



Global Cannabis Applications Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended March 31, 2020

(Stated in Canadian Dollars)  
(unaudited)

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited consolidated interim financial statements of Global Cannabis Applications Corp. (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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Stated in Canadian Dollars)  
(unaudited)

	<b>March 31, 2020</b>	June 30, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 509	\$ 6,980
GST Receivable	8,764	15,097
Loan receivable (Note 6)	272,727	886,364
Prepaid expenses	17,500	17,500
	<b>299,500</b>	925,941
Deposit	-	11,500
Intangible assets (Note 4)	-	-
Equipment (Note 5)	-	252
	<b>\$ 299,500</b>	\$ 937,693
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable (Note 7)	\$ 756,857	\$ 672,185
Accrued liabilities	690,267	536,253
Loan payable (Note 8)	406,161	385,563
	<b>1,853,285</b>	1,594,001
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	15,348,297	14,643,672
Subscriptions received (Note 9)	17,000	40,441
Share-based payment reserve (Note 9)	3,075,031	3,075,031
Deficit	(19,994,113)	(18,415,452)
	<b>(1,553,785)</b>	(656,308)
	<b>\$ 299,500</b>	\$ 937,693

Going concern (Note 1)

**Approved on behalf of the Board:**

*"Bradley Moore"*

Bradley Moore

*"Alexander Helm"*

Alexander Helm

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars)  
(unaudited)

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
<b>Expenses:</b>				
Accounting and audit fees	\$ 30,500	\$ 8,000	\$ 71,565	\$ 53,187
Amotization of intangible assets (Note 4)	-	40,669	-	122,006
Bank and interest charges (Note 8)	7,390	7,436	23,074	26,129
Consulting fees (Notes 6 and 7)	183,924	217,104	618,758	1,497,122
Depreciation of equipment (Note 5)	-	-	252	252
Legal fees	-	2,172	2,282	42,941
Marketing	-	7,903	209,341	736,407
Office and miscellaneous	1,149	17,124	4,798	47,871
Research and development costs (Notes 4 and 7)	2,333	101,630	10,091	630,413
Share-based payments (Notes 7 and 9)	-	119,700	-	491,900
Transfer agent, listing, and filing fees	6,185	5,425	12,794	59,358
Travel	-	3,559	12,070	108,195
	<b>(231,481)</b>	<b>(530,723)</b>	<b>(965,025)</b>	<b>(3,815,781)</b>
<b>Other items:</b>				
Change in fair value of loan receivable (Note 6)	<b>(613,637)</b>	-	<b>(613,637)</b>	-
Interest income	-	148,153	-	436,597
Net and comprehensive loss	<b>\$ (845,118)</b>	<b>\$ (382,569)</b>	<b>\$ (1,578,661)</b>	<b>\$ (3,379,184)</b>
Basic and diluted loss per share	<b>(0.01)</b>	<b>(0.004)</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>
Weighted average number of common shares outstanding	<b>114,712,001</b>	<b>95,639,713</b>	<b>107,281,410</b>	<b>91,396,490</b>

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

**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars)  
(unaudited)

	Nine months ended March 31, 2020	Nine months ended March 31, 2019
Operating Activities		
Net loss	\$ (1,578,661)	\$ (3,379,184)
Items not affecting cash:		
Depreciation and amortization	252	122,258
Deposit returned	11,500	-
Interest income	-	(436,597)
Change in fair value of note receivable	613,637	-
Accrued interest	20,598	21,683
Loss from debt settlement	-	-
Finance cost	-	-
Non-cash consulting fee	-	61,087
Share-based compensation	-	491,900
Shares issued for services	544,375	214,400
Changes in non-cash working capital items:		
GST receivable	6,333	69,561
Prepaid expenses and deposits	-	82,875
Accounts payable and accrued liabilities	238,687	222,786
Cash used in operating activities	<b>(143,280)</b>	<b>(2,529,231)</b>
Financing Activities		
Shares subscriptions received (repaid), net	(23,441)	109,260
Shares issued for cash, net of issue costs	160,250	2,312,706
Cash provided by financing activities	<b>136,809</b>	<b>2,421,966</b>
Investing Activities		
Loan receivable	-	(500,000)
Cash used in investing activities	-	(500,000)
Increase (decrease) in cash	<b>(6,471)</b>	<b>(607,265)</b>
Cash, beginning	<b>6,980</b>	<b>629,873</b>
Cash, ending	<b>\$ 509</b>	<b>\$ 22,608</b>

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**GLOBAL CANNABIS APPLICATIONS CORP.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Stated in Canadian Dollars)  
(unaudited)

	Share capital						
	Number of Shares	Amount	Obligation to issue shares	Subscriptions Received	Share-based payment reserve	Deficit	Total
<b>Balance, June 30, 2018</b>	<b>79,376,961</b>	<b>\$ 11,936,678</b>	<b>\$ 182,250</b>	<b>\$ 93,249</b>	<b>\$ 1,949,361</b>	<b>\$ (10,853,707)</b>	<b>\$ 3,307,831</b>
Shares issued for cash, net of costs (Note 9)	11,108,383	2,014,156	-	(92,925)	-	-	1,921,231
Share issue costs	413,813	86,901	-	-	19,300	-	106,201
Shares issued for debt	1,791,112	322,400	-	-	-	-	322,400
Shares issued for exercise of warrants	1,475,000	192,350	-	-	-	-	192,350
Shares issued for OPINIT	1,500,000	240,000	(182,250)	-	-	-	57,750
Subscriptions received	-	-	-	202,185	-	-	202,185
Share based payments (Note 8)	-	-	-	-	491,900	-	491,900
Net and comprehensive loss	-	-	-	-	-	(3,379,184)	(3,379,184)
<b>Balance, March 31, 2019</b>	<b>95,665,269</b>	<b>\$ 14,792,485</b>	<b>\$ -</b>	<b>\$ 202,509</b>	<b>\$ 2,460,561</b>	<b>\$ (14,232,890)</b>	<b>\$ 3,222,664</b>
<b>Balance, June 30, 2019</b>	<b>100,619,501</b>	<b>14,643,672</b>	<b>-</b>	<b>40,441</b>	<b>3,075,031</b>	<b>(18,415,452)</b>	<b>(656,308)</b>
Shares issued for cash, net of costs (Note 9)	3,205,000	160,250	-	(40,441)	-	-	119,809
Shares issued for debt	10,887,500	544,375	-	-	-	-	544,375
Subscriptions received	-	-	-	17,000	-	-	17,000
Net and comprehensive loss	-	-	-	-	-	(1,578,661)	(1,578,661)
<b>Balance, March 31, 2020</b>	<b>114,712,001</b>	<b>\$ 15,348,297</b>	<b>\$ -</b>	<b>\$ 17,000</b>	<b>\$ 3,075,031</b>	<b>\$ (19,994,113)</b>	<b>\$ (1,553,785)</b>

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

## **GLOBAL CANNABIS APPLICATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

### **1. Nature and Continuance of Operations**

Global Cannabis Applications Corp. (the “Company” or “Global Cannabis”) was incorporated on July 14, 2014, under the *Business Corporations Act* (British Columbia). The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the trading symbol “APP”. The head office of the Company is Suite 830, 1100 Melville Street, Vancouver, BC V6E 4A6. The registered and records office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7. The Company designs and develops data technologies and applications for the medical cannabis industry.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2020, the Company has not generated any revenues from operations and has an accumulated deficit of \$19,994,113 (June 30, 2019: \$18,415,452). The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Management intends to finance operating costs over the next twelve months with private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating and capital requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

### **2. Statement of Compliance**

These financial statements were authorized for issue on June 1, 2020, by the directors of the Company.

#### *Statement of Compliance*

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”), Interim Financial Reporting (“IAS 34”). The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the accounting policies adopted in the Company’s consolidated financial statements for the year ended June 30, 2019 and as such, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended June 30, 2019.

The preparation of unaudited condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and the exercise of management’s judgment in applying the Company’s accounting policies. Areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the Company’s unaudited consolidated interim financial statements are discussed in Note 3.

The Company’s unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The comparative figures presented in these unaudited consolidated interim financial statements are in accordance with IFRS. Certain comparative figures may have been reclassified to conform to the current period's presentation.

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

### 3. Significant Accounting Policies and Basis of Preparation

#### *Basis of Measurement*

These condensed consolidated financial statements have been prepared on an accrual basis except for certain financial instruments, and are based on historical costs. These financial statements are presented in Canadian dollars which is also the Company's functional currency.

#### *Consolidation*

These condensed consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2020	June 30, 2019
Antisocial Holdings Ltd. **	Canada	100%	100%
FORO Technologies Inc. **	Canada	100%	100%
GCAC Europe UAB	Lithuania	100%	100%
Citizen Green OU **	Estonia	45.8%	45.8%
GCAC Australia Pty Ltd. **	Australia	61%	61%
OPINIT LLC **	USA	100%	100%

\* Percentage of voting power is in proportion to ownership.

\*\* These companies are dormant.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

#### *Significant Accounting Policies*

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's annual audited consolidated financial statements for the year ended June 30, 2019.

### 4. Intangible Assets

	OPINIT	Serum	Foro and Truth	Total
<b>Cost:</b>				
<b>Balance June 30, 2018, 2019 and March 31, 2020</b>	<b>\$ 813,375</b>	<b>\$ 60,000</b>	<b>\$ 354,842</b>	<b>\$ 1,228,217</b>
<b>Accumulated amortization:</b>				
Balance, June 30, 2018	\$ 81,338	\$ 60,000	\$ 177,420	\$ 318,758
Impairment	-	-	106,454	106,454
Amortization	162,675	-	70,968	233,643
Balance June 30, 2019	244,013	60,000	354,842	658,855
Impairment	406,688	-	-	406,688
Amortization	162,675	-	-	162,675
<b>Balance June 30, 2019 and Mar 31, 2020</b>	<b>\$ 813,375</b>	<b>\$ 60,000</b>	<b>\$ 354,842</b>	<b>\$ 1,228,217</b>
<b>Carrying amount:</b>				
Balance June 30, 2018	\$ 569,362	\$ -	\$ -	\$ 569,362
<b>Balance June 30, 2019 and Mar 31, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

On September 21, 2016, the Company completed the acquisition of OPINIT LLC ("OPINIT"), holder of a mobile application, for which the Company issued 7,500,000 shares for 100% of the issued and outstanding shares of



## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

OPINIT (Note 9). Of the 7,500,000 shares, 3,500,000 shares with a fair value of \$472,500 were issued immediately and the 4,000,000 shares (the “Milestone Shares”) were subject to release restrictions whereby they were to be released upon achievement of certain milestones. A total of 2,000,000 of the Milestone Shares were to be released upon the completion of the development and release of the BETA version of the university instance desktop portal including integration feeds from OPINIT mobile application and the Foro mobile application. The remaining 2,000,000 Milestone Shares were to be released pro-rata to the Opinit Shareholders in connection with the combined user counts of both the OPINIT mobile application and the Foro Mobile Application. The Milestone Shares were valued on the date of the acquisition based on the probability that they would be realized in the future and an additional \$317,250 was recorded as an obligation to issue shares. On December 28, 2016, the total combined user count was over 300,000, accordingly, the Company released 1,000,000 Milestone Shares with a fair value of \$135,000. In addition to the shares released for the milestone, 50,000 shares with a fair value of \$2,000 were issued for advisory fees related to reaching the milestone. On November 30, 2018, the Company came to an agreement with the original Opinit Shareholders whereby it issued 1,500,000 shares with a fair value of \$182,250 pro-rata to the Opinit Shareholders to cancel any remaining milestone requirements (Note 9). This final payment reduced the obligation to issue shares by \$182,250 to \$Nil. On June 30, 2019 the OPINIT mobile application was fully impaired and the Company recorded an impairment of \$406,688.

In 2014, the Company acquired the Serum, Foro and Truth mobile applications and commenced development of the Citizen Green mobile application in 2016. By the year ended June 30, 2018, the Serum and Foro and Truth applications were fully impaired. During the year ended June 30, 2018, the Company recorded impairment of \$106,454.

During the year ended June 30, 2019, costs incurred of \$1,134,288 (2018: \$208,851) have been expensed as research and development as these costs do not meet capitalization criteria.

During the period ended March 31, 2020, costs incurred of \$10,091 (2019: \$630,413) have been expensed as research and development as these costs do not meet capitalization criteria.

### 5. Equipment

<b>Cost:</b>	
Balance, June 30, 2018, 2019 and Mar 31, 2020	\$ 7,067
<b>Accumulated depreciation:</b>	
Balance, June 30, 2018	6,111
Depreciation	504
Balance June 30, 2019	\$ 6,615
Depreciation	252
Balance Mar 31, 2019	\$ 7,067
<b>Carrying amount:</b>	
As at June 30, 2018	\$ 756
As at June 30, 2019	\$ 252
As at Mar 31, 2020	\$ -

### 6. Loan Receivable

During the year ended June 30, 2018, the Company entered into a loan agreement whereby it is committed to loan a arm’s-length party (the “Borrower”) \$4,000,000. The loan was to be used to support the marketing and listing of the Company’s proposed crypto currency token which, at the June 30, 2019, the Company is no longer pursuing. During the year ended June 30, 2019, the Company advanced \$500,000 (2018: \$3,000,000) to the Borrower. The term of the loan is one year, and the loan bears no interest prior to the maturity date and 12% per annum after the maturity date of April 6, 2019. The loan is secured by 13,636,363 shares of the Company owned by a significant shareholder. The Company determined the fair value of the \$3,000,000 advanced to be \$2,500,000 using a discount rate of 20% over the one year term of the loan. The Company expensed the discount of \$500,000 as a consulting fee during the

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

year ended June 30, 2018, and recognized interest income of \$116,438 being the amortization of the discount during the year ended June 30, 2018. During the year ended June 30, 2019, the Company advanced the Borrower an additional \$500,000. The Company determined the fair value of this portion of the loan receivable to be \$438,913 using a discount rate of 20% over the remaining term of the loan. The Company expensed the discount of \$61,088 as a consulting fee.

Upon the adoption of IFRS 9, the Company has classified the loan receivable as FVTPL as it is not held solely for purposes of principal and interest. At June 30, 2019, the fair value of the loan was estimated to be \$886,364 (2018 - \$2,616,438), based on the fair value of the underlying security. The change in the fair value of the loan of \$2,168,987 was recorded in the statement of comprehensive loss. At March 31, 2020, the fair value of the loan was estimated to be \$272,727 based on the fair value of the underlying security. The change in the fair value of the loan of \$613,637 was recorded in the statement of comprehensive loss.

### 7. Related Party Transactions

#### *Key management compensation*

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. The Company considers its Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, and directors of the Company to be key management. The Company has incurred charges during the period from directors and senior management, or companies controlled by them, for management fees, and consulting fees in the amount of \$453,346 (2019: \$538,829).

During the period ended March 31, 2020, share based compensation for key management during the period totaled \$Nil (2019: \$189,606).

At March 31, 2020, a balance of \$357,884 (2019: \$118,519) was owing to related parties and included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and due on demand.

### 8. Loan Payable

During the year ended June 30, 2017, all the short term loans and outstanding interest were renegotiated and consolidated into a single unsecured, due on demand loan. The loan bears an interest of 7% per annum. The Company paid the lender \$75,000 as an arrangement fee in connection with the re-negotiation which was recorded as reduction of the debt. During the year ended June 30, 2018, \$37,500 of the re-negotiation fee was expensed as interest. On October 30, 2018, the Company issued 600,000 units with a fair value of \$108,000 as payment towards the outstanding amount (Note 9).

Loan payable changes are as follows:

	Principal	Interest	Deferred financing	Total
Balance June 30, 2018	418,716	46,533	-	465,249
Repayments in units (Note 9)	(108,000)	-	-	(108,000)
Interest	-	28,314	-	28,314
Balance June 30, 2019	\$ 310,716	\$ 74,847	\$ -	\$ 385,563
Interest	-	20,598	-	20,598
<b>Balance March 31, 2020</b>	<b>\$ 310,716</b>	<b>\$ 95,445</b>	<b>\$ -</b>	<b>\$ 406,161</b>

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

### 9. Share Capital

#### a) Authorized

Unlimited common shares, without par value.

#### b) Issued

##### During the period ended March 31, 2020

On November 22, 2019, the Company issued 3,205,000 units at a price of five cents per unit for gross proceeds of \$160,250. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the company for a period of two years from closing at an exercise price of 8.5 cents per common share.

On November 22, 2019, the Company settled an aggregate of \$544,375 in debt through the issuance of 10,887,500 common shares, each issued at a deemed value of five cents, to various creditors of the Company.

##### During the year ended June 30, 2019

On April 5, 2019, the Company closed a non-brokered private placement of 3,662,566 units at a price of \$0.075 per unit for gross proceeds of \$274,692. Each unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company at a purchase price of \$0.135 per common share until April 5, 2021. Finders' fees in the form of cash commissions totalling \$1,575 and 21,000 non-transferable finders' warrants (issued with a fair value of \$1,150 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 1.59%, expected dividend yields – 0%, and average expected stock volatility – 138%) were paid and issued. Each finder's warrant entitles the holder to purchase one additional common share of the Company at a purchase price of \$0.135 per common share until April 5, 2021. In addition, the Company settled an aggregate of \$89,375 in debt through the issuance of 1,191,666 common shares, each issued with a fair value of \$107,250, to various creditors unrelated to the Company.

On November 30, 2018, the Company issued 1,500,000 shares pro-rata to the original OPINIT Shareholders to cancel any remaining milestone requirements (Note 4).

On November 27, 2018, the Company closed a non-brokered private placement for gross proceeds of \$81,000 whereby it issued 450,000 units at a price of \$0.18 per unit. Each financing unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share. Finders' fees in the form of cash commissions totalling \$5,670 and 31,500 non-transferable finders' warrants (issued with a fair value of \$2,500 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 2.23%, expected dividend yield – 0%, and average expected stock volatility – 138%) have been paid and issued. Each finder's warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On November 27, 2018, the Company settled an aggregate of \$124,900 in debt through the issuance of 693,890 units with a fair value of \$124,900 to various creditors, one of whom is a director and officer of the company. Each creditor unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On October 30, 2018, the Company closed a non-brokered private placement for gross proceeds of \$524,901 whereby it issued 2,916,116 units at a price of \$0.18 per unit. Each financing unit consists of one common share and one common share purchase warrant, whereby each warrant entitling the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 cents per common

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

share. Finders' fees in the form of cash commissions totalling \$31,598 and 175,544 non-transferable finders' warrants (issued with a fair value of \$19,352 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 2.31%, expected dividend yield – 0%, and average expected stock volatility – 158%) have been paid and issued. Each finder's warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On October 30, 2018, the Company settled an aggregate of \$197,500 in debt (including \$108,000 of loan payable – see Note 8) through the issuance of 1,097,222 units with a fair value of \$197,500 to various creditors, one of whom is a director and officer of the company. Each creditor unit consists of one common share and one common share purchase warrant, whereby each warrant entitles the holder to purchase one additional common share of the Company for a period of two years from closing at an exercise price of \$0.33 per common share.

On July 18, 2018, the Company closed a non-brokered private placement for 7,742,267 units at a price of \$0.21 per unit for gross proceeds of \$1,625,876. Each unit was comprised of one common share of the Company and one common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.33 cents for a period of 24 months expiring July 18, 2020. In connection with the private placement, the Company paid finders' fees of \$74,152 and issued 514,811 finders' warrants. In addition, the Company issued an aggregate of 413,813 finders' units to certain finders. Each finder's warrant has the same terms as the warrants, and each finder's unit has the same terms as the units. The Company determined the total fair value of the finders' warrants and the warrants within the finders' units to be \$103,452 according to the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 1.94%, expected dividend yield – 0%, and average expected stock volatility – 160%)

The Company issued 1,275,000 common shares for total proceeds of \$172,350 pursuant to the exercise of warrants.

The Company issued 300,000 common shares for total proceeds of \$30,000 pursuant to the exercise of stock options.

### c) Warrants

The continuity schedule of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2018	26,818,659	0.38
Issued	17,718,729	0.29
Exercised	(1,275,000)	0.14
Expired	(2,446,783)	0.15
Balance, June 30, 2019	40,815,605	\$ 0.36
Issued	3,205,000	0.085
Exercised	-	-
Expired	(19,361,876)	0.46
<b>Balance, March 31, 2020</b>	<b>24,658,729</b>	<b>\$ 0.24</b>

The following table details the warrants outstanding and exercisable at March 31, 2020:

Number of Warrants	Exercise Price	Expiry Date
8,670,891	\$0.33	July 18, 2020
4,188,882	\$0.33	October 30, 2020
1,175,390	\$0.33	November 27, 2020
3,683,566	\$0.135	April 5, 2021
900,000	\$0.30	June 2, 2021
2,835,000	\$0.10	August 11, 2022

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

3,205,000	\$0.085	November 22, 2021
<b>24,658,729</b>	<b>\$0.24</b>	

At March 31, 2020, the weighted average remaining contractual life of all warrants outstanding was 0.92 years.

### d) Share-based compensation

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant, subject to a minimum exercise price of \$0.10, and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

During the period ended March 31, 2020, the Company granted a total of Nil incentive stock options.

During the year ended June 30, 2019, the Company granted a total of 4,640,000 incentive stock options with exercise prices ranging from \$0.10 to \$0.29 for five year periods.

During the year ended June 30, 2018, the Company granted a total of 4,055,000 incentive stock options with exercise prices ranging from \$0.135 to \$0.72 for five year periods.

A continuity schedule of the Company's share purchase options is as follows:

	Options	Weighted Average Exercise Price
Balance June 30, 2018	5,850,000	0.29
Granted	4,640,000	0.14
Expired/forfeited	(1,505,000)	0.21
Exercised	(300,000)	0.10
Balance June 30, 2019	8,685,000	\$ 0.23
Granted	-	-
Expired/forfeited	(1,880,000)	0.38
Exercised	-	-
<b>Balance March 31, 2020</b>	<b>6,805,000</b>	<b>\$ 0.18</b>

Details of the Company's outstanding and exercisable stock options at March 31, 2020, is as follows:

Exercise price	Remaining contractual life (years)	Number of options outstanding	Expiry Dates
\$0.26	0.35	105,000	August 4, 2020
\$0.26	1.11	900,000	May 10, 2021
\$0.15	1.57	200,000	October 24, 2021
\$0.10	1.93	300,000	March 7, 2022
\$0.135	2.45	500,000	September 11, 2022
\$0.315	2.65	25,000	November 22, 2022
\$0.395	2.65	500,000	November 24, 2022
\$0.64	2.84	50,000	January 31, 2023
\$0.37	2.94	100,000	February 27, 2023
\$0.325	2.97	125,000	March 19, 2023
\$0.265	3.01	55,000	April 3, 2023
\$0.365	3.12	75,000	May 14, 2023
\$0.165	3.36	50,000	August 11, 2023
\$0.225	3.50	450,000	September 28, 2023
\$0.23	3.51	35,000	October 3, 2023
\$0.18	3.56	15,000	October 23, 2023

## GLOBAL CANNABIS APPLICATIONS CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

\$0.17	3.57	155,000	October 26, 2023
\$0.185	3.59	50,000	November 2, 2023
\$0.14	3.67	35,000	November 30, 2023
\$0.12	3.70	500,000	December 13, 2023
\$0.10	3.76	175,000	January 1, 2024
\$0.13	3.78	400,000	January 8, 2024
\$0.105	3.80	700,000	January 17, 2024
\$0.10	3.83	50,000	January 29, 2024
\$0.10	3.87	50,000	February 13, 2024
\$0.10	3.89	35,000	February 19, 2024
\$0.10	3.91	50,000	February 27, 2024
\$0.10	4.07	20,000	April 24, 2024
\$0.10	4.12	1,025,000	May 13, 2024
\$0.10	3.91	75,000	May 28, 2024
<b>\$0.18</b>	<b>3.24 years</b>	<b>6,805,000</b>	

During the year ended June 30, 2019, stock based compensation of \$624,940 was recognized on the grant of stock options. The weighted average grant date fair value of the options was \$0.13. The Company uses the Black-Scholes Option Pricing Model using the following weighted assumptions during this period: expected life – 4 years, average risk-free interest rate 2.89% - 1.47%, expected dividend yield – 0%, and average expected stock price volatility – 290%.

During the year ended June 30, 2018, stock based compensation of \$985,317 was recognized on the grant of stock options. The weighted average grant date fair value of the options was \$0.24. The Company uses the Black-Scholes Option Pricing Model using the following weighted assumptions during this period: expected life – 5 years, average risk-free interest rate 1.63% - 2.31%, expected dividend yield – 0%, and average expected stock price volatility – 290%.

### e) Share based payment reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or finders warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. During the year ended June 30, 2019, an amount of \$354,602 (2018 - \$nil) was allocated to warrants under this method. During the period ended March 31, 2020, \$Nil was allocated to warrants under this method.

### f) Loss per share

The calculation of basic and diluted loss per share for the nine months ended March 31, 2020, was based on the loss attributable to common shareholders of \$1,578,661 (2019: \$3,379,184) and the weighted average number of common shares outstanding of 107,281,410 (2019: 91,396,490).

## 10. Financial Risk and Capital Management

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

*Credit risk*

## **GLOBAL CANNABIS APPLICATIONS CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended March 31, 2020

(Stated in Canadian Dollars) (Unaudited)

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its loan receivable. This risk is partially managed by loan security of 13,636,363 shares of the Company and a personal guarantee from an individual related to the lender.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

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

### *Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management does not believe the Company is exposed to significant interest rate risk as cash is non interest bearing and liabilities bear interest at a fixed rate as at March 31, 2020.

### *Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

### *Fair value*

The carrying value of cash, loan accruals, accounts payable and loan payable approximate their fair value due to the relatively short-term nature of these instruments.

### *Capital Risk Management*

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the development of mobile applications. As the Company is in the preliminary stages of operations, its principal source of funds is from the issuance of common shares.

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, acquire or dispose of assets or adjust the amount of cash.

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

## **11. Subsequent Events**

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This ongoing contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company has been affected as this and it may impact future funding.