THE YIELD GROWTH CORP.

Consolidated Financial Statements

For the Years Ended November 30, 2019 and 2018

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Yield Growth Corp.

Opinion

We have audited the consolidated financial statements of The Yield Growth Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $16,020,988 and used cash of $11,974,532 for operating activities during the year ended November 30, 2019 and, as of that date, had a working capital deficit of $91,697 and a deficit of $26,121,149. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Henry Chow.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 13, 2020

THE YIELD GROWTH CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	November 30, 2019	November 30, 2018
ASSETS		
Current assets		
Cash	$ 145,140	$ 36,211
Marketable securities (Note 3)	130,614	1,811,433
Accounts receivable, net of allowance of $119,844 and $nil, respectively (Note 10)	595,892	210,529
Inventory (Note 4)	663,659	50,783
Prepaid expenses and deposits (Note 5)	348,631	454,146
Total current assets	1,883,936	2,563,102
Non-current assets		
Investment in associate (Note 6)	1,240,001	–
Equipment (Note 7)	144,363	49,243
Intangible assets (Note 8)	161,803	–
Total non-current assets	1,546,167	49,243
Total assets	$ 3,430,103	$ 2,612,345
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	$ 1,496,400	$ 364,140
Due to related parties (Note 10)	579	59,554
Deferred revenue (Notes 9 and 10)	478,654	349,858
Total current liabilities	1,975,633	773,552
Non-current liabilities		
Deferred revenue (Note 9)	175,342	509,589
Total liabilities	2,150,975	1,283,141
SHAREHOLDERS' EQUITY		
Share capital	19,277,871	5,449,968
Special warrant reserve	–	559,721
Equity reserves	7,966,429	5,420,973
Shares issuable (Note 11)	50,600	–
Accumulated other comprehensive income (loss)	(826)	836,728
Deficit	(26,121,149)	(10,938,186)
Total shareholder' equity available to The Yield Growth Corp. shareholders	1,172,925	1,329,204
Equity attributable to non-controlling interest	106,203	–
Total shareholders' equity	1,279,128	1,329,204
Total liabilities and shareholders' equity	$ 3,430,103	$ 2,612,345

Nature of operations and continuance of business (Note 1)
Commitments (Note 17)
Subsequent events (Note 20)

Approved and authorized for issuance on behalf of the Board of Directors on April 13, 2020:

/s/ "Penny White"
Director

/s/ "Spiros Margaris"
Director

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

THE YIELD GROWTH CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended November 30, 2019	2018
REVENUE		
Licensing and product sales (Notes 9 and 10)	$ 3,001,256	$ 1,957,078
Consulting (Note 10)	1,017,988	1,098,364
Total revenue	4,019,244	3,055,442
COST OF PRODUCTS AND SERVICES		
Cost of licensing and product sales	$ 438,627	$ –
Cost of consulting services	636,193	–
Total cost of products and services	1,074,820	–
Gross profit	2,944,424	3,055,442
EXPENSES		
Advertising, marketing, and media	6,586,032	885,667
Amortization and depreciation (Notes 7 and 8)	90,393	20,985
Bad debts	119,844	–
Consulting fees (Note 10)	1,416,060	1,292,735
Distribution and licensing fees	318,303	512,500
Information systems	732,738	927,564
Investor relations	430,531	3,166
Listing fees	190,024	–
Office and administrative	870,700	480,195
Product development, research, and registration	627,938	211,888
Professional fees	675,840	579,970
Share-based compensation (Notes 10 and 13)	2,728,834	3,663,470
Wages (Note 10)	1,650,270	808,659
Total expenses	16,437,507	9,386,799
Net loss before other items	(13,493,083)	(6,331,357)
OTHER ITEMS		
Impairment of loan receivable	–	(15,000)
Gain on sale of marketable securities (Note 3)	492,378	142,060
Unrealized gain (loss) on marketable securities (Note 3)	(1,480,654)	296,333
Unrealized loss on investments (Note 3)	(930,000)	–
Loss from investment in associate (Note 6)	(252,465)	(2,367,766)
Loss from termination and amendment of licensing agreements	–	(1,447,572)
Loss on foreign exchange	(19,139)	(5,653)
Gain (loss) on settlement of accounts payable (Note 11)	(338,025)	20,918
Total other items	(2,527,905)	(3,376,680)
NET LOSS FOR THE YEAR	(16,020,988)	(9,708,037)
OTHER COMPREHENSIVE INCOME (LOSS)		
Realized loss on marketable securities	–	(589,030)
Unrealized gain on marketable securities	–	836,728
Unrealized foreign exchange loss	(826)	–
Comprehensive loss for the year	$ (16,021,814)	$ (9,460,339)
Net loss attributable to:		
Shareholders of the Company	(16,019,691)	(9,708,037)
Non-controlling interest	(1,297)	–
Net loss for the year	$ (16,020,988)	$ (9,708,037)
Comprehensive loss attributable to:		
Shareholders of the Company	(16,020,517)	(9,460,339)
Non-controlling interest	(1,297)	–
Comprehensive loss for the year	$ (16,021,814)	$ (9,460,339)
LOSS PER SHARE ATTRIBUTABLE TO THE YIELD GROWTH CORP. SHAREHOLDERS, BASIC AND DILUTED	$ (0.18)	$ (0.13)
Weighted average shares outstanding used in the calculation of net loss attributable to The Yield Growth Corp. per common share	89,559,000	77,489,000

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

THE YIELD GROWTH CORP.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Share capital		Special			Accumulated other		Non-	Total
	Number of shares	Amount	warrants reserve	Equity reserves	Shares issuable	comprehensive income (loss)	Deficit	controlling interest	shareholders' equity
BALANCE, NOVEMBER 30, 2017	65,756,640	$ 3,207,920	$ –	$ 104,926	$ 40,000	$ 589,030	$ (1,230,149)	$ –	$ 2,711,727
Units issued for cash	4,219,494	883,300	–	–	(40,000)	–	–	–	843,300
Share issuance costs	–	(129,381)	–	11,902	–	–	–	–	(117,479)
Shares issued on exercise of stock options	10,785,000	1,567,074	–	(1,114,699)	–	–	–	–	452,375
Shares issued on exercise of warrants	1,580,400	197,550	–	–	–	–	–	–	197,550
Shares issued for compensation	2,000,000	300,000	–	–	–	–	–	–	300,000
Shares returned pursuant to termination of licensing agreement	(11,900,000)	(576,495)	–	–	–	–	–	–	(576,495)
Special warrant units issued for cash	–	–	578,000	–	–	–	–	–	578,000
Special warrants issued to settle accounts payable	–	–	28,350	–	–	–	–	–	28,350
Special warrant issuance costs	–	–	(46,629)	19,479	–	–	–	–	(27,150)
Fair value of stock options granted	–	–	–	3,663,470	–	–	–	–	3,663,470
Fair value of warrants issued pursuant to amendment of licensing agreement	–	–	–	2,735,895	–	–	–	–	2,735,895
Realized gain (loss) on marketable securities	–	–	–	–	–	(589,030)	–	–	(589,030)
Unrealized gain on marketable securities	–	–	–	–	–	836,728	–	–	836,728
Net loss for the year	–	–	–	–	–	–	(9,708,037)	–	(9,708,037)
BALANCE, NOVEMBER 30, 2018	72,441,534	5,449,968	559,721	5,420,973	–	836,728	(10,938,186)	–	1,329,204
Unrealized gain on investments transferred to deficit upon adoption of IFRS 9 (Note 2®)	–	–	–	–	–	(836,728)	836,728	–	–
Units issued for cash	5,731,500	2,740,750	–	–	–	–	–	–	2,740,750
Share issuance costs	–	(285,553)	–	61,478	–	–	–	–	(224,075)
Special warrant units issued for cash	–	–	4,109,326	–	–	–	–	–	4,109,326
Special warrant issuance costs	–	–	(209,379)	102,711	–	–	–	–	(106,668)
Shares issued on conversion of special warrants	15,968,869	4,568,592	(4,512,168)	–	–	–	–	–	56,424
Shares issued on exercise of stock options	1,625,000	916,746	–	(489,246)	–	–	–	–	427,500
Shares issued on exercise of warrants	6,995,509	4,706,168	–	(337,609)	–	–	–	–	4,368,559
Units issued on exercise of warrants	212,560	10,711	–	(3,367)	–	–	–	–	7,344
Shares issued for consulting services	48,256	16,407	–	–	50,600	–	–	–	67,007
Units issued for consulting services	786,743	291,611	–	80,866	–	–	–	–	372,477
Shares issued for product formulations	120,000	32,400	–	–	–	–	–	–	32,400
Units issued for product formulations	230,000	170,700	–	102,603	–	–	–	–	273,303
Units issued to settle accounts payable	1,106,048	659,371	–	299,186	–	–	–	–	958,557
Special warrants issued to settle accounts payable	–	–	52,500	–	–	–	–	–	52,500
Fair value of stock options granted	–	–	–	2,728,834	–	–	–	–	2,728,834
Unrealized foreign exchange loss	–	–	–	–	–	(826)	–	–	(826)
Net loss for the year	–	–	–	–	–	–	(16,019,691)	(1,297)	(16,020,988)
Equity attributable to non-controlling interest	–	–	–	–	–	–	–	107,500	107,500
BALANCE, NOVEMBER 30, 2019	105,266,019	$ 19,277,871	$ –	$ 7,966,429	$ 50,600	$ (826)	$ (26,121,149)	$ 106,203	$ 1,279,128

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

THE YIELD GROWTH CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended November 30, 2019	2018
OPERATING ACTIVITIES		
Net loss	$ (16,020,988)	$ (9,708,037)
Items not involving cash:		
Amortization of license	–	452,500
Consulting services paid in shares	67,007	300,000
Consulting services paid in units	372,477	–
Depreciation	90,393	20,985
Gain on sale of marketable securities	(492,378)	(142,060)
Impairment of loan receivable	–	15,000
Loss from investment in associate	252,465	2,367,766
Loss from termination and amendment of licensing agreements	–	1,447,572
Loss (gain) on settlement of accounts payable	338,025	(20,918)
Share-based compensation	2,728,834	3,663,470
Shares and warrants received for licensing and distribution rights	(2,392,466)	(2,800,000)
Units issued for product development	273,303	–
Unrealized loss on investments	930,000	–
Unrealized loss (gain) on marketable securities	1,480,654	(296,333)
Changes in non-cash operating working capital:		
Accounts receivable	(635,363)	(118,591)
Inventory	(612,876)	(91,635)
Prepaid expenses and other deposits	105,515	(248,294)
Accounts payable and accrued liabilities	1,805,292	385,329
Due to related parties	(58,975)	(178,088)
Deferred revenue	(205,451)	859,447
Net cash used in operating activities	(11,974,532)	(4,091,887)
INVESTING ACTIVITIES		
Purchase of equipment	(159,359)	(64,875)
Purchase of marketable securities	–	(500,000)
Proceeds from sale of marketable securities	912,543	1,090,997
Termination fee received on termination of licensing agreements	–	250,000
Website development costs	(155,557)	–
Net cash provided by investing activities	597,627	776,122
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	–	1,493,225
Proceeds from issuance of units	2,740,750	–
Share issuance costs	(224,075)	(117,479)
Proceeds from issuance of special warrants	4,109,326	578,000
Special warrant issuance costs	(106,668)	(27,150)
Proceeds from exercise of stock options	427,500	–
Proceeds from exercise of warrants	4,368,559	–
Proceeds from exercise of special warrants	63,768	–
Proceeds from issuance of units from subsidiary to non-controlling interest	107,500	–
Net cash provided by financing activities	11,486,660	1,926,596
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(826)	–
CHANGE IN CASH	108,929	(1,389,169)
Cash, beginning of year	36,211	1,425,380
CASH, END OF YEAR	$ 145,140	$ 36,211

Supplemental disclosures (Note 15)

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

1. Nature of Operations and Continuance of Business

The Yield Growth Corp. ("Yield Growth" or the "Company") was incorporated under the laws of the province of British Columbia, Canada, on November 28, 2014. On May 15, 2017, the Company changed its name from 1020439 B.C. Ltd. to Cannapay Financial Inc. On April 3, 2018, the Company changed its name to The Yield Growth Corp. The Company develops, licenses, and distributes cannabis, hemp, and mushroom infused wellness and beauty, beverage, and edible products at various stage of commercialization.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has incurred a net loss of $16,020,988 and used $11,974,532 of cash for operating activities during the year ended November 30, 2019. As at November 30, 2019, the Company incurred a working capital deficit of $91,697 and had an accumulated deficit of $26,121,149. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and the consolidated statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

2. Significant Accounting Policies

(a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

(b) Basis of Presentation and Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, Urban Juve Provisions Inc. ("Urban Juve"), Thrive Activations Inc. ("Thrive"), Wright & Well Essentials Inc. (formerly UJ Topicals Inc.) ("Wright & Well"), UJ Beverages Inc. ("UJ Beverages"), Yield Botanicals Inc. ("Yield Botanicals") and NeonMind Biosciences Inc. (formerly Flourish Mushroom Labs Inc.) ("NeonMind"), which were incorporated in the province of British Columbia, Canada, W&W Manufacturing Inc. (formerly Mad Wallaby Distribution Inc.) ("W&W Manufacturing"), which was incorporated in the State of California, United States, and UJ Asia Limited ("UJ Asia"), which was incorporated in Hong Kong. All inter-company balances and transactions have been eliminated on consolidation.

Non-controlling interest of 2% in NeonMind is shown as a component of equity on the consolidated statement of financial position, and the share of loss attributable to non-controlling interest is shown as a component of net loss for the year in the consolidated statement of operations and comprehensive loss.

2. Significant Accounting Policies (continued)

(b) Basis of Presentation (continued)

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

(c) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the collectability of accounts receivable, the impairment of inventory, the useful lives and carrying values of equipment and intangible assets, impairment of investments and marketable securities, deferred revenue, fair value of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements include the factors that are used in determining the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the year end of the reporting period.

Significant areas requiring the use of judgments made by management also include license and revenue contracts with multiple obligations and website development costs, which related to the development of e-commerce websites for Urban Juve and W&W Manufacturing. Management's judgment with respect to contracts with multiple performance obligations are determined based on identifying distinct goods or services and uses judgement to estimate the proportion of each distinct good or service within a contract. For website development, management will realize significant economic benefit to justify the capitalization of all costs relating to their development. All operational website costs incurred after their launch will be expensed as incurred. Urban Juve website costs are being amortized on a straight-line basis over an estimated useful life of 3 years. Website costs for the W&W Manufacturing website are not being amortized as it is not yet ready for use. Amortization will commence once the website launches.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

2. Significant Accounting Policies (continued)

(e) Marketable Securities

Marketable securities consist of a portfolio of investments and is comprised of common shares and warrants of publicly-traded companies and private companies. The fair value of common shares and warrants for publicly-traded companies have been determined by reference to public price quotations in an active market. The fair value of common shares and warrants of private companies is determined by other valuation techniques such as recent arm's-length transactions, option pricing models, or other valuation techniques commonly used by market participants. The investments in common shares and warrants are measured at fair value through profit or loss and unrealized gains and losses are recorded in the consolidated statement of operations.

(f) Equipment

Equipment consists of computer equipment, furniture, telephone equipment, lab equipment, and leasehold improvements, and is recorded at cost. The Company depreciates the cost of equipment over the following useful lives:

Computer equipment – 2 years
Furniture – 3 years
Telephone equipment – 5 years
Lab equipment – 5 years
Leasehold improvements – over the term of the lease

(g) Intangible assets

Intangible assets consist of product formulations and website development costs. Intangible assets are carried at cost less accumulated amortization and impairment and are capitalized when the costs can be measured reliably and it is probable that future economic benefits that are attributable to the asset will flow to the Company. The Company amortizes website development costs over a useful life of 3 years. Product formulations are deemed to have an indefinite useful life and will be periodically evaluated by the Company to assess whether they have a determinable useful life or whether their value has become impaired over time.

(h) Foreign Currency Translation

The Company's reporting currency is the Canadian dollar. The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its Canadian subsidiaries is the Canadian dollar, while the functional currency of its US subsidiary and Hong Kong subsidiary are the U.S. dollar and the Hong Kong dollar, respectively.

Transactions denominated in currencies other than the functional currency are translated using the exchange rate in effect on the transaction date or at the annual average rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(h) Foreign Currency Translation (continued)

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of operations items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss).

(i) Revenue

With the adoption of IFRS 15, Revenue from Contracts with Customers, effective December 1, 2018, a single 5-step model for revenue recognition was introduced. The new model for revenue recognition is based on identifying the contract with the customer, identifying the performance obligations, determining the individual transaction price, and allocating the transaction price to the individual performance obligations making up the contract. Revenue is then recognized when or as the associated performance obligations are delivered and based on the expected consideration to be received. The Company recognizes revenue in the following areas:

Licensing and product sales, which are primarily derived from sales of products on the Company's ecommerce website and through retail locations in Canada, as well as from licensing and distribution fees to companies for the right to manufacture and distribute the Company's proprietary products. The fees are outlined in an agreement and are recognized when the Company's obligations have been performed. For licenses with multiple performance obligations, the Company will identify specific distinct goods and services and will recognize income when the performance obligations for each distinct good or service has been performed.

Consulting revenue, which is derived from consulting services provided to third and related parties relating to finance, accounting and strategic management. The fees are outlined in an agreement and are recognized when the services have been performed.

The timing of revenue recognition, in accordance with IFRS 15, would be as follows:

	November 30, 2019	November 30, 2018
Goods and services transferred at a point in time	$ 3,661,993	$ 2,722,109
Goods and services transferred over time	357,251	333,333
	$ 4,019,244	$ 3,055,442

(j) Income (Loss) Per Share

Basic Income (loss) per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the year. The computation of diluted income per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. The dilutive effect of convertible securities is reflected in the diluted income per share by application of the "if converted" method. The dilutive effect of outstanding incentive stock options and their equivalents is reflected in the diluted income per share by application of the treasury stock method. As at November 30, 2019, there were 53,393,735 (2018 – 36,855,194) potentially dilutive shares outstanding.

2. Significant Accounting Policies (continued)

(k) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations. Items impacting comprehensive income (loss) includes foreign currency translation.

(l) Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(m) Financial Instruments

Non-derivative financial assets:

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Cash and accounts receivables are measured at amortized cost with subsequent impairments recognized in the consolidated statement of operations. Marketable securities and non-current investments are classified as FVTPL.

2. 2. Significant Accounting Policies (continued)

(m) Financial Instruments (continued)

Impairment:

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. The Company recorded bad debts expense based on the expected credit loss model.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-derivative financial liabilities:

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and amounts due to related parties are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in the consolidated statement of operations.

The Company has no hedging arrangements and does not apply hedge accounting.

(n) Investment in Associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Company's share of the net income or loss of the associate, less any impairment in the value of the investment or dilution of the shareholding in the investment.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of operations.

2. Significant Accounting Policies (continued)

(o) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(p) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(q) Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no material effect on the statement of financial position or the reported results of operations.

(r) Application of New and Revised Accounting Standards

i) IFRS 9 - Financial Instruments ("IFRS 9")

The Company adopted all the requirements of IFRS 9 on December 1, 2018. IFRS 9 replaces *IAS 39, Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and fair value through profit and loss (FVTPL).

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(r) Application of New and Revised Accounting Standards (continued)

i) IFRS 9 - Financial Instruments ("IFRS 9") (continued)

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification and subsequent measurement

The Company completed a detailed assessment of its financial assets and liabilities as at December 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial instrument	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	Amortized cost
Accounts receivable	Loans & receivables	Amortized cost
Marketable securities (shares)	Available-for-sale	FVTPL
Marketable securities (warrants)	Held-for-trading	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

Upon adoption of IFRS 9, the Company classified its investments at fair value through profit or loss retrospectively without restatement of comparative amounts, resulting in a reclassification of $836,728 from accumulated other comprehensive income to deficit on December 1, 2018. Future changes in the fair value of these investments will be recorded directly in the consolidated statement of operations. There was no other significant impact to the consolidated financial statements in relation to the adoption of IFRS 9.

ii) IFRS 15 - Revenue from Contracts with Customers ("IFRS 15")

On December 1, 2018, the Company adopted the requirements of IFRS 15. IFRS 15 covers principles that an entity shall apply to report useful information to users of the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Company elected to apply IFRS 15 using a full retrospective approach. The Company has completed its assessment and there was no significant impact on the recognition or measurement of the Company's revenue from customers.

(s) Accounting Standards Issued but Not Yet Effective

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are mandatory for the Company's fiscal year beginning on or after December 1, 2019, or later years.

IFRS 16 - Leases ("IFRS 16")

The Company has not early adopted this new standard and as of November 30, 2019, there is no material impact expected on the Company's consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

3. Marketable Securities and Investments

Marketable Securities

HeyBryan Media Inc.

During the year ended November 30, 2019, the Company received 1,000,000 units of HeyBryan Media Inc. ("HeyBryan"), a private company, at $0.25 per unit, as a bonus for services rendered. Each unit consisted of one common share and one share purchase warrant exercisable at $0.90 per share for a period of two years. All shares and warrants are being held as of November 30, 2019. HeyBryan commenced trading on a Canadian exchange on October 3, 2019.

Loop Insights Inc.

On February 9, 2018, the Company entered into a licensing and distribution agreement with Loop Insights Inc. ("Loop"), whereby the Company sublicensed technology to Loop for an initial term of one year. As consideration for the sublicense, the Company received 4,000,000 common shares of Loop with a fair value of $1,000,000. In addition, the Company granted Loop the non-exclusive right (the "Right") to distribute products deriving from certain ayurvedic and plant-based ingredients recipes to cannabis dispensaries in North America. As consideration for the Right, the Company received 7,200,000 common shares of Loop with a fair value of $1,800,000. On October 30, 2018, the Company entered into a Termination and Release Agreement with Loop for the termination of the licensing and distribution agreement, whereby its investment was reduced from 11,200,000 common shares to 1,500,000 common shares of Loop. The Company received a termination fee of $250,000 in cash from Loop in consideration for the return of shares. As a result of the reduced share ownership, the investment in Loop was no longer considered an associate and was reclassified to marketable securities. Pursuant to IAS 39, *"Financial Instruments: Recognition and Measurement",* the remaining 1,500,000 common shares were recognized at their fair value of $65,789 on the date that joint control was lost and was recorded as marketable securities.

During the year ended November 30, 2019, the Company sold 1,369,500 Loop shares for total proceeds of $568,945. As at November 30, 2019, the Company held 130,500 (2018 – 1,500,000) Loop shares.

Vert Infrastructure Ltd. (formerly CROP Infrastructure Corp.)

On June 11, 2018, the Company received 2,500,000 units of Vert Infrastructure Ltd. ("Vert") pursuant to a License and Distribution Agreement (Note 9). Each unit consisted of one common share and one-half of one share purchase warrant. Each share purchase warrant was exercisable into one common share at an exercise price of $0.55 per share for a period of eighteen months. The fair value of the units was allocated between the shares and warrants based on their relative fair values. On November 2, 2018, the Company exercised 1,250,000 share purchase warrants pursuant to a warrant incentive program undertaken by Vert at a reduced exercise price of $0.40 per share and received an additional 1,250,000 share purchase warrants, which are exercisable at $0.50 per share until November 2, 2020. The fair value of common shares held has been determined by reference to public price quotations in an active market. The fair value of share purchase warrants held has been determined using the Black-Scholes valuation method.

During the year ended November 30, 2018, the Company sold 2,642,000 shares for total proceeds of $988,065. During the year ended November 30, 2019, the Company sold 1,108,000 shares (2018 - 2,642,000 shares) for total proceeds of $343,598 (2018 - $988,065). The Company holds no Vert shares and a balance of 1,250,000 Vert warrants as at November 30, 2019.

(Expressed in Canadian Dollars)

3. Marketable Securities and Investments (continued)

Investments

Active Pay

During the year ended November 30, 2017, the Company purchased 300,000 units of Active Pay Distribution Inc. (“Active Pay”), a private company, at $0.10 per unit for $30,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.40 per share for a period of one year. As at November 30, 2019, the share purchase warrants have expired and the carrying value of Active Pay shares was written down to $nil.

Melorganics Hellas

On August 28, 2019, the Company received 9,000,000 units of 2699598 Ontario Corp. DBA Melorganics Hellas (“Melorganics”) pursuant to a License and Distribution Agreement (Note 9). Each unit consists of one common share and one share purchase warrant exercisable at $0.40 per share for a period of two years. All shares are being held as of November 30, 2019.

Due to change in market conditions, Melorganics has not been able to secure the funding it needs to further development of its business and has experienced delays in implementing its business objectives. There are material doubts whether the company can attain its business goals. As at November 30, 2019, the Company decided to record an unrealized loss of the full value of the 9,000,000 shares it owned in Melorganics.

	Nov. 30, 2017 fair value	Additions	Proceeds from sale	Realized gain (loss) on sale	Transfer of cost on exercise of warrants	Unrealized gain (loss) on sale	Nov. 30, 2018 fair value
Current Assets:							
Active Pay	$ 30,000	$ –	$ –	$ –	$ –	$ –	$ 30,000
Vert–Shares	–	1,253,967	(988,065)	70,648	246,033	(222,483)	360,100
Vert–Warrants	–	246,033	–	–	(246,033)	296,333	296,333
Glance	620,550	–	(102,932)	71,412	–	(589,030)	–
Loop	–	65,789	–	–	–	1,059,211	1,125,000
	$650,550	$1,565,789	$(1,090,997)	$142,060	$ –	$ 544,031	$1,811,433

	Nov. 30, 2018 fair value	Additions	Proceeds from sale	Realized gain (loss) on sale	Unrealized gain (loss)	Nov. 30, 2019 fair value
Current Assets:						
Vert–Shares	$ 360,100	$ –	$ (343,598)	$ (16,502)	$ –	$ –
Vert–Warrants	296,333	–	–	–	(296,256)	77
Loop	1,125,000	–	(568,945)	508,880	(1,041,444)	23,491
HeyBryan-Shares	–	250,000	–	–	(155,000)	95,000
HeyBryan-Warrants	–	–	–	–	12,046	12,046
	$ 1,781,433	$ 250,000	$ (912,543)	$ 492,378	$ (1,480,654)	$ 130,614
Non-current assets:						
Active Pay	30,000	–	–	–	(30,000)	–
Melorganics	–	900,000	–	–	(900,000)	–
Total	$ 1,811,433	$1,150,000	$ (912,543)	$ 492,378	$ (2,410,654)	$ 130,614

(Expressed in Canadian Dollars)

4. Inventory

	November 30, 2019	November 30, 2018
Finished goods	$ 202,520	$ 12,749
Packaging	418,253	38,034
Product samples and marketing materials	42,886	–
	$ 663,659	$ 50,783

During the year ended November 30, 2019, cost of revenues includes inventory costs of $438,627 (2018 - $nil).

5. Prepaid Expenses and Deposits

	November 30, 2019	November 30, 2018
Prepaid services	$ 85,637	$ 64,312
Deposits	262,994	389,834
	$ 348,631	$ 454,146

6. Investment in Associate

Kingdom Brands Inc. (formerly Antler Retail Inc.) ("Kingdom") makes and sells branded clothing and personal care products, leases property, and provides services to a cannabis dispensary license applicant in California.

On May 28, 2019, the Company entered into a license agreement with Kingdom's subsidiary, Kingdom Brands Management Inc. (formerly Antler Retail Holdings Inc.) ("Kingdom Management"), whereby the Company granted a perpetual non-exclusive license for 56 product formulas for THC and CBD infusion to Kingdom Management for sale in the United States. Pursuant to the license agreement, the Company received 10,000,000 common shares of Kingdom, with a fair value of $829,148, representing 8% ownership interest in Kingdom.

As the President and CEO of the Company is a director and significant shareholder of Kingdom, and the CFO of the Company is also a director and officer of Kingdom, and are actively involved with the day-to-day operations of Kingdom, the Company is deemed to have significant influence in Kingdom. Effective May 28, 2019, the Company's investment in Kingdom was accounted for as an investment in associate using the equity method.

On July 31, 2019, the Company entered into a license agreement with Kingdom, whereby the Company granted an indefinite non-exclusive license for 8 product formulas to Kingdom for sale world-wide excluding only the United States. Pursuant to the license agreement, the Company received 8,000,000 common shares of Kingdom, with a fair value of $663,318. The Company's ownership interest in Kingdom was increased to approximately 15%.

During the year ended November 30, 2019, the Company recorded its proportionate loss from Kingdom of $252,465 (2018 - $nil). The carrying value of the Company's investment in Kingdom as at November 30, 2019 was $1,240,001 (2018 - $nil).

(Expressed in Canadian Dollars)

7. Equipment

	Computer equipment	Furniture and display equipment	Telephone equipment	Lab equipment	Leasehold improvements	Total
Cost:						
Balance, November 30, 2017	$ 5,592	$ –	$ –	$ –	$ –	$ 5,592
Additions	59,905	2,592	2,378	–	–	64,875
Balance, November 30, 2018	65,497	2,592	2,378	–	–	70,467
Additions	32,055	109,747	–	13,807	3,750	159,359
Balance, November 30, 2019	97,552	112,339	2,378	13,807	3,750	229,826
Accumulated depreciation:						
Balance, November 30, 2017	239	–	–	–	–	239
Additions	20,058	648	279	–	–	20,985
Balance, November 30, 2018	20,297	648	279	–	–	21,224
Additions	40,815	20,787	475	1,927	235	64,239
Balance, November 30, 2019	61,112	21,435	754	1,927	235	85,463
Carrying amounts:						
As at November 30, 2018	$ 45,200	$ 1,944	$ 2,099	$ –	$ –	$ 49,243
As at November 30, 2019	$ 36,440	$ 90,904	$ 1,624	$ 11,880	$ 3,515	$ 144,363

8. Intangible Assets

	Product Formulations	Website Development Costs	Total
Cost:			
Balance, November 30, 2017 and 2018	$ –	$ –	$ –
Additions	32,400	155,557	187,957
Balance, November 30, 2019	32,400	155,557	187,957
Accumulated depreciation:			
Balance, November 30, 2017 and 2018	–	–	–
Additions	–	26,154	26,154
Balance, November 30, 2019	–	26,154	26,154
Carrying amounts:			
As at November 30, 2018	$ –	$ –	$ –
As at November 30, 2019	$ 32,400	$ 129,403	$ 161,803

On September 20, 2019, the Company entered into an agreement to acquire 10 formulations using wild edible mushrooms as key ingredients, and all know how and trade secrets and research and data related to the formulations. Pursuant to the agreement, the Company issued 120,000 common shares with a fair value of $32,400.

Product formulations have an indefinite useful life and are valued at fair value. The Company will periodically evaluate these assets to assess whether they have determinable useful lives or whether their value has become impaired over time.

Website development costs are related to the development of two e-commerce websites for the sale of products. Website development costs are amortized over a useful life of 3 years upon website launch.

9. License and Distribution Agreements

Vert Infrastructure Ltd. (formerly CROP Infrastructure Corp.)

On June 11, 2018, the Company entered into a license and distribution agreement with Vert Infrastructure Ltd. ("Vert"), whereby the Company granted an exclusive right to sell certain proprietary wellness products in Italy, and a license to use certain related trademarks and other intellectual property owned by the Company, for a term of 3 years. In consideration for the license and distribution rights, Vert paid an initial fee of $1,000,000 through the issuance of 2,500,000 units, with each unit consisting of one common share of Vert and one-half of one share purchase warrant. Each share purchase warrant is exercisable into one common share of Vert at an exercise price of $0.55 per share for a period of eighteen months. The agreement may be renewed for additional 1-year periods for a renewal fee of $50,000 per year, which fee shall be waived if certain distribution targets are met. The initial fee of $1,000,000 is being recognized as revenue over the 3-year term of the agreement, and as of November 30, 2019, $509,589 (2018 – $842,922) of the initial fee was included in deferred revenue which includes $333,333 (2018 - $333,333) recorded as current portion of deferred revenues and $175,342 (2018 – $509,589) recorded as non-current deferred revenues.

Nova Paths LLC

On December 19, 2018, the Company, through its wholly-owned subsidiary Wright & Well Essentials Inc., entered into a Product Distribution Agreement and Master Services Agreement with Nova Paths LLC ("Nova Paths") to manufacture and distribute its THC and CBD infused line of topical products through the state of Oregon. Pursuant to the agreements, the Company granted Nova Paths a non-exclusive license to its brand and proprietary product formulations for pain balm, analgesic pain gel, a pain patch, massage oil, capsules, and other products ("Wright & Well Line"). In addition, the Company appointed Nova Paths as its exclusive distributor for the Wright & Well Line in Oregon. Under the terms of the agreements, Nova Paths will retain a fee of 25% of the wholesale revenues from sales of Wright & Well products and pay the balance of wholesale revenue, less certain expenses, to Wright & Well Essentials Inc.

Kingdom & Kingdom Management

On May 28, 2019, the Company entered into a license agreement with Kingdom Management, whereby the Company granted a perpetual non-exclusive license for 56 product formulas for THC and CBD infusion for sale in the United States. Pursuant to the license agreement, the Company received 10,000,000 common shares of Kingdom, the parent company of Kingdom Management, with a fair value of $829,148. The Company has a right of first refusal to act as distributor, to supply CBD and to act as the manufacturer on all CBD products developed by Kingdom Management using the licensed formulas. The transaction is a related party transaction, as the President and CEO of the Company and a Director of the Company are officers and directors of Kingdom.

On July 31, 2019, the Company entered into a license agreement with Kingdom, a related party, whereby the Company granted an indefinite non-exclusive license for 8 product formulas to Kingdom for sale world-wide excluding only the United States. Pursuant to the license agreement, the Company received 8,000,000 common shares of Kingdom, with a fair value of $663,318. The Company has a right of first refusal to act as distributor, to supply CBD and to act as the manufacturer on all CBD products developed by Kingdom using the licensed formulas.

On August 14, 2019, the Company entered into a distribution agreement with Kingdom whereby the Company was granted a non-exclusive right to distribute Antler Real Men products worldwide to retailers and distribution companies for a term of 10 years. Pursuant to the distribution agreement, the Company shall receive a fee of 10% of revenues received by Kingdom from third-party distribution agreements and retail agreements for the sale of the products.

9. License and Distribution Agreements (continued)

Melorganics Hellas

On July 10, 2019, the Company entered into a distribution agreement with Melorganics, whereby the Company granted Melorganics the right to distribute the Urban Juve line of cosmetic products in Greece and Cyprus. Pursuant to the distribution agreement, Melorganics is required to make the following annual minimum purchases from the Company: $300,000 in the first full contract year, $500,000 in the second full contract year and $500,000 in the third full contract year.

On August 25, 2019, the Company entered into a license & distribution agreement with Melorganics, whereby the Company granted a non-exclusive license for 6 formulas, and know-how to manufacture products based on those formulas, to Melorganics for sale worldwide. Pursuant to this license, the Company received 9,000,000 units of Melorganics, with a fair value of $900,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.40 per share for a period of two years. $90,000 of the fee was allocated to know-how and is being recognized as revenue over one year and was determined by management based on the expected cost of consulting services plus a reasonable mark-up fee. As at November 30, 2019, $66,082 (2018 – $nil) of the fee was included in deferred revenue and is expected to be earned during the year ended November 30, 2020.

In the same agreement with Melorganics, there was a short form distribution agreement, which was superseded by a long form distribution agreement on September 25, 2019, whereby the Company granted Melorganics the exclusive right to distribute the Wright & Well brand of CBD products in Greece and Cyprus for a term of three years. Pursuant to the distribution agreement, the term of the agreement shall commence once at least 3 Wright & Well products are registered for sale within the European Union, after which $100,000 will be payable in cash or in units of Melorganics to the Company.

On November 8, 2019, the Company entered into a distribution agreement with Melorganics, whereby the Company granted Melorganics the right to distribute the Urban Juve line of cosmetic products in Romania, Bulgaria and Serbia for 3 years. Pursuant to the distribution agreement, Melorganics is required to make annual minimum purchases of $150,000 from the Company.

On November 19, 2019, the Company entered into a distribution agreement with Melorganics, whereby the Company granted Melorganics the exclusive right to distribute the NeonMind line of mushroom extract coffees in Greece, Cyprus, Romania, Bulgaria and Serbia for 3 years. Pursuant to the distribution agreement, Melorganics is required to make annual minimum purchases of $500,000 from the Company.

Organic Medical Growth OMG3 Inc.

On August 27, 2019, the Company entered into a distribution agreement with Organic Medical Growth OMG3 Inc. (“OMG3 Inc.”), whereby the Company granted OMG3 Inc. the exclusive right to distribute the Urban Juve line of cosmetic products in Colombia and Brazil for 5 years. Pursuant to the distribution agreement, OMG3 Inc. is required to make the following annual minimum purchases from the Company: $500,000 in the first contract year, $1,000,000 in the second contract year, $2,000,000 in the third contract year, and annual minimum purchase requirements shall increase by 5% each subsequent year thereafter.

On November 21, 2019, an addendum to the agreement was executed to add Costa Rica, El Salvador, Ecuador, Argentina, Panama and Peru to the territories included in the agreement.

(Expressed in Canadian Dollars)

9. License and Distribution Agreements (continued)

Peak Performance Products Inc.

On September 9, 2019, the Company entered into a distribution agreement with Peak Performance Products Inc. ("Peak Performance"), whereby the Company granted Peak Performance the exclusive right to distribute the Urban Juve line of cosmetic products in Canada for a term of 2 years.

Eurolife Brands Inc.

On November 8, 2019, the Company entered into a distribution agreement with Eurolife Brands Inc. ("Eurolife"), whereby the Company granted Eurolife the exclusive right to distribute the NeonMind line of mushroom extract coffees in Germany, Switzerland and the UK for 1 year. Pursuant to the distribution agreement, Eurolife is required to make annual minimum purchases of $3,000 from the Company.

10. Related Party Transactions

During the years ended November 30, 2019, and 2018, compensation of key management personnel and related parties were as follows:

	November 30, 2019	November 30, 2018
Consulting fees	$ 350,675	$ 1,084,287
Wages	718,966	249,424
Office and administrative	–	4,500
Share-based compensation	1,306,909	1,865,827
	$ 2,376,550	$ 3,204,038

As at November 30, 2019, the Company owed $17,189 (2018 - $22,925) to the Chief Financial Officer ("CFO") of the Company and a company controlled by the CFO of the Company, which is included in accounts payable and accrued liabilities, and is unsecured, non-interest bearing, and due on demand.

As at November 30, 2019, the Company owed $3,227 (2018 - $580), of which $2,647 (2018 - $nil) is included in accounts payable and accrued liabilities, to a former director and a company controlled by the former director of the Company, which is unsecured, non-interest bearing, and due on demand.

During the year ended November 30, 2019, the Company recognized licensing revenue of $1,492,466 (2018 - $nil) and consulting revenue of $3,564 (2018 - $2,580) from a company where the President and CEO of the Company and the CFO of the Company are officers and directors (Note 9). As at November 30, 2019, the Company had a deposit of $42,000 (2018 - $nil) for the purchase of products and a retainer of $6,525 (2018 - $6,525) from the related company, which are included in deferred revenue.

During the year ended November 30, 2019, the Company recognized consulting revenue of $1,014,424 (2018 - $762,742) from a company with common directors and officers. As at November 30, 2019, the Company was owed $41,556 (2018 - $61,739) from the related company, and the Company held a deposit of $10,000 (2018 - $10,000) from the related company, which is included in deferred revenue.

11. Share Capital

Authorized: unlimited number of common shares without par value.

During the year ended November 30, 2018, the Company completed the following transactions:

(a) The Company completed a 2-for-1 forward split of its issued and outstanding common shares. All common share amounts were retroactively restated for the forward stock split.

(b) The Company issued 200,000 common shares at $0.05 per share for proceeds of $10,000, which was included in shares issuable at November 30, 2017.

(c) The Company issued 300,000 common shares at $0.10 per share for proceeds of $30,000, which was included in shares issuable at November 30, 2017.

(d) The Company completed the following private placements:

i) The Company issued 2,689,994 units at $0.15 per unit for gross proceeds of $403,499. Each unit consisted of one common share and one share purchase warrant exercisable at $0.50 per share expiring on the earlier of one year from the date of issuance or six months from the Company's IPO closing date. In connection with the private placements, the Company paid finders' fees of $45,000.

ii) The Company issued 749,500 units at $0.40 per unit for proceeds of $299,800. Each unit consisted of one common share and one-half share purchase warrant, with each full share purchase warrant exercisable at $0.80 per share for a period of one year from the Company's IPO closing date. In connection with this share issuance, the Company paid finders' fees of $72,479 and issued 62,450 broker warrants with a fair value of $11,902. The broker warrants have the same terms as the warrants in the unit offering.

iii) The Company issued 280,000 units at $0.50 per unit for proceeds of $140,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.75 per share for a period of 18 months from the issuance date.

(e) The Company issued 10,785,000 common shares for cash proceeds of $452,375 pursuant to the exercise of stock options. The fair value of the stock options of $1,114,699 was transferred from equity reserves to share capital upon exercise.

(f) The Company issued 1,580,400 common shares for cash proceeds of $197,550 pursuant to the exercise of share purchase warrants.

(g) The Company issued 2,000,000 common shares with a fair value of $300,000 as a compensation bonus to the President and CEO of the Company.

(h) The Company cancelled 11,900,000 common shares with a carrying value of $576,495, which were surrendered by Glance pursuant to a Further Amended and Restated License Agreement.

11. Share Capital (continued)

During the year ended November 30, 2019, the Company completed the following transactions:

(i) On December 14, 2018, the Company completed its initial public offering of 4,481,500 units at $0.50 per unit for gross proceeds of $2,240,750. Each unit consisted of one common share and one warrant exercisable at $1.10 per unit until December 14, 2020. Each exercised warrant will consist of one common share and an additional warrant exercisable at $2.00 per share and expires on December 14, 2020. In connection with the IPO, the Company incurred share issuance costs of $285,553 and issued 448,150 agents' warrants with a fair value of $61,478, which are exercisable at $0.50 per share until December 13, 2020. The estimated fair value associated with the agents' warrants granted was determined using the Black-Scholes Pricing Model with the following assumptions: stock price at grant date of $0.23; an annualized volatility of 150%; an expected life of 2 years; a dividend yield of 0%; a forfeiture rate of 0%; and a risk-free rate of 2.01%.

(j) On January 25, 2019, and January 31, 2019, the Company closed a non-brokered private placement of 1,250,000 units in 2 tranches at $0.40 per unit for proceeds of $500,000. Each unit consists of one common share and one share purchase warrant exercisable at $0.50 per share for a period of six months.

(k) The Company issued 1,625,000 common shares for proceeds of $427,500 pursuant to the exercise of stock options. The fair value of the stock options of $489,246 was transferred from equity reserves to share capital upon exercise.

(l) The Company issued 6,995,509 common shares for proceeds of $4,368,559 pursuant to the exercise of share purchase warrants and agents' warrants. The fair value of the warrants of $337,609 was transferred from equity reserves to share capital upon exercise.

(m) The Company issued 212,560 units for proceeds of $7,344 pursuant to the exercise of finder's warrants. Each unit consisted of one common share and one warrant exercisable at $0.35 per share for a period of two years from the date of issuance of the original finder's warrants. The fair value of the warrants of $3,367 was transferred from equity reserves to share capital upon exercise.

(n) The Company issued 15,968,869 common shares pursuant to the conversion of 15,968,869 special warrants. The fair value of the warrants of $4,512,168 was transferred from special warrants reserve to share capital upon conversion.

(o) The Company issued the following in exchange for services:

  i) The Company issued 48,256 shares to a service provider in exchange for services with fair value of $16,407.

  ii) The Company issued 28,720 units to service providers in exchange for services with fair value of $20,104. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.80 per share for a period of six months.

  iii) The Company issued 200,000 units to a service provider in exchange for services with fair value of $114,289. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.34 per share for a period of five years. Pursuant to the same service agreement, the Company shall pay a bonus of 30,000 shares with a fair value of $50,600 that have not been issued.

11. Share Capital (continued)

iv) The Company issued 310,293 units to service providers in exchange for services with fair value of $105,500. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.40 per share for a period of six months.

v) The Company issued 26,250 units to a service provider in exchange for services with fair value of $10,500. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.50 per share for a period of six months.

vi) The Company issued 5,375 units to a service provider in exchange for services with fair value of $3,333. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.62 per share for a period of one year.

vii) The Company issued 117,532 units to service providers in exchange for services with fair value of $42,838. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.40 per share for a period of one year.

viii) The Company issued 32,258 units with a fair value of $31,024 to employees in exchange for services. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.62 per share for a period of one year.

ix) The Company issued 40,000 units with a fair value of $29,725 to employees in exchange for services. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.57 per share for a period of one year.

x) The Company issued 26,315 units with a fair value of $15,164 to employees in exchange for services. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.40 per share for a period of one year.

xi) The Company issued 200,000 units to service providers in exchange for services with fair value of $251,008. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.60 per share for a period of one year.

xii) The Company issued 30,000 units to service providers in exchange for services with fair value of $22,295. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.57 per share for a period of one year.

(p) The Company issued the following for acquisition of assets:

i) The Company issued 120,000 shares with fair value of $32,400 for the acquisition of formulations using wild edible mushrooms as key ingredients, and all know-how and trade secrets and research and data related to the formulations (Note 8).

11. Share Capital (continued)

(q) The Company issued the following to settle accounts payable:

i) The Company issued 131,250 units with a fair value of $85,546 to settle debt of $52,500, resulting in a loss on settlement of debt of $33,046. Each unit consisted of one common share and one share purchase warrant exercisable at $0.50 per share for a period of six months.

ii) The Company issued 288,128 units with a fair value of $294,659 to settle debt of $201,690, resulting in a loss on settlement of debt of $92,969. Each unit consisted of one common share and one share purchase warrant exercisable at $0.80 per share for a period of six months.

iii) The Company issued 178,532 units with a fair value of $187,538 to settle debt of $98,193, resulting in a loss on settlement of debt of $89,345. Each unit consisted of one common share and one share purchase warrant exercisable at $0.70 per share for a period of one year.

iv) The Company issued 93,850 units with a fair value of $82,923 to settle debt of $61,003, resulting in a loss on settlement of debt of $21,920. Each unit consisted of one common share and one share purchase warrant exercisable at $0.70 per share for a period of six months.

v) The Company issued 414,288 units with a fair value of $307,889 to settle debt of $207,144, resulting in a loss on settlement of debt of $100,745. Each unit consisted of one common share and one share purchase warrant exercisable at $0.57 per share for a period of one year.

12. Share Purchase Warrants

Special Warrants

On July 9, 2018, the Company closed a non-brokered private placement of 260,000 units at $0.50 per unit for proceeds of $130,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $1.00 per share for a period of two years from the date of the issuance. Pursuant to the private placement, the Company paid a finder's fee of $8,000 and issued 16,000 finders' warrants with a fair value of $5,739, which are exercisable at $0.50 per unit for a period of two years. The estimated fair value associated with the finder's warrants granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.50; an annualized volatility of 150%; an expected life of 2 years; no expected dividends or forfeitures; and a risk-free rate of 2.05%. Each unit of finders' warrants consisted of one special warrant and one warrant, both with the same terms as those offered in the private placement.

On July 9, 2018, the Company issued 56,700 units at $0.50 per unit to settle accounts payable of $28,350. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $1.00 per share for a period of two years from the date of the issuance.

12. Share Purchase Warrants (continued)

On July 18, 2018, the Company closed a non-brokered private placement of 175,000 units at $0.50 per unit for proceeds of $87,500. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $1.00 per share for a period of two years from the date of the issuance. Pursuant to the private placement, the Company paid a finder's fee of $8,750 and issued 17,500 finders' warrants with a fair value of $6,276, which are exercisable at $0.50 per unit for a period of two years. The estimated fair value associated with the finder's warrants granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.50; an annualized volatility of 150%; an expected life of 2 years; no expected dividends or forfeitures; and a risk-free rate of 2.03%. Each unit of finders' warrants consisted of one special warrant and one warrant, both with the same terms as those offered in the private placement.

On July 20, 2018, the Company closed a non-brokered private placement of 212,000 units at $0.50 per unit for proceeds of $106,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $1.00 per share for a period of two years from the date of the issuance. Pursuant to the private placement, the Company paid a finder's fee of $200 and issued 400 finders' warrants with a fair value of $143, which are exercisable at $0.50 per unit for a period of two years. The estimated fair value associated with the finder's warrants granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.50; an annualized volatility of 150%; an expected life of 2 years; no expected dividends or forfeitures; and a risk-free rate of 2.16%. Each unit of finders' warrants consisted of one special warrant and one warrant, both with the same terms as those offered in the private placement.

On July 26, 2018, the Company closed a non-brokered private placement of 259,000 units at $0.50 per unit for proceeds of $129,500. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $1.00 per share for a period of two years from the date of the issuance. Pursuant to the private placement, the Company paid a finder's fee of $200 and issued 400 finders' warrants with a fair value of $144, which are exercisable at $0.50 per unit for a period of two years. The estimated fair value associated with the finder's warrants granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.50; an annualized volatility of 150%; an expected life of 2 years; no expected dividends or forfeitures; and a risk-free rate of 2.06%. Each unit of finders' warrants consisted of one special warrant and one warrant, both with the same terms as those offered in the private placement.

12. Share Purchase Warrants (continued)

On August 3, 2018, the Company closed a non-brokered private placement of 250,000 units at $0.50 per unit for proceeds of $125,000. Each unit consisted of one special warrant and one warrant. Each special warrant entitles the holder to acquire, without additional payment, one common share on the earlier of: (a) the first business day following the day on which a receipt for the final prospectus has been issue by or on behalf of the last of the securities regulatory authorities in the Provinces of British Columbia and Alberta; and (b) the third anniversary of the date of issuance of the special warrants. Each warrant is exercisable to purchase one common share of the Company at $1.00 per share for a period of two years from the date of the issuance. Pursuant to the private placement, the Company paid a finder's fee of $10,000 and issued 20,000 finders' warrants with a fair value of $7,177, which are exercisable at $0.50 per unit for a period of two years. The estimated fair value associated with the finder's warrants granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.50; an annualized volatility of 150%; an expected life of 2 years; no expected dividends or forfeitures; and a risk-free rate of 2.16%. Each unit of finders' warrants consisted of one special warrant and one warrant, both having the same terms as those sold in the placement.

On August 7, 2019, the Company issued 5,914,933 special warrants at a price of $0.30 per special warrant for proceeds of $1,774,480. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share and one share purchase warrant exercisable at $0.35 per share for a period of two years. Pursuant to the special warrant issuance, the Company paid finder's fees of $80,448 and issued 268,160 finder's options with a fair value of $84,554. Each finder's option is exercisable without payment of additional consideration for one finder's warrant, exercisable at $0.30 per unit for a period of two years. The estimated fair value associated with the finder's options granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.42; an annualized volatility of 150%; an expected life of 2 years; no expected dividends or forfeitures; and a risk-free rate of 1.35%. The units and finder's warrants were qualified for distribution on August 15, 2019, and were issued upon the deemed exercise of these special warrants and finder's options.

On August 29, 2019, the Company issued 1,707,332 special warrants at a price of $0.30 per special warrant for proceeds of $512,200. Each special warrant is exercisable without payment of additional consideration for one unit, where each unit consists of one common share and one share purchase warrant exercisable at $0.35 per share for a period of two years. Pursuant to the special warrant issuance, the Company paid finder's fees of $20,070 and issued 66,900 finder's options with a fair value of $14,926. Each finder's option is exercisable without payment of additional consideration for one finder's warrant, exercisable at $0.30 per unit for a period of two years. The estimated fair value associated with the finder's options granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.31; an annualized volatility of 150%; an expected life of 2 years; no expected dividends or forfeitures; and a risk-free rate of 1.24%. The units and finder's warrants were qualified for distribution on September 6, 2019, and were issued upon the deemed exercise of these special warrants and finder's options.

On September 13, 2019, the Company issued 1,400,000 special warrants at a price of $0.25 per special warrant for proceeds of $350,000. Each special warrant is exercisable without payment of additional consideration for one unit, where each unit consists of one common share and one share purchase warrant exercisable at $0.37 per share for a period of two years. The units were qualified for distribution on September 20, 2019, and were issued upon the deemed exercise of these special warrants.

(Expressed in Canadian Dollars)

12. Share Purchase Warrants (continued)

On September 30, 2019, the Company issued 2,090,500 special warrants at a price of $0.25 per special warrant for total proceeds of $522,625. Each special warrant is exercisable without payment of additional consideration for one unit, where each unit consists of one common share and one share purchase warrant exercisable at $0.30 per share for a period of two years. The units were qualified for distribution on October 11, 2019, and were issued upon the deemed exercise of these special warrants.

On November 1, 2019, the Company issued 1,833,404 special warrants at a price of $0.30 per special warrant for total proceeds of $550,021. Each special warrant is exercisable without payment of additional consideration for one unit, where each unit consists of one common share and one share purchase warrant exercisable at $0.33 per share for a period of one year. Pursuant to the special warrant issuance, the Company paid finder's fees of $6,150 and issued 20,500 finder's options with a fair value of $3,231. Each finder's option is exercisable without payment of additional consideration for one finder's warrant, exercisable at $0.30 per unit for a period of one year. The estimated fair value associated with the finder's options granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.29; an annualized volatility of 150%; an expected life of 1 year; a dividend yield of 0%; a forfeiture rate of 0%; and a risk-free rate of 1.69%. The units and finder's warrants were qualified for distribution on November 8, 2019, and were issued upon the deemed exercise of these special warrants and finder's options.

On November 19, 2019, the Company issued 1,600,000 special warrants at a price of $0.25 per special warrant for total proceeds of $400,000, and 210,000 special warrants to settle debt of $52,500. Each special warrant is exercisable without payment of additional consideration for one unit, where each unit consists of one common share and one share purchase warrant exercisable at $0.30 per share for a period of one year. The units were qualified for distribution on November 22, 2019, and were issued upon the deemed exercise of these special warrants.

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2017	23,983,320	$ 0.37
Issued	10,974,194	0.58
Exercised	(1,580,400)	0.13
Expired	(4,882,920)	0.13
Balance, November 30, 2018	28,494,194	$ 0.53
Issued	23,626,730	0.51
Exercised	(7,208,069)	0.61
Expired	(5,116,948)	2.69
Balance, November 30, 2019	39,795,907	$ 1.25

(Expressed in Canadian Dollars)

12. Share Purchase Warrants (continued)

As at November 30, 2019, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price		Expiry date
437,200	$	0.80	December 14, 2019
11,600,828	$	3.00*	December 14, 2019*
200,000	$	0.60	February 5, 2020
178,532	$	0.70	April 12, 2020
37,633	$	0.62	May 7, 2020
484,288	$	0.57	May 31, 2020
91,219	$	0.40	June 7, 2020
16,000	$	0.50	July 9, 2020
316,700	$	1.00	July 9, 2020
52,628	$	0.40	July 10, 2020
17,500	$	0.50	July 18, 2020
175,000	$	1.00	July 18, 2020
400	$	0.50	July 20, 2020
212,000	$	1.00	July 20, 2020
400	$	0.50	July 26, 2020
259,000	$	1.00	July 26, 2020
20,000	$	0.50	August 3, 2020
250,000	$	1.00	August 3, 2020
20,500	$	0.30	October 30, 2020
1,833,404	$	0.33	October 30, 2020
1,810,000	$	0.30	November 19, 2020
193,350	$	0.50	December 13, 2020
4,481,500	$	1.10	December 13, 2020
6,060,593	$	0.35	August 7, 2021
122,500	$	0.30	August 7, 2021
1,774,232	$	0.35	August 30, 2021
1,400,000	$	0.37	September 13, 2021
2,090,500	$	0.30	October 7, 2021
5,460,000	$	0.50	October 30, 2023
200,000	$	0.34	January 3, 2024
39,795,907			

** On October 9, 2018, the Company's Board of Directors approved to extend certain warrants that were expected to expire prior to the IPO date to 12 months after the date of IPO. The Company completed its IPO on December 14, 2018. As a result, the term was extended to 1 year from the closing date of the IPO and the exercise price was amended, as follows: If exercised after the original expiry date and within seven days after the IPO, the exercise price is adjusted to $0.50 per share; If exercised later than 7 days following the IPO Date and within two months after the IPO Date, the price is adjusted to $0.70 per share; If exercised beyond two months and within four months after the IPO Date, the price is adjusted to $1.20 per share; and If exercised beyond four months and within twelve months of the IPO Date, the price is adjusted to $3.00 per share.*

(Expressed in Canadian Dollars)

13. Stock Options

On May 15, 2017, the Company adopted an incentive stock option plan. Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees, and consultants of the Company. The terms of the granted stock options as well as the vesting conditions are at the sole discretion of the directors.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
Outstanding, November 30, 2017	5,510,000	$ 0.06
Granted	14,603,500	0.24
Exercised	(10,785,000)	0.04
Expired/cancelled	(967,500)	0.34
Outstanding, November 30, 2018	8,361,000	$ 0.36
Granted	9,706,828	0.52
Exercised	(1,625,000)	0.26
Expired/cancelled	(2,845,000)	0.46
Outstanding, November 30, 2019	13,597,828	0.46
Exercisable, November 30, 2019	10,631,289	$ 0.46

Additional information regarding stock options outstanding and exercisable as at November 30, 2019, is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
$ 0.10	400,000	400,000	2.89
$ 0.15	750,000	750,000	3.11
$ 0.23	1,390,000	1,105,000	4.05
$ 0.25	118,500	18,500	4.69
$ 0.27	40,000	-	4.79
$ 0.28	336,000	-	5.00
$ 0.31	70,000	51,667	4.57
$ 0.34	600,000	100,000	4.90
$ 0.38	620,000	51,667	4.63
$ 0.40	3,540,000	3,540,000	3.25
$ 0.50	65,000	65,000	3.64
$ 0.51	270,000	210,000	4.11
$ 0.57	125,028	20,838	4.45
$ 0.58	1,000,000	1,000,000	4.48
$ 0.62	1,673,000	1,271,750	4.24
$ 0.69	600,000	600,000	4.42
$ 0.70	356,800	164,200	4.38
$ 0.73	233,500	150,167	4.27
$ 0.78	1,410,000	1,132,500	4.23
	13,597,828	10,631,289	3.96

(Expressed in Canadian Dollars)

13. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended November 30, 2019, the Company recognized share-based compensation expense of $2,728,834 (2018 - $3,663,470) in equity reserves, of which $1,306,909 (2018 - $1,865,830) pertains to directors and officers of the Company. The weighted average fair value of options granted during the year ended November 30, 2019, was $0.52 (2018 - $0.63) per share. The weighted average share price for stock options exercised was $0.26 (2018 - $0.04). Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2019	2018
Risk-free interest rate	1.57%	2.03%
Dividend yield	0%	0%
Expected volatility	144%	150%
Expected life (years)	4.79	4.71

As at November 30, 2019, there was $513,960 (2018 - $170,810) of unrecognized share-based compensation related to unvested stock options.

14. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative 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 defines capital to include its working capital position, share capital, special warrant reserve, and equity reserves.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended November 30, 2019. The Company is not subject to externally imposed capital requirements.

15. Supplemental Disclosures

	November 30, 2019	November 30, 2018
Non-cash investing and financing activities:		
Fair value of broker's warrants issued as finder's fees	$ 164,189	$ 31,381
Units issued for settlement of accounts payable	958,557	–
Special warrants issued for settlement of accounts payable	52,500	28,350
Shares returned pursuant to termination of licensing agreement	–	(576,495)
Warrants issued pursuant to amendment of licensing agreement	–	2,735,895
Shares received for settlement of accounts receivable	250,000	–
Shares issued for intangible assets	32,400	–
Reclassification of equity reserves for exercise of options and warrants	830,222	1,114,699

16. Financial Instruments and Risk Management

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at November 30, 2019, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance November 30, 2019
Marketable securities	$118,491	$12,123	–	$130,614
Investment in associate	–	$1,240,001	–	$1,240,001
	$118,491	$1,252,124	–	$1,370,615

The fair values of other financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to accounts receivable. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada, and has no other significant concentration of credit risk arising from operations. Accounts receivable is primarily comprised of trade accounts receivable and harmonized sales tax due from the Canadian government. For accounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars:

	2019 USD	2018 USD
Cash	$ 5,633	$ 5,705
Accounts payable and accrued liabilities	(237,126)	(22,785)
Net exposure	$ (231,493)	$ (17,080)
Canadian dollar equivalent	$ (307,631)	$ (22,724)

A 10% change in the foreign exchange rate of US dollars is not expected to have a material impact on the consolidated financial statements. The Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

(Expressed in Canadian Dollars)

16. Financial Instruments and Risk Management (continued)

Price Risk

The Company is exposed to price risk with respect to its marketable securities, which consists of common shares and warrants held in publicly-traded companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

17. Commitments

The Company has entered into multiple non-cancellable binding purchase orders for operational items that have yet to be fulfilled as of November 30, 2019, as well as various agreements for warehousing, marketing & investor relations, and consulting. The Company's annual contractual commitments for the next five years related to these items are as follows:

	Payments Due by Period				
	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Purchase Commitments	$ 86,596	$ –	$ –	–	$ 86,596
Services Contracts	90,468	15,000	–	–	105,468
Rental Lease	100,477	185,096	30,849	–	316,422
	$ 277,541	$ 200,096	$ 30,849	–	$ 508,486

Other Commitments:

On September 2, 2017, the Company’s wholly-owned subsidiary, Urban Juve, entered into an Asset Purchase and Distribution Agreement whereby Urban Juve was granted exclusive and international distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for twenty years and will be automatically renewed for twenty additional years unless terminated by the parties. As consideration for the distribution rights, the Company issued 3,600,000 common shares with a fair value of $180,000, paid an initial payment of $6,000 on the effective date of the agreement, and paid a second payment of $30,000 upon completion of the initial public offering by the Company. Urban Juve will also pay a royalty fee of 10% of the net revenues from the sale of any products under the agreement.

On September 2, 2017, in conjunction with the Asset Purchase and Distribution Agreement, Urban Juve entered into a consulting agreement with the same supplier whereby the supplier would create new products specifically for Urban Juve and provide consulting services on an ongoing basis. The term of the agreement is two years and will be automatically renewed for one additional year unless terminated by the parties. In consideration for the consulting services, Urban Juve will pay consulting fees of $5,000 per month, which will increase to $10,000 per month upon Urban Juve achieving $40,000 in monthly net revenues on the sale of the products.

On December 30, 2017, Urban Juve entered into an Asset Purchase and Distribution Agreement whereby Urban Juve would be granted exclusive Canadian distribution rights to various plant and root-based products developed by a supplier. The term of the agreement is for twenty years and will be automatically renewed for twenty additional years unless terminated by the parties. As consideration for the distribution rights, the Company paid $50,000 on the effective date of the agreement. Urban Juve will also pay a royalty fee of 10% of the net revenues (as defined in the agreement) from the sale of any products under the agreement.

(Expressed in Canadian Dollars)

18. Segmented Information

The Company has two reporting segments: Licensing and Product Sales, and Consulting. Licensing and Product Sales are aggregated as one segment as they are focused around the same product line and share similar economic characteristics. Performance is measured based on operating income (loss) and net income (loss) before taxes, as management believes that this information is the most relevant in evaluating the results of the operating segments relative to other entities that operate within these industries. Operating income (loss) is calculated as revenue less operating expenses. The Company reports activities not directly attributable to an operating segment under Corporate.

The following is a summary of the Company's results by operating segment for the years ended November 30, 2019 and 2018:

	Licensing and product sales	Consulting	Corporate and product development	Total
For the year ended November 30, 2019:				
Revenue	$ 3,001,256	$ 1,017,988	$ –	$ 4,019,244
Net income (loss) before taxes	(1,556,969)	232,210	(14,696,229)	(16,020,988)
As at November 30, 2019:				
Total assets	2,502,044	154,445	773,614	3,430,103
Total liabilities	1,088,964	28,102	1,033,909	2,150,975

	Licensing and product sales	Consulting	Corporate and product development	Total
For the year ended November 30, 2018:				
Revenue	$ 1,957,078	$ 1,098,364	$ –	$ 3,055,442
Net income (loss) before taxes	(33,336)	271,726	(9,946,427)	(9,708,037)
As at November 30, 2018:				
Total assets	1,023,538	84,905	1,503,902	2,612,345
Total liabilities	979,603	156,759	146,779	1,283,141

Significant customers

For the year ended November 30, 2019, the Company had two significant customers in the licensing and product sales segment and one significant customer in the consulting segment, comprising 37%, 21% and 25% of the Company's total revenue respectively.

As at November 30, 2019, the Company had one accounts receivable balance relating to the licensing and product sales segment, and one accounts receivable balance relating to the consulting segment, comprising 71% and 20% of the Company's total accounts receivable from customers respectively.

(Expressed in Canadian Dollars)

18. Segmented Information (continued)

For the year ended November 30, 2018, the Company had one customer in the licensing and product sales segment and one customer in the consulting segment, comprising of 59% and 25% of the Company's total revenue respectively. As at November 30, 2018, the Company had one accounts receivable balance relating to the consulting segment, comprising 87% of the Company's accounts receivable from customers.

19. Income Taxes

The Company is subject to Canadian federal and provincial tax at the rate of 27% (2018 – 26.92%). The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2019	2018
Net loss	$ 16,020,988	$ (9,708,037)
Statutory income tax rate	27%	26.9%
Income tax provision at statutory rate	$ (4,325,667)	$ (2,613,080)
Tax effect of:		
Change in enacted tax rates	31,232	(2,406)
Permanent differences and other	603,482	1,838,217
Change in unrecognized deferred income tax assets	3,690,953	777,269
Income tax provision	$ –	$ –

The significant components of deferred income tax assets and liabilities are as follows:

	2019	2018
Deferred income tax assets		
Non-capital losses carried forward	$ 4,003,822	$ 1,278,642
Marketable securities and investments	292,143	–
Investment in associates	68,166	–
Equipment	331,469	6,434
Share issuance costs	106,211	48,250
Total gross deferred income tax assets	$ 4,801,811	$ 1,333,326
Deferred income tax liabilities		
Marketable securities and investments	–	(222,468)
	4,801,811	1,110,858
Unrecognized deferred income tax assets	(4,801,811)	(1,110,858)
Net deferred income tax assets	$ –	$ –

As at November 30, 2019, the Company has non-capital losses carried forward of $14,944,639 which are available to offset future years' taxable income. These losses expire as follows:

Year of expiry	Non-capital loss carryforward
2034	$ 352
2035	67
2036	45
2037	492,253
2038	3,582,052
2039	10,869,870
	$ 14,944,639

20. Subsequent Events

(a) Subsequent to November 30, 2019, the Company closed the following special warrant tranches:

i) On December 6, 2019, the Company issued 1,262,500 special warrants at a price of $0.20 per special warrant for aggregate proceeds of $252,500. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.25 for a period of six months from the date of issuance for an additional common share of the Company. These units were qualified for distribution upon the deemed exercise of the special warrants on December 10, 2019.

ii) On December 20, 2019, the Company issued 1,731,291 special warrants at a price of $0.25 per special warrant for aggregate proceeds of $432,823. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.265 for a period of one year from the date of issuance for an additional common share of the Company. These units were qualified for distribution upon the deemed exercise of the special warrants on December 30, 2019.

iii) On January 3, 2020, the Company issued 2,483,332 special warrants at a price of $0.15 per special warrant for aggregate proceeds of $372,500. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.195 for a period of six months from the date of issuance for an additional common share of the Company. These units were qualified for distribution upon the deemed exercise of the special warrants on January 9, 2020.

iv) On February 6, 2020, the Company issued 226,071 special warrants at a price of $0.28 per special warrant for aggregate proceeds of $63,300. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.29 for a period of one year from the date of issuance for an additional common share of the Company. These units were qualified for distribution upon the deemed exercise of the special warrants on February 11, 2020.

v) On February 14, 2020, the Company issued 1,363,300 special warrants at a price of $0.20 per special warrant for aggregate proceeds of $272,660. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.26 for a period of 16 months from the date of issuance for an additional common share of the Company. These units were qualified for distribution upon the deemed exercise of the special warrants on February 20, 2020.

vi) On March 6, 2020, the Company issued 3,840,625 special warrants at a price of $0.16 per special warrant for aggregate proceeds of $614,500. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.20 for a period of nine months from the date of issuance for an additional common share of the Company. These units were qualified for distribution upon the deemed exercise of the special warrants on March 11, 2020.

vii) On April 2, 2020, the Company issued 5,000,000 special warrants at a price of $0.10 per special warrant for aggregate proceeds of $500,000. Each special warrant is exercisable without payment of additional consideration for one unit of the Company, where each unit consists of one common share of the Company and one share purchase warrant exercisable at $0.13 for a period of one year from the date of issuance for an additional common share of the Company. These units were qualified for distribution upon the deemed exercise of the special warrants on April 7, 2020.

20. Subsequent Events (continued)

(b) Subsequent to November 30, 2019, the Company granted the following stock options:

i) The Company granted 150,000 stock options to an employee and a consultant, which are exercisable at $0.245 per share for a period of five years. The stock options are subject to a 4 month hold period and vest every 3 months thereafter for a period of 2 years in 8 equal tranches.

ii) The Company granted 1,300,000 stock options to officers of the Company, which are exercisable at $0.195 per share for a period of five years. The stock options vest every quarter over 2.5 years in 10 equal tranches, with the first tranche to vest 4 months after the grant date.

iii) The Company granted 400,000 stock options to a director of the Company, which are exercisable at $0.28 per share for a period of five years. The stock options have a vesting schedule of 25% at 4 months, 6 months, 9 months and 12 months after the grant date.

iv) The Company granted 100,000 stock options to an employee, which are exercisable at $0.28 per share for a period of five years. The stock options vest over 30 months in 10 equal tranches commencing 4 months after the grant date.

v) The Company granted 200,000 stock options to a consultant, which are exercisable at $0.285 per share for a period of five years. 100% of the stock options vest 4 months after the grant date.

vi) The Company granted 50,000 stock options to an employee, which are exercisable at $0.21 per share for a period of five years. The stock options vest over 30 months in 10 equal tranches commencing 4 months after the grant date.

vii) The Company granted an aggregate of 1,180,000 stock options to its directors, officers, employees and consultants, which are exercisable at $0.21 per share for a period of five years. The stock options fully vest 4 months after the grant date.

viii) The Company granted 100,000 stock options to a consultant, which are exercisable at $0.205 per share for a period of five years. The stock options vest over 8 equal quarters, commencing 4 months after the grant date.

ix) The Company granted 100,000 stock options to an employee, which are exercisable at $0.205 per share for a period of five years. 20% of the stock options vest 6 months after the grant date, and 10% in each quarter thereafter.

(c) Subsequent to November 30, 2019, the Company closed a private placement for 1,000,000 units of the Company at a price of $0.25 per unit for gross proceeds of $250,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.265 per share for a period of 12 months from the date of issuance.

(d) Subsequent to November 30, 2019, a new wholly-owned subsidiary, Jack N Jane Essentials Inc. (“Jack N Jane”), was incorporated in the province of British Columbia, Canada.

20. Subsequent Events (continued)

(e) The following events were subsequent to November 30, 2019 and relate to the Company's subsidiary, NeonMind:

i) NeonMind closed private placements totalling 12,076,500 units at a price of $0.05 per unit for aggregate proceeds of $603,825. Each unit consisted of one common share and one share purchase warrant exercisable at $0.50 per share for a period of two years from the date of issuance. In connection with the private placements, NeonMind paid total finder's fees of $52,233 and issued 1,044,650 finder's warrants exercisable at $0.05 per share for a period of two years.

ii) NeonMind closed multiple private placements for a total of 537,500 units at a price of $0.08 per unit for aggregate proceeds of $43,000. Each unit consists of one common share and one share purchase warrant exercisable at $0.40 per share for a period of two years from the date of issuance.

iii) NeonMind granted 1,100,000 stock options to an advisor, officer and employee. The options are exercisable at $0.05 per share for a period of five years, and vest immediately.

iv) NeonMind granted 10,000,000 stock options to its directors, which are exercisable at $0.02 per share for a period of five years. The stock options will vest on the earlier of: (a) $1,000,000 in financing being completed by NeonMind, or, (b) a preliminary prospectus being filed for NeonMind.

v) NeonMind granted 1,000,000 stock options to its officers, which are exercisable at $0.05 per share for a period of five years. The stock options vest every 3 months over a 30 month period in 10 equal tranches.

vi) NeonMind granted 100,000 stock options to an advisor. The options are exercisable at $0.10 per share for a period of five years, and vest immediately.

vii) NeonMind issued 210,000 units with a fair value of $10,500 to an officer in exchange for consulting services. Each unit consisted of one common share and one share purchase warrant exercisable at $0.50 per share for a period of two years from the date of issuance.

viii) NeonMind acquired 5,825,000 common shares of Translational Life Sciences Inc. ("TLS"), which makes up approximately 18% of TLS, in exchange for 15,000,000 units of NeonMind. Each unit consisted of one common share and one share purchase warrant exercisable at $0.50 per share for a period of two years from the date of issuance.

ix) NeonMind entered into a license agreement with Kingdom, whereby NeonMind granted Kingdom the rights to use and sublicense its mushroom extract manufacturing technology in the United States, in exchange for $500,000, payable in 5,000,000 common shares of Kingdom.