
Management fees	5	60,000	15,000	120,000	30,000
Office and miscellaneous		122	253	1,137	426
Share-based payments	7	53,060	-	53,060	-
Transfer agent and filing fees		3,504	2,384	8,742	2,979
		(116,686)	(18,612)	(182,939)	(35,355)
<b>OTHER ITEM</b>					
Interest income		-	297	-	297
<b>Loss and comprehensive loss for the period</b>		\$ (116,686)	\$ (18,315)	\$ (182,939)	\$ (35,058)
<b>Basic and diluted loss per common share</b>	6	\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>		4,750,515	2,323,855	4,550,515	2,323,855

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

**ENDOCAN SOLUTIONS INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY**  
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Contributed surplus	Deficit	Total
Balance, October 31, 2019		2,323,849	\$ 4,161,636	\$ 143,700	\$ (5,046,252)	\$ (740,916)
Shares issued for debt settlement	6	2,426,666	480,000	-	-	480,000
Share-based payments	7	-	-	53,060	-	53,060
Loss for the period		-	-	-	(182,939)	(182,939)
Balance, April 30, 2020		4,750,515	\$ 4,641,636	\$ 196,760	\$ (5,229,191)	\$ (390,795)

	Note	Number of Shares	Share capital	Contributed surplus	Deficit	Total
Balance, October 31, 2018		2,323,849	\$ 4,161,636	\$ 143,700	\$ (5,059,559)	\$ (754,223)
Loss for the period		-	-	-	(35,058)	(35,058)
Balance, April 30, 2019		2,323,849	\$ 4,161,636	\$ 143,700	\$ (5,094,617)	\$ (789,281)

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

**ENDOCAN SOLUTIONS INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED APRIL 30**  
(Unaudited – Prepared by Management)

	Note	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (182,939)	\$ (35,058)
Items not affecting cash:			
Loan interest		-	1,950
Share-based payments		53,060	-
Changes in non-cash working capital items:			
GST recoverable		1,258	12,954
Accounts payable and accrued liabilities		(8,294)	(14,493)
Amounts due to related parties		118,750	-
Net cash used in operating activities		(18,165)	(34,647)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from related party loans		18,992	-
Net cash provided by financing activities		18,992	-
<b>Change in cash during the period</b>		827	(34,647)
<b>Cash, beginning of the period</b>		682	39,081
<b>Cash, end of the period</b>		\$ 1,509	\$ 4,434

There were no significant non-cash transactions during the six month periods ended April 30, 2020 and 2019.

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

**ENDOCAN SOLUTIONS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SIX MONTHS ENDED APRIL 30, 2020

(Unaudited – Prepared by Management)

**1. NATURE OF BUSINESS AND GOING CONCERN**

Endocan Solutions Inc. (the “Company”) was incorporated on May 11, 2011 under the laws of British Columbia, Canada and maintains its head office at 14<sup>th</sup> Floor – 1050 West Georgia Street, Vancouver, B.C. V6E 4H8. The Company was listed on the Canadian Securities Exchange (the “CSE”) under the symbol “WWM”. On August 18, 2016, the Company received a cease trade order due to failing to file its annual financial statements for fiscal 2015 and became delisted from the CSE effective December 6, 2016. On October 21, 2019, the Company received the revocation of cease trade orders and has brought all its filings up to date. The Company is actively pursuing business opportunities in the medical marijuana sector.

**Going concern of operations**

These consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. The Company has a history of losses with no operating revenue. As at April 30, 2020, the Company reported a working capital deficiency of \$390,795 and has an accumulated deficit of \$5,229,191. The Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company’s ability to complete equity financings, secure project debt financing, and / or generate profitable operations in the future. There is no assurance that further financing efforts will be successful or the Company will attain profitable levels of operations.

These consolidated financial statements do not include adjustments that would be required if the going concern assumption is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

**2. BASIS OF PREPARATION****Statement of compliance**

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended October 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

**Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**ENDOCAN SOLUTIONS INC.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SIX MONTHS ENDED APRIL 30, 2020**

(Unaudited – Prepared by Management)

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**2. BASIS OF PREPARATION (cont'd...)**

**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary, Worldwide Cannabis Consortium 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 subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

**Significant estimates and assumptions**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

**Significant judgments**

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed interim consolidated financial statements include:

- i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its potential projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
- ii) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.



**ENDOCAN SOLUTIONS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SIX MONTHS ENDED APRIL 30, 2020

(Unaudited – Prepared by Management)

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out in the Company’s audited annual consolidated financial statements for the year ended October 31, 2019 were consistently applied to all the periods presented unless otherwise noted below.

**Comparative information**

Certain comparative information in these financial statements has been reclassified to conform to the presentation of the current period financial statements.

**New accounting policies**IFRS 16 – Leases

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. IFRS 16 eliminates the classification of leases as either operating or finance leases, as is currently required by IAS 17 – Leases, and instead introduces a single lessee accounting model. This standard is effective for years beginning on or after January 1, 2019. The Company does not have any leases and thus has no significant impact of adopting IFRS 16 on its consolidated financial statements.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	April 30, 2020	October 31, 2019
Accounts payable	\$ 117,107	\$ 17,901
Accrued expenses	15,500	8,000
	\$ 132,607	\$ 25,901

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

**5. RELATED PARTY TRANSACTIONS**

Amounts due to related parties of \$238,839 (October 31, 2019 - \$395,089) are comprised of management fees charged to the Company by companies controlled by its directors and officers. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in loans payable to related parties are \$23,293 (October 31, 2019 - \$4,301) in advances from the CEO of the Company and companies with common directors. These loans are unsecured, non-interest bearing, and have no specific terms of repayment.

**ENDOCAN SOLUTIONS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SIX MONTHS ENDED APRIL 30, 2020

(Unaudited – Prepared by Management)

**5. RELATED PARTY TRANSACTIONS (cont'd...)**

In March 2018, the Company arranged a \$150,000 loan facility with a company controlled by a director of the Company. The loan was secured by a certain first priority security interest in all of the tangible and intangible property of the Company, bears interest at 3% per annum and is repayable on or before June 1, 2023. The Company was required to make a monthly payment of principal and interest based on an amortization of 60 months. As at October 31, 2019, the outstanding balance of the loan was \$130,000 and the accrued interest was \$5,000.

As at October 31, 2019, loans payable to related parties also included a loan of \$185,000 transferred from a former director of the Company to a company controlled by the CEO of the Company.

In October 2019, the Company entered into debt settlement agreements with three companies controlled separately by two directors and an officer of the Company to settle debt of \$480,000 by issuing 2,426,666 common shares of the Company (issued during the six months ended April 30, 2020).

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended April 30 is as follows:

	2020	2019
Management fees	\$ 120,000	\$ 30,000
Share-based payments	53,060	-
Total	\$ 173,060	\$ 30,000

The Company entered into the following related party transactions during the six months ended April 30, 2020:

- Paid or accrued management fees of \$90,000 (2019 - \$nil) to a company controlled by the CEO of the Company.
- Paid or accrued management fees of \$30,000 (2019 - \$30,000) to a company controlled by the CFO of the Company.

On November 1, 2019, the Company entered into a services agreement with the Chief Executive Officer (“CEO”) of the Company for a monthly base fee of \$15,000, with no specified term. The services agreement may be terminated with a termination payment equal to twelve to twenty four months of the monthly base fee. The Company also has entered into a consulting agreement with a company controlled by the CFO of the company for a monthly fee of \$5,000.

**6. SHARE CAPITAL****Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

**Issued share capital**

At April 30, 2020, the Company had 4,750,515 common shares outstanding (October 31, 2019 - 2,323,849).

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**6. SHARE CAPITAL (cont'd...)**

**Escrowed shares**

As at April 30, 2020, there were 537,951 common shares held in escrow.

**Share issuance**

During the six months ended April 30, 2020, the Company issued 2,426,666 common shares to settle debt of \$480,000 due to related parties of the Company.

**Basic and diluted loss per share**

The calculation of basic and diluted earnings per share for the six month period ended April 30, 2020 was based on the loss attributable to common shareholders of \$182,939(2019 - \$35,058) and a weighted average number of common shares outstanding of 4,550,515 (2019 - 2,323,849).

**7. SHARE-BASED PAYMENTS**

**Stock option plan**

The Company has a stock option plan (the “Plan”) in place under which it is authorized to grant options to executive officers and directors, employees and consultants. Pursuant to the Plan, the Company may issue aggregate stock options totaling up to 10% of the issued and outstanding common stock of the Company. Further, the Plan calls for the exercise price of each option to be equal to the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors at the time of grant.

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price
Balance, October 31, 2018 and 2019	-	\$ -
Granted	300,000	0.25
Balance, April 30, 2020	300,000	\$ 0.25
Exercisable at April 30, 2020	300,000	\$ 0.25
Weighted average fair value of options granted during the period	\$	0.18 (2019 - \$nil)

The options outstanding at April 30, 2020 have exercise prices of \$0.25 and a weighted average remaining contractual life of 2.76 years.

**ENDOCAN SOLUTIONS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SIX MONTHS ENDED APRIL 30, 2020

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**7. SHARE-BASED PAYMENTS (cont'd...)**

The total share-based payments calculated for stock options granted during the six months ended April 30, 2020 was \$53,060 (2019 - \$nil) using the Black-Scholes option pricing model. During the six months ended April 30, 2020, the Company recognized share based payment expense of \$53,060 (2019 - \$nil) for the portion of stock options that vested during the period.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2020	2019
Risk-free interest rate	1.39%	-
Expected life of options	3 Years	-
Expected annualized volatility	120%	-
Dividend rate	Nil	-

**8. CAPITAL MANAGEMENT**

In the management of capital, the Company includes components of shareholders' equity in the definition of capital. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and development of medical marijuana business. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financing to fund its activities. In order to carry out the planned activities, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new opportunities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SIX MONTHS ENDED APRIL 30, 2020**

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**9. FINANCIAL INSTRUMENTS**

The Company classified its financial instruments as follows: cash as fair value through profit or loss; accounts payable, amounts due to related parties and loans payable to related parties as subsequently measured at amortized cost financial liabilities. Information on certain types of financial instruments is included elsewhere in these financial statements as follows: accounts payable (Note 4) and amounts due to related parties and loans payable to related parties (Note 5).

The carrying amounts of cash, accounts payable, amounts due to related parties, and loans payable to related parties carried at amortized cost is a reasonable approximation of their fair value due to the relatively short period to maturity of these financial instruments and/or the rate of interest being charged.

**Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations. GST recoverable is held with the Government of Canada, and as such, the Company is not exposed to credit risk.

*Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash is available to fund its projects and operations. As at April 30, 2020, the Company had a cash balance of \$1,509 and current liabilities of \$394,739. The Company's financial liabilities include accrued expenses and trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the optioning of its exploration and evaluation assets. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

*Interest rate risk*

The Company is exposed to interest rate risk arising from the cash maintained at Canadian financial institutions. The loan facility is based on a fixed interest rate. The exposure to interest rates for the Company is considered minimal. The Company has not used any financial instrument to hedge potential fluctuations in interest.

**ENDOCAN SOLUTIONS INC.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SIX MONTHS ENDED APRIL 30, 2020**

(Unaudited – Prepared by Management)

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**10 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at April 30, 2020, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the six months ended April 30, 2020 .

**11. CONTINGENCIES**

On June 6, 2019, Robert van Santen, a former director of the Company, and Agilis Capital Corporation (“Agilis”, a company controlled by Robert van Santen) filed a Notice of Civil Claim against the Company claiming a total of \$301,882 as follows: \$107,507 for outstanding fees, \$180,000 in severance compensation, and \$14,375 for GST and an unspecified amount for special damages. The Company intends to defend itself vigorously against all of the claims made by Agilis and Mr. van Santen.