WEEKEND UNLIMITED INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2018

(Expressed in United States Dollars)

NOTICE TO READER

The unaudited condensed consolidated interim financial statements of Weekend Unlimited Inc. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

WEEKEND UNLIMITED INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT
(Expressed in United States Dollars)

	Note	December 31, 2018	September 30, 2018
ASSETS			
Current			
Cash		$ 2,746,007	$ 3,796,603
Receivables		22,500	-
Loans receivable	*6*	4,271,452	3,408,750
Prepaid expenses		271,620	92,090
Current assets held for disposition	*13*	468,515	469,164
		7,780,094	7,766,607
Non-Current			
Property, and equipment	*7*	1,098,717	1,008,001
Goodwill, intangible assets, and other non-current assets	*8*	3,629,888	-
Total assets		$ 12,508,699	$ 8,774,608
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		$ 302,698	$ 112,605
Due to related party	*15*	-	672,750
Current liabilities held for disposition	*13*	449,608	452,378
Total liabilities		752,306	1,237,733
Equity			
Share capital	*14*	27,730,482	13,681,654
Reserves	*14*	5,058,172	605,589
Non-controlling interest		688,156	(12,067)
Deficit		(21,720,417)	(6,738,301)
Total equity		11,756,393	7,536,875
Total liabilities and equity		$ 12,508,699	$ 8,774,608

Nature and continuance of operations (Note 1)
Acquisition of S&K Industries LLC (Note 8)
Subsequent events (Note 20)

Approved on behalf of the Board of Directors and authorized for issuance on February 28, 2019:

"Signed"	"Signed"
Paul Chu, Director	Brian Keane, Director

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

WEEKEND UNLIMITED INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)
(Expressed in United States Dollars)

		Three Months Ended	
	Note	**December 31, 2018**	**December 31, 2017**
Expenses			
General and administrative	*18*	$ 1,935,624	$ -
Professional fees		308,540	-
Share-based compensation	*14*	128,289	-
Facility operating costs		3,446	-
Northern Lights Organics milestone payment	*11*	144,951	
Depreciation	*7*	42,028	-
Foreign exchange		2,500	-
Loss before other items		(2,565,378)	-
Listing expense	*9*	(12,376,653)	
Loss from continuing operations		(14,942,031)	
Net loss from discontinued operations	*13*	(59,862)	-
Net loss for the period		$ (15,001,893)	$ -
Other comprehensive loss			
Translation adjustment		(268,544)	-
Comprehensive loss for the period		$ (15,270,437)	$ -
Comprehensive loss attributable to:			
Net loss - shareholders of the Company		(14,982,116)	-
Net loss - non-controlling interest		(19,777)	-
Translation adjustment		(271,525)	-
Translation adjustment - discontinued operations		2,981	-
		$ (15,270,437)	$ -
Loss per share			
Basic and diluted - continuing operations		$ (0.07)	$ -
Basic and diluted - discontinued operations		$ (0.00)	$ -
Total		$ (0.07)	$ -
Weighted average number of common shares			
Basic and diluted		218,239,939	50

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

WEEKEND UNLIMITED INC.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) (UNAUDITED)
(Expressed in United States Dollars)

	Number of common shares	Share Capital	Share-based payment reserve	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity (deficiency)
Balance, September 30, 2017	50	$ 1	$ -	$ -	$ -	$ (3,000)	$ (2,999)
Balance, December 31, 2017	50	$ 1	$ -	$ -	$ -	$ (3,000)	$ (2,999)
Balance, September 30, 2018	143,949,501	$ 13,681,654	$ 704,952	$ (99,363)	$ (12,067)	$ (6,738,301)	$ 7,536,875
Common shares and warrants issued to Open Source for RTO	56,059,614	8,628,696	4,488,809	-	-	-	13,117,505
Common shares issued for cash	27,045,770	4,162,885	-	-	-	-	4,162,885
Common shares issued upon exercise of warrants	1,835,000	125,553	-	-	-	-	125,553
Acquisition of S&K Industries, LLC	9,051,430	1,440,000	-	-	-	-	1,440,000
Shares issued under NLO agreement	1,000,000	144,951	-	-	-	-	144,951
Shares issued for compensation	750,000	108,713	-	-	-	-	108,713
Share issuance costs - cash	-	(454,960)	-	-	-	-	(454,960)
Finders' warrants	-	(107,010)	107,010	-	-	-	-
Share-based compensation	-	-	128,289	-	-	-	128,289
Translation adjustment	-	-	-	(271,525)	-	-	(271,525)
Non-controlling interest (Note 8)	-	-	-	-	720,000	-	720,000
Net loss for the period	-	-	-	-	(19,777)	(14,982,116)	(15,001,893)
Balance, December 31, 2018	239,691,315	$ 27,730,482	$ 5,429,060	$ (370,888)	$ 688,156	$ (21,720,417)	$ 11,756,393

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

WEEKEND UNLIMITED INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in United States Dollars)

	Three Months Ended December 31, 2018	December 31, 2017
Operating activities		
Net loss for the period	$ (15,001,893)	$ -
Adjusted for:		
Depreciation	42,028	-
Share-based compensation	128,289	-
Northern Lights Organics milestone payment	144,951	
Shares issued for compensation	108,713	
Listing expense	12,376,653	-
Changes in non-cash working capital:		
Prepaid expenses	(193,030)	-
Accounts payable and accrued liabilities	92,042	-
Cash flows used in discontinued operations	(41,471)	-
Cash flows from operating activities	(2,366,218)	-
Investing activities		
Acquisition of S&K Industries, LLC, net	(688,867)	-
Proceeds on RTO of Open Source Health Inc.	143,564	-
Acquisition of property and equipment	(86,266)	
Loans receivable - repaid	250,000	-
Loan receivable	(1,962,179)	-
Cash flows from investing activities	(2,343,748)	-
Financing activities		
Common shares issued for cash	4,162,885	-
Common shares issued upon exercise of warrants	125,553	-
Share issuance costs	(454,960)	-
Cash flows from financing activities	3,833,478	-
Effect of exchange rate changes on cash	(174,108)	-
Increase in cash	(1,050,596)	-
Cash, beginning of period	3,796,603	1
Cash, end of period	$ 2,746,007	$ 1
Supplemental cash flow information		
Shares issued to acquire S&K Industries, LLC (Note 8)	$ 1,440,000	$ -
Fair value of finders' warrants (Note 14)	$ 107,010	$ -

No cash was paid for interest or income taxes for all periods presented.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Weekend Unlimited Inc. (the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on September 21, 2017. In October 2018 the Company completed a transaction with Open Source Health Inc. ("OSH") whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover of OSH by Weekend Unlimited Inc. shareholders (Note 9). The combined entity continued into Alberta and continued operating under the name Weekend Unlimited Inc. The Company's registered and records office address is 1500 - 850 2nd Street SW, Calgary Alberta, Canada, T2P 0R8.

The Company is a diversified operator in the regulated cannabis industry. The Company's focus is on building and facilitating the growth of a diversified portfolio of assets and branded cannabis consumer products.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

The Company is subject to regulation under the federal and provincial laws of Canada and certain civic and state laws in the United States of America. Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

2. BASIS OF PRESENTATION

Statement of compliance

The condensed consolidated interim 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") for interim information, specifically International Accounting Standards ("IAS") 34 - Interim Financial Reporting. In addition, the condensed consolidated interim financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed consolidated interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2018.

2. BASIS OF PRESENTATION (Continued)

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

Presentation and functional currency

The condensed consolidated interim financial statements of the Company are presented in United States dollars. The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiaries is detailed below.

Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The list below sets out the principal subsidiaries of the Company. These subsidiaries engage in intercompany transactions, all of which are eliminated upon the preparation of these condensed consolidated interim financial statements:

Name of subsidiary	Abreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Weekend Unlimited Holdings Inc.	Weekend Holdings	USA	100%	USD	Holding Company
Weekend Unlimited Washington, LLC	Weekend Washington	USA	100%	USD	Facility services
Weekend Unlimited Live, LLC	Weekend Live	USA	100%	USD	Live Events
Orchard Heights Growers, LLC	Orchard Heights	USA	100%	USD	Branding services
S&K Industries, LLC	S&K	USA	80%	USD	Manufactured products
JB Stone Inc.	JB Stone	USA	51%	USD	Accessories
Northern Lights Organics Inc.	NLO	CAN	100%	CAD	Hemp Cultivation
Cannabis Brands Inc.	CBI	CAN	100%	CAD	Hemp Cultivation

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. Depreciation of property and equipment is an estimate of its expected life. To determine the useful life of property and equipment assumptions are required about a range of industry market and economic factors, including, technological changes, production costs, and other inputs.

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS (Continued)

Impairment of long-lived assets

Long-lived assets, including property and equipment, and intangible assets, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Business combinations

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Management determines whether assets acquired and liabilities assumed constitute a business. In examining processes and potential outputs, management considers the ability of the acquired and existing processes to adequately be capable of producing the potential outputs; where the processes are insufficient and/or incomplete to produce potential outputs, the company considers the acquisition to e an asset acquisition.

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of the equity in the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Determination of asset fair values and allocation of purchase consideration

Significant asset acquisitions and business combinations require judgements and estimates to be made at the date of acquisition in relation to determining the relative fair value of property and equipment, as well as the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgements and estimates about future events, including but not limited to future production potential, and future market prices of products, and the ability to effectively distribute products. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuators. Provisional purchase price allocations are subject to review by management upon integration of the acquired businesses and will be adjusted as necessary were circumstances indicate it is appropriate to do so.

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS (Continued)

Share-based payments

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of warrants and stock options granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value, however the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options or warrants is determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

Assets held for sale and discontinued operations

During the year ended September 30, 2018 the Company determined it would not proceed with the option to acquire the agricultural property and that it would seek to restructure the agreement with JB Stone Inc.

The Company considered that NLO and JB Stone Inc. met the criteria to be classified as held for disposal and the results were appropriate to report as discontinued operations for the following reasons:

- The shares of JB Stone Inc. are ready for disposition in their present condition
- The board of directors approved the changes in strategic direction for each operation

NLO and JB Stone Inc. also met the criteria for discontinued operations as each entity's activity represents a separate major reportable segment of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *"The Effects of Changes in Foreign Exchange Rates"* ("IAS 21"). The functional currency of the Company and its subsidiaries is included within Note 2.

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency than the Company are translated to US dollars at appropriate average rates of exchange during the period. The assets and liabilities of foreign operations are translated to US dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of the foreign operation to US dollars at period end are recognized in accumulated other comprehensive income as a translation adjustment.

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

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 measured at 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.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Due from related party is classified at amortized cost with subsequent impairments recognized in profit or loss.

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 the 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.

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 profit or loss 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.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities is classified as other financial liabilities and carried on the statement of financial position at amortized cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Finished goods inventory consists of infused products, glassware, apparel, and accessories. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.
For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss 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. In respect of AFS marketable securities, impairment losses previously recognized through profit and loss are not reversed through profit and loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and other-non-current assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value are excluded from impairment analysis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the following methods and rates:

Category	Method	Rate
Building	Declining balance	5%
Equipment	Declining balance	20%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the period the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of infused products for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital

Common shares are classified as shareholders' equity (deficiency). Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity (deficiency). Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Intangible Assets

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, comprising trademarks, technology, and product formulations that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives and is recognized in profit or loss. Goodwill is not amortized. The amortization of product formulations begins when the Company starts to generate revenue from the asset.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Expressed in United States Dollars)

5. NEW ACCOUNTING PRONOUNCEMENTS

New accounting policies

Effective October 1, 2018, the Company adopted the following accounting standards:

IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9 is required for reporting periods beginning on or after January 1, 2018, with retrospective application. The Company applied IFRS 9 on August 1, 2018, and in accordance with the transition requirements, comparative periods have not been restated. The adoption of IFRS 9 did not have a significant impact on the carrying amounts of financial instruments as at October 1, 2018.

IFRS 9 replaces the classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), with a single model under which financial assets are classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). This classification is based on the business model in which a financial asset is managed, as well as its contractual cash flow characteristics, and eliminates the IAS 39 categories of held-to-maturity, loans and receivables, and available for-sale. All other financial assets and financial liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

The Company assessed the classification and measurement of financial instruments under IFRS 9, with reference to the former classification under IAS 39, as follows:

Financial Assets	**IFRS 9**	**IAS 39**
Cash	FVTPL	FVTPL
Receivables	FVTPL	FVTPL
Loans receivable	FVTPL	FVTPL

Financial Liabilities	**IFRS 9**	**IAS 39**
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities
Due to related party	Amortized cost	Other financial liabilities

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, did not have an impact on the carrying amounts of financial assets.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard.

5. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

a) Leases ("IFRS 16")

Leases ("IFRS 16") was issued by the IASB and will replace *Leases* ("IAS 17"). IFRS 16 requires most leases to be reported on a company's balance sheet as assets and liabilities. IFRS 16 is effective 1 January 2019. Early application is permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company is currently assessing the impact of this new standard on its financial statements.

b) Uncertainty over Income Tax Treatments ("IFRIC 23")

Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by IASB on June 7, 2017 to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRIC 23 is effective January 1, 2019. The Company is currently assessing the impact of this new standard on its 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 are not expected to have a significant impact on the Company's consolidated financial statements.

(Expressed in United States Dollars)

6. LOANS RECEIVABLE

A summary of the Company's loans receivable is as follows:

	December 31, 2018	September 30, 2018
Washington State Cultivator and Processor	$ 500,000	$ 500,000
East Coast Real Estate Entity	-	250,000
R&D Pharma Corp.	1,904,952	1,158,750
Verve Beverage Company	750,000	750,000
S&K Industries, LLC	-	750,000
High Desert Group Inc.	750,000	-
Northern Lights Supply Inc.	366,500	-
Total	$ 4,271,452	$ 3,408,750

Washington State Cultivator and Processor

During the year ended September 30, 2018 the Company advanced funds totaling $500,000 to a Washington State Cannabis Cultivator and Processor, an unrelated third party. The advanced funds are unsecured, accrue interest at 5% and have a maturity date of October 2023. In October 2018 the Company formalized the advance by entering a promissory note for a principal sum of up to $600,000.

The principal balance shall accrue interest at an annual rate of 5% per year. The note is to be repaid in the form of sixty equal monthly payments. In the event of late payment, the borrower shall have 30 days to cure any late payment after which time interest of 15% per annum will accrue until such late payments are cured and all accrued interest has been paid.

East Coast Real Estate Entity

In September 2018, the Company received a non-interest bearing senior secured note in the amount of $250,000. The maturity date of the note was September 21, 2018. During the period ended December 31, 2018 the note was repaid in full.

R&D Pharma Corp.

In accordance with a binding letter agreement entered in July 2018 between the Company and R&D Pharma Corp. ("R&D") the Company advanced $1,904,952 under an unsecured non-interest bearing loan. The Company acquired 100% of R&D subsequent to December 31, 2018 (Note 20).

6. LOANS RECEIVABLE (Continued)

High Desert Group Inc.

In December 2018, the Company received a secured promissory note from High Desert Group Inc. ("HDG") of $750,000 pursuant to the terms of the acquisition of S&K Industries LLC. HDG has a common officer and director with the Company and common officers and directors with S&K Industries LLC. Interest of 6% will be waived so long as S&K occupies HDG's premise rent free for the duration of the note. The note matures on December 13, 2019 and is secured by all the assets of the HDG.

VBC Brands Inc.

In September 2018, the Company received a 10% senior secured promissory note from VBC Brands Inc. ("VBC") of $750,000. Interest is payable quarterly in cash beginning on January 1, 2019 and matures on February 1, 2019. The note is secured by all the assets of VBC. The Company has entered a non-binding LOI to acquire 100% of the VBC in exchange for 60,000,000 common shares which closed subsequent to period end (Note 20).

S&K Industries, LLC

In October 2018, the Company received a 5% senior secured convertible promissory note from S&K Industries, LLC. ("S&K") of $750,000. Interest is payable quarterly in cash beginning on January 1, 2019 and the note matures on September 20, 2019. The note is secured by all the assets of S&K. During the period ended December 31, 2018 the Company acquired and 80% interest in S&K (Note 8) and subsequent to December 31, 2018 the Company acquired the remaining 20% interest in S&K (Note 20).

Northern Lights Supply Inc.

In November 2018, the Company entered into a convertible secured 6% loan facility for up to CAD $1,200,000, of which the Company has initially advanced CAD $500,000. The Borrower is an Alberta based cannabis retailer. At any time during the term ending December 31, 2022, the Company has the option to convert the full amount of its CAD $1,200,000 loan facility into 49% equity of the borrower which may only be exercised once the Company has received approval from the Alberta Gaming and Liquor Commission. Subsequent to December 31, 2018 the Company advanced an additional CAD $250,000 (Note 20).

(Expressed in United States Dollars)

7. PROPERTY AND EQUIPMENT

	Land	Building	Equipment	Total
Cost				
Balance September 30, 2018	$ 256,892	$ 243,108	$ 556,437	$ 1,056,437
Additions - S&K	-	-	46,043	46,043
Additions	-	-	86,266	86,266
Balance, December 31, 2018	$ 256,892	$ 243,108	$ 688,746	$ 1,188,746
Accumulated depreciation				
Balance September 30, 2018	$ -	$ 5,064	$ 43,372	$ 48,436
Additions	-	2,976	39,052	42,028
Foreign exchange	-	-	(435)	(435)
Balance, December 31, 2018	$ -	$ 8,040	$ 81,989	$ 90,029
Net book value				
September 30, 2018	$ 256,892	$ 238,044	$ 513,065	$ 1,008,001
December 31, 2018	$ 256,892	$ 235,068	$ 606,757	$ 1,098,717

8. ACQUISITION OF S&K INDUSTRIES LLC.

In December 2018, the Company acquired an 80% interest in S&K upon the conversion of a $750,000 convertible note, payment of an additional $690,000 in cash, and the issuance of 9,051,429 common shares with a fair value of $1,440,000. The acquisition aligns with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The acquisition has been accounted for as a business combination, using the acquisition method. The purchase consideration has been allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The 80% interest was acquired December 6, 2018. The provisional purchase price allocation is as follows:

Consideration	
Cash	$ 1,440,000
9,051,429 common shares at a fair value of $CAD 0.21 per share	1,440,000
Consideration for 80% interest	2,880,000
Imputed value for 100% interest	3,600,000
Provisional allocation of net assets of S&K Industries LLC	
Cash	1,133
Equipment	46,043
Goodwill, intangible assets, other non-current assets	3,629,888
Accounts payable	(77,064)
	3,600,000
Non-controlling interest	(720,000)
Total	2,880,000

As of the date of these condensed consolidated interim financial statements, the determination of fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized. The Company is currently in the process of determining the fair values of the net assets acquired, specifically the fair value of intangible assets acquired, including trademarks, product formulations, customer relationships, and a 5% equity interest in HDG. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value above and are subject to change within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Subsequent to December 31, 2018 the Company acquired the remaining 20% interest (Note 20).

(Expressed in United States Dollars)

9. REVERSE TAKEOVER TRANSACTION

Effective October 2018 the Company completed its transaction with Open Source Health Inc. ("OSH") whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover of OSH by Weekend Unlimited Inc. shareholders. The combined entity continued operating under the name Weekend Unlimited Inc.

The legal acquisition of Weekend by OSH is considered a reverse asset acquisition as OSH does not meet the definition of a business as its main attribute was its public listing. For accounting purposes, the consideration to acquire 100% of the outstanding shares of OSH by Weekend was 56,059,614 common shares. Additional consideration related to 47,181,500 OSH warrants with a strike price of CAD $0.10. The value of the warrants was determined using the Black-Scholes valuation model with the following assumptions: expected life 2 years, volatility 75%, discount rate 2%, dividend yield 0%.

The following are the fair values of the OSH assets acquired and liabilities assumed by the Company and consideration paid to OSH:

Consideration		
56,059,611 common shares at a fair value of CAD $0.20 per share:	$	8,628,696
47,181,500 warrants at a fair value of CAD $0.12 per share:		4,488,809
		13,117,505
Net assets of Open Source Health Inc.		
Cash		143,564
Other receivable		622,113
Accounts payable		(24,825)
Total		740,852
Listing expense	$	12,376,653

10. ACQUISITION OF CANNABIS BRANDS INC.

During the year ended September 30, 2018 the Company acquired all of the issued and outstanding shares of Cannabis Brands Inc. ("CBI") in exchange for 18,000,000 common shares with a value of $2,096,280. CBI had an agreement to purchase Northern Lights Organics Ltd. ("NLO") and the organic farm which the project is located (Note 11). During the year ended September 30, 2018 the Company notified NLO that it did not intend to pursue the purchase option in its current form. As a result, the Company wrote-down the value of the purchase option to $Nil. The Company is currently in negotiations to convert its 100% equity ownership in the operating company into a minority interest or joint venture and/or a royalty on production.

11. ACQUISITION OF NORTHERN LIGHTS ORGANICS INC.

During the year ended September 30, 2018, the Company, through CBI (Note 10), signed an agreement to purchase, from the same vendors of CBI (Note 10), all of the shares of Northern Lights Organics Ltd.("NLO") and was granted an option to acquire an organic farm in northern BC. NLO is in the process of applying for an Access to Cannabis for Medical Purposes Regulations ("ACMPR") cultivation license. As consideration for the shares of NLO the Company agreed to:

- Fund the ACMPR application;
- Upon closing, pay CAD $25,000 in cash and issue 1,000,000 common shares of the Company. The shares were issued during the period ended December 31, 2018 and had a fair value of $144,951 (Note 14);
- Upon receipt of a license to cultivate and sell hemp and/or cannabis, issue common shares with a value equal to CAD $1,000,000;
- Upon harvest of the first outdoor hemp and/or cannabis crop, pay CAD $25,000 in cash; and
- Upon completion of an expansion facility of at least 100,000 square feet, issue common shares with a value equal to CAD $500,000.

If exercised, the option price to acquire the agricultural property was as follows:

- CAD $1,150,000 if exercised during the period ending February 2019
- CAD $1,250,000 if exercised during the period ending February 2020
- CAD $1,350,000 if exercised during the period ending February 2021

During the year ended September 30, 2018 end the Company notified NLO that it would not pursue the purchase option in its current form. The Company is currently in negotiations to convert its 100% equity ownership in the operating company into a minority interest or joint venture and/or a royalty on production.

12. ACQUISITION OF JB STONE INC.

During the year ended September 30, 2018, the Company acquired an effective 51% in JB Stone Inc. ("JB Stone") for total consideration of $1,142,129. JB Stone is principally focused on the manufacturing and sale of cannabis glassware and other branded items. The acquisition aligns with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry.

The Company agreed to advance JB Stone a 5% two year secured convertible note of $500,000. The note can be converted into an additional 20% interest in JB Stone. As of December 31, 2018 the note had not been issued to JB Stone. The minority shareholder is also entitled to a 1% royalty on the gross sales of all products manufactured, sold, or distributed.

During the year ended September 30, 2018 the Company was unable to obtain reliable financial records from JB Stone Inc. and was required to write down its 51% investment. Notwithstanding that write down, the Company is in negotiations with the other shareholder to convert its equity interest into an exclusive license agreement. Accordingly, the operations of JB Stone Inc. have been reported as a discontinued operation (Note 13).

13. DISCONTINUED OPERATIONS

During the year ended September 30, 2018 the Company was unable to obtain reliable financial records from JB Stone Inc. and was required to write down its 51% investment. Notwithstanding that write down, the Company is in negotiations with the other shareholder to convert its equity interest into an exclusive license agreement. As the investment will not be pursued in its current form the results of operations have been presented as a discontinued operation.

(Expressed in United States Dollars)

13. DISCONTINUED OPERATIONS (Continued)

During the year ended September 30, 2018 the Company notified NLO that it would not pursue the purchase option in its current form therefore the results of operations have been presented as a discontinued operation.

The following table summarizes the results from discontinued operations for the three months ended December 31, 2018 (comparatives have not been presented as the value is $nil):

	JB Stone Inc.	CBI / NLO	Total
Expenses			
General and administrative	$ 40,361	$ 19,501	$ 59,862
Loss from discontinued operations	$ (40,361)	$ (19,501)	$ (59,862)

A summary of the assets and liabilities held for disposition as at December 31, 2018 is as follows:

	JB Stone Inc.	CBI / NLO	Total
Current Assets			
Receivables	$ 44,450	$ 12,051	$ 56,501
Inventory	412,014	-	412,014
Total	$ 456,464	$ 12,051	$ 468,515
Current Liabilities			
Accounts payable	$ 398,207	$ 51,401	$ 449,608

14. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value. As of December 31, 2018, there were 239,691,355 common shares outstanding (September 30, 2018 – 143,949,491).

Escrow Shares

The Company has shares subject to trading restrictions and escrow which are released in tranches through 2021. As at December 31, 2018, a total of 34,055,250 common shares were subject to these escrow restrictions.

Issued and Outstanding – Common Shares Fiscal 2019:

During the period ended December 31, 2018, the Company issued common shares as follows:

a) The Company completed a non-brokered private placement of $4,162,885 (CAD $5,409,154) by the issuance of 27,045,770 units at CAD $0.20. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD $0.25 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD $0.50 or more for a period of 10 days. In connection with the issuance of the units the Company issued 1,985,400 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $427,907. The Company recorded share issue costs of $107,010 with respect broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $0.07 per warrant and was estimated using the Black-Scholes option pricing model.

14. SHARE CAPITAL AND RESERVES (Continued)

Issued and Outstanding – Common Shares Fiscal 2019 (Continued):

b) The Company issued 9,051,430 common shares to acquire 80% of S&K Industries, LLC with a fair value of $1,440,000 which was amount pursuant to the terms of the purchase agreement (Note 8).

c) The Company issued 1,000,000 common shares to NLO (Note 11) with a fair value of $144,951 which has been recorded as an expense.

d) The Company issued 750,000 common shares for compensation with a value of $108,713.

e) A total of 1,835,000 warrants were exercised at prices between CAD $0.05 – CAD $0.20 for gross proceeds of $125,553.

Issued and Outstanding – Common Shares Fiscal 2018:

During the year ended September 30, 2018, the Company issued common shares as follows:

a) On March 21, 2018 the Company issued 5,500,000 common shares at a price of CAD $0.04 per share for gross proceeds of $169,774 and 14,875,000 units at a price of CAD $0.04 per unit for gross proceeds of $459,162, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of CAD $0.05 per common share for a period of 3 years from the date of issuance.

b) On March 23, 2018 the Company issued 10,899,900 units at a price of CAD $0.10 per unit for gross proceeds of $847,794, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of CAD $0.10 per common share for a period of 2 years from the date of issuance. If the price of the common shares of the Company trade above CAD $1.50 per share on a stock exchange in Canada for 10 consecutive days the Company has the right to provide notice to accelerate the expiry of the warrants to 30 days after the notice is given.

c) On March 29, 2018, April 5, 2018, and April 18, 2018 the Company issued 87,074,541 units at a price of CAD $0.15 per unit for gross proceeds of $10,186,759, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of CAD $0.20 per common share for a period of 2 years from the date of issuance. If the price of the common shares of the Company trade above CAD $1.50 per share on a stock exchange in Canada for 10 consecutive days the Company has the right to provide notice to accelerate the expiry of the warrants to 30 days after the notice is given. In connection with the issuance of the units the Company issued 4,895,434 broker warrants on the same terms as the unit offering and incurred cash finder's fees and share issue costs of $781,644.

d) The Company issued 18,000,000 common shares with a value of $2,096,280 to acquire all of the shares of CBI. (Note 10).

e) The Company issued 5,000,000 common shares with a value of $568,182 to acquire an additional 41% interest in JB Stone Inc. (Note 12).

f) The Company issued 2,600,000 common shares for services with a value of $295,268.

(Expressed in United States Dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

Warrants

A summary of warrant activity is as follows:

	Number of Warrants		Weighted Average Exercise Price ($CAD)
Balance at September 30, 2017	-	$	-
Granted	117,744,875		0.18
Balance at September 30, 2018	117,744,875	$	0.18
Granted	29,031,170		0.25
Granted - Open Source Health Shareholders	50,995,500		0.19
Exercised	(1,835,000)		0.09
Balance at December 31, 2018	195,936,545	$	0.17

The following table summarizes warrants outstanding at December 31, 2018:

Expiry date	Number of Warrants	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
March 21, 2021	13,972,000	$0.05	2.22
March 23, 2020	10,899,900	$0.10	1.23
December 22, 2019	47,181,500	$0.10	0.98
March 29, 2020	50,436,631	$0.20	1.24
April 5, 2020	34,457,778	$0.20	1.26
April 16, 2020	6,807,566	$0.20	1.29
October 15, 2020	29,031,170	$0.25	1.79
January 23, 2020	500,000	$0.30	0.06
April 12, 2020	2,650,000	$0.30	1.28
	195,936,545	$0.17	

During the period ended December 31, 2018, the Company recorded share issue costs of $107,010 with respect to 1,985,400 broker warrants granted as finders' fees. The fair value of these broker warrants was CAD $0.07 per warrant and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

	December 31, 2018	September 30, 2018
Risk-free interest rate	2.00%	1.25%
Expected life of options	2	2
Annualized volatility	75%	65%
Dividend rate	0%	0%
Weighted average fair value per option ($CAD)	$0.07	$0.04

(Expressed in United States Dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the stock options are determined by the Board of Directors. The aggregate number of stock options granted shall not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval of the plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the exercise price permitted by the CSE, and all stock options granted under the plan will have a maximum term of seven years.

During the year ended September 30, 2018, the Company granted 16,000,000 options with an exercise price of CAD$0.15 and an expiry of August 15, 2025. The options vest 25% on grant and 25% every six months thereafter.

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price ($CAD)
Balance at September 30, 2017	-	$ -
Granted	16,000,000	0.15
Balance at September 30, 2018 and December 31, 2018	16,000,000	$ 0.15

The following table summarizes stock options outstanding and exercisable as at December 31, 2018:

Expiry date	Number of Options	Number of Exersisable Options	Weighted Average Exercise Price ($CAD)	Weighted Average Remaining Years
August 15, 2025	16,000,000	4,000,000	$0.15	6.63

Share-based compensation expense recognized during the period of $128,289 related to options vested during the period. Option Pricing Model using the following weighted average assumptions:

	September 30, 2018
Risk-free interest rate	2.00%
Expected life of options	4.25
Annualized volatility	75%
Dividend rate	0%
Weighted average fair value per option ($CAD)	$0.09

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded cannabis companies.

15. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the period ended December 31, 2018 the Company entered the following key management transactions:

- Consulting fees of $254,584 were paid to directors and officers.

- Share-based compensation of $24,054 was related to directors, officers, and a former officer.

Other related party transactions include:

- On December 13, 2018 the Company received a secured promissory note from High Desert Group Inc. ("HDG") of $750,000. HDG has a common officer and director with the Company. Interest of 6% will be waived as long as S&K occupies within HDG's premise rent free for the duration of the note. The note and matures on December 13, 2019 and is secured by all the assets of the HDG.

16. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, due to related parties, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

16. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company's loans receivable are secured by the assets of the underlying entities and are with companies who management considers to be reputable. The Company does not have significant credit risk with respect to customers. The Company closed the acquisitions of Verve and R&D subsequent to period end therefore there is no credit risk on a consolidated basis going forward. The Company's remaining loans are considered to have a low risk of default due to expected growth in their businesses. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company's financial liabilities consist of due to related party, accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at December 31, 2018, the Company had cash, loan receivable, accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $440,000 impact on profit or loss for the period. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

17. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, the lack of adverse political developments in the United States with respect to cannabis legislation and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the periods presented. The Company is not subject to externally imposed capital requirement.

(Expressed in United States Dollars)

18. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative	December 31, 2018	December 31, 2017
Advertising, brand development	$ 875,011	$ -
Investor relations	55,554	-
Office expenses and general administration	63,767	-
Management fees	254,584	-
Consulting	506,179	-
Travel and entertainment	180,529	-
Total	$ 1,935,624	$ -

19. SEGMENTED INFORMATION

The Company operates in four segments, referred to as Business to Business ("B2B"), Hemp infused products, Hemp Cultivation, as well as its administrative costs center, ("Corporate"). B2B is focused on the provision of services to cultivators and processors in Washington State, Hemp infused products is focused on the manufacture and distribution of hemp infused candy, Hemp Cultivation is focused on developing business opportunities in the Hemp industry, and Corporate is focused on pursing investments in the Cannabis industry. The corporate head office and Hemp cultivation operations are located in Canada while the operations of B2B and Hemp infused products are located in the United States. Segmented info as at and for the period ended December 31, 2018 is as follows:

	B2B Washington (USA)	Hemp Products California (USA)	Hemp Cultivation British Columbia (Canada)	Corporate British Columbia (Canada)	Total
Expenses					
General and administrative	$ 61,827	$ 2,116	$ 146,760	$ 1,724,920	$ 1,935,623
Professional fees	45,251			263,289	308,540
Share-based compensation	-	-	-	128,289	128,289
Facility operating costs	3,446	-	-	-	3,446
Northern Lights Organics milestone payment	-	-	-	144,951	144,951
Depreciation	25,893	-	16,135	-	42,028
Foreign exchange	-	-	-	2,500	2,500
Total expenses	136,417	2,116	162,895	2,263,949	2,565,377
Net Loss before other items	$ (136,417)	$ (2,116)	$ (162,895)	$ (2,263,949)	$ (2,565,377)
Property and equipment	$ 927,375	$ 46,043	$ 125,299	$ -	$ 1,098,717
Intangible asset	$ -	$ 2,903,910	$ -	$ -	$ 2,903,910
Total assets	$ 953,268	$ 2,949,953	$ 200,939	$ 7,678,561	$ 11,782,721
Total liabilities	$ -	$ 79,020	$ -	$ 673,286	$ 752,306

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company completed the following transactions:

a) Acquired the remaining 20% of S&K in exchange for $360,000 in cash and 5,106,383 common shares with a fair value of $360,000.

b) Raised gross proceeds of CAD $2,411,000 upon the exercise of 27,749,233 warrants with exercise prices between CAD $0.05 and CAD $0.20.

(Expressed in United States Dollars)

20. SUBSEQUENT EVENTS (Continued)

c) Granted 20,000,000 stock options exercisable at a price of $0.15 for a term of 5 years.

d) Advanced an additional CAD $ 250,000 to Northern Lights Supply Inc. in accordance with the convertible loan agreement (Note 6).

e) Acquired a 100% interest in VBC Brands Inc. (“VBC”) in exchange for 60,000,000 common shares of the Company with a fair value of $6,268,657. The acquisition aligns with the Company’s strategy to build a diversified offering of branded consumer products in the cannabis industry. Half of the shares issued will be held pursuant to voluntary escrow agreements that will be released in tranches over the next three years.

The acquisition has been accounted for as a business combination, using the acquisition method. The purchase consideration has been provisionally allocated based on the Company’s estimated fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The estimated purchase price allocation is as follows:

Consideration		
60,000,000 common shares at a fair value of CAD $0.14 per share:	$	6,268,657
Porvisional net assets of VBC Brands Inc.		
Cash		215,370
Inventory		24,025
Goodwill, intangible assets, other non-current assets		6,029,262
Total	$	6,268,657

As of the date of these condensed consolidated interim financial statements, the determination of fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized. The Company is currently in the process of determining the fair values of the net assets acquired, specifically the final allocation between goodwill and intangible assets including a twenty year distribution licenses for each of Verve and Camp Energy drinks, and the right of 49% equity return on brand sale. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value above and are subject to change within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date.

Goodwill is expected to arise in the acquisition of VBC because the cost of acquisition included amounts in relation to the benefit of expected revenue growth, existing distribution relationships, and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(Expressed in United States Dollars)

20. SUBSEQUENT EVENTS (Continued)

f) Acquired a 100% interest in R&D Pharma Corp. ("R&D") in exchange for 80,000,000 common shares of the Company with a fair value of $9,366,960. Additionally the Company issued 25,000,000 non-voting preferred shares of R&D which are redeemable for warrants of the Company exercisable at a price of CAD $0.35 for a period of two years. The preferred shares provide the holders no other ownership or voting rights of R&D or the Company. The value of the preferred shares was determined using the Black-Scholes valuation model with the following assumptions: expected life 2 years, volatility 75%, discount rate 2%, dividend yield 0%. The acquisition aligns with the Company's strategy to build a diversified offering of branded consumer products in the cannabis industry. Approximately 49,000,000 shares are subject to a voluntary escrow agreement that will be released 20% at closing and the balance in 6 equal installments over 3 years.

The acquisition has been accounted for as a business combination, using the acquisition method. The purchase consideration has been provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date. The estimated purchase price allocation is as follows:

Consideration		
80,000,000 common shares at a fair value of CAD $0.145 per share:	$	9,366,960
25,000,000 preferred shares of R&D at a fair value of CAD $0.03 per share:		572,795
		9,939,755
Provisional net assets of R&D Pharma Corp.		
Cash		51,302
Receivables		24,025
Property and equipment		501,176
Loans - Weekend Unlimited Inc.		(2,439,225)
Accounts payable		(402,363)
Goodwill, intangible assets, other non-current assets		12,204,840
Total	$	9,939,755

As of the date of these condensed consolidated interim financial statements, the determination of fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized. The Company is currently in the process of determining the fair values of the net assets acquired, specifically, equipment, land, and intangible assets such as cultivation and distribution licenses. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed in the preliminary fair value above and are subject to change within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date.

g) Entered a letter of intent to acquire a 51% interest in a licenced Oklahoma operation in consideration for $5,610,000 which will be settled 50% in cash and 50% in shares. The Company shall have the option to purchase the balance of the operation on terms to be determined.