Juva Life Inc.

Condensed Interim Consolidated Financial Statements

As at and for the period ended September 30, 2020

(Expressed in US Dollars)

(Unaudited – Prepared by management)

Juva Life Inc.
Condensed Interim Consolidated Statements of Financial Position
Prepared by Management (Unaudited - Expressed in US dollars)

	Note	As At September 30, 2020	As At December 31, 2019
ASSETS			
Current assets			
Cash		$ 3,624,808	$ 1,276,143
Cash held in trust	5	228,659	-
Accounts receivable		7,114	4,905
Inventory		145,847	-
Other receivables	6	181,175	181,175
Prepaid expenses		58,028	71,871
Total current assets		4,245,631	1,534,094
Non-current assets			
Deposits	9	77,065	76,315
Intangible assets	8	16,527	83,541
Right of use assets	13	1,884,411	2,422,029
Property and equipment	7	10,329,613	2,500,151
Total non-current assets		12,307,616	5,082,036
Total assets		16,553,247	6,616,130
LIABILITIES			
Accounts payable and accrued liabilities	9	1,391,984	515,001
Warrant liability	10	4,210,695	3,951,028
Current portion of lease liabilities	13	1,055,033	971,954
		6,657,712	5,437,983
Non-current liability			
Lease liabilities	13	1,279,719	1,795,109
		7,937,431	7,233,092
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	5	24,298,381	6,433,175
Share proceeds receivable	5	(770,677)	(770,677)
Share subscriptions received in advance	5	224,289	3,472,174
Reserves	5	4,992,993	2,681,348
Other comprehensive loss		331	(82,894)
Deficit		(20,129,501)	(12,350,088)
Total shareholders' equity (deficiency)		8,615,816	(616,962)
Total liabilities and shareholders' equity (deficiency)		$ 16,553,247	$ 6,616,130

Nature of operations (Note 1)
Going concern (Note 2)
Commitments and contingencies (Note 14)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 26, 2020.

Approved by the Board of Directors:

"Doug Chloupek" Director　　*"Dr. Rakesh Patel"* Director

"Norton Singhavon" Director

Juva Life Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Prepared by Management (Unaudited - Expressed in US dollars)

	Note	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Sales		$ 281,909	$ -	$ 511,124	$ -
Cost of goods sold		144,385	-	275,116	-
Gross profit		137,524	-	236,008	-
Expenses					
Consulting fees		-	46,712	-	100,050
Rent	9	65,094	5,572	195,281	27,350
Professional fees		324,284	163,699	783,815	474,762
Salaries and benefits	9	521,993	279,767	1,348,037	877,018
Marketing and promotion		977,375	39,507	1,078,664	200,248
Interest expense on lease liabilities	13	97,351	105,841	268,571	325,157
Depreciation	7,13	189,512	178,690	570,913	537,102
Permits		29,610	19,418	80,053	59,776
Share-based payments	5	734,835	175,554	2,311,645	629,897
Transfer agent fees		20,411	-	122,580	-
Office and administration		174,663	110,444	634,235	216,561
Operating expenses		3,135,128	1,125,203	7,393,794	3,447,921
Other Items:					
Change in fair value of warrant liability	10	(288,497)	(1,028,515)	242,364	(1,139,022)
Impairment of intangibles	8	-	-	67,014	-
Abandoned construction		-	-	7,221	-
Foreign exchange loss		235,132	49,020	305,028	49,020
		(53,365)	(979,495)	621,627	(1,090,002)
Loss for the period		$ (2,944,239)	$ (145,708)	$ (7,779,413)	$ (2,357,919)
Other comprehensive gain (loss)					
Foreign currency translation adjustment		83,225	(14,008)	83,225	(4,752)
Total comprehensive loss for the period		$ (2,861,014)	$ (159,716)	$ (7,696,188)	$ (2,362,671)
Basic and diluted loss per common share		$ (0.02)	$ (0.00)	$ (0.07)	$ (0.03)
Weighted average number of common shares outstanding		116,250,379	76,103,977	104,051,022	82,672,384

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

Juva Life Inc.
Condensed Interim Consolidated Statements of Cash Flows
Prepared by Management (Unaudited - Expressed in US dollars)

	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
OPERATING ACTIVITIES		
Loss for the period	$ (7,779,413)	$ (2,357,919)
Items not involving cash:		
Change in fair value of warrant liability	242,364	(1,139,022)
Depreciation	570,913	537,102
Interest expense on lease liabilities	268,571	325,157
Share-based payments	2,311,645	629,897
Impairment	67,014	-
Foreign exchange	100,528	-
Changes in non-cash working capital items:		
Accounts receivable	(2,209)	-
Inventory	(145,847)	-
Prepaid expenses	13,843	(2,151)
Accounts payable and accrued liabilities	816,983	254,509
Cash used in operating activities	(3,535,608)	(1,752,427)
INVESTING ACTIVITY		
Deposits	(750)	7,915
Purchase of property and equipment	(7,802,757)	(1,166,936)
Cash used in investing activity	(7,803,507)	(1,159,021)
FINANCING ACTIVITIES		
Repayment of lease liability	(700,882)	(580,574)
Proceeds from issuance of shares	17,636,547	1,265,958
Share subscriptions received in advance	(3,247,885)	751,009
Cash provided by financing activities	13,687,780	1,436,393
Foreign exchange effect on cash	-	(909)
Increase (decrease) in cash	2,348,665	(1,475,964)
Cash, beginning of the period	1,276,143	2,358,086
Cash, end of the period	$ 3,624,808	$ 882,122

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

Juva Life Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Prepared by Management (Unaudited - Expressed in US dollars)

	Note	Share Capital		Share Proceeds Receivable	Share Subscriptions Received in Advance	Reserves	Other Comprehensive Loss	Deficit	Total Shareholders' Equity
		Number	Amount						
			$	$	$	$	$	$	$
December 31, 2018		76,103,977	4,490,107	-	-	75,509	(25,781)	(3,369,485)	1,170,350
Private placement - Juva USA		1,542,867	400,376	-	-	-	-	-	400,376
Private placement - Juva Canada		4,251,964	1,124,031	-	-	-	-	-	1,124,031
Share issuance costs		-	(566,729)	-	-	10,434	-	-	(556,295)
Warrant liability		-	(180,405)	-	-	-	-	-	(180,405)
Share subscriptions received in advance		-	-	-	751,009	-	-	-	751,009
Option exercise		8,400,000	1,509,518	(804,112)	-	(705,406)	-	-	-
Share-based payments		-	-	-	-	629,897	-	-	629,897
Foreign currency translation adjustment		-	-	-	-	-	(4,752)	-	(4,752)
Loss and comprehensive loss for the period		-	-	-	-	-	-	(2,357,919)	(2,357,919)
September 30, 2019		90,298,808	6,776,898	(804,112)	751,009	10,434	(30,533)	(5,727,404)	976,292
December 31, 2019		89,887,379	6,433,175	(770,677)	3,472,174	2,681,348	(82,894)	(12,350,088)	(616,962)
Private placement	5	36,198,782	18,099,391	-	(3,247,885)	-	-	-	14,851,506
Share issuance costs	5	-	(234,185)	-	-	-	-	-	(234,185)
Share-based payments	5	-	-	-	-	2,311,645	-	-	2,311,645
Foreign currency translation adjustment		-	-	-	-	-	83,225	-	83,225
Loss and comprehensive loss for the period		-	-	-	-	-	-	(7,779,413)	(7,779,413)
June 30, 2020		126,086,161	24,298,381	(770,677)	224,289	4,992,993	331	(20,129,501)	8,615,816

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

1. NATURE OF OPERATIONS

Juva Life Inc. (the "Company") was incorporated under the laws of British Columbia on April 3, 2019. The principal business of the Company is to acquire, own, and operate various cannabis business in the state of California. The Company's registered office is 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, BC V6E 4N.

The Company operates in the medical and recreational cannabis sectors in California, USA. As at September 30, 2020 and December 31, 2019, the Company operates in one reportable segment, being the cannabis operations. All non-current assets of the Company are located in the USA. While some states in the United States have authorized the use and sale of marijuana, it remains illegal under federal law and the approach to enforcement of U.S. federal laws against marijuana is subject to change. Because the Company is engaged in marijuana-related activities in the US, it assumes certain risks due to conflicting state and federal laws. The federal law relating to marijuana could be enforced at any time and this would put the Company at risk of being prosecuted and having its assets seized.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. GOING CONCERN

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company incurred a net loss of $7,779,413 during the period ended September 30, 2020. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

3. BASIS OF PRESENTATION

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

These condensed interim consolidated financial statements have been prepared on a historical cost basis. These condensed interim consolidated financial statements are presented in US dollars and all financial amounts, other than per-share amounts, are rounded to the nearest dollar. The functional currency of the Company and all of its US subsidiaries is the US dollar. The functional currency of the Canadian subsidiary is the Canadian dollar.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and effective as of September 30, 2020.

3.1. Basis of measurement

These condensed interim consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

Critical adjustments exercised in applying accounting polices that have the most significant effect on the amounts recognized in the consolidated statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

Going concern

The preparation of the condensed consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 2.

Impairment of long-lived assets

The Company performs impairment testing annually for long-lived assets as well as when circumstances indicate that there may be impairment for these assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying cash generating unit ("CGU") for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Depreciation and amortization

The Company's equipment and finite-life intangible assets are depreciated and amortized using straight-line method, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net earnings, and comprehensive income (loss) in future periods.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Inventory

The Company reviews the net realizable value of, and demand for, its inventory regularly to provide assurance that recorded inventory is stated at the lower of cost or net realizable value. Factors that could impact estimated demand and selling prices include competitor actions, supplier prices and economic trends.

3.3 Basis of consolidation

In addition to Juva USA, as mentioned previously, these consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries, Precision Apothecary Inc. (“Precision”), VG Enterprises LLC (“VG”), Juva RWC Inc., and Juva Stockton Inc., all of which were incorporated in the state of California and 1177988 B.C. Ltd., a company incorporated in British Columbia, Canada. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Where the Company’s interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interest. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests’ share of changes in equity since the date of the combination.

4. NEW ACCOUNTING POLICIES

4.1 Revenue recognition

In accordance with IFRS 15, the Company recognizes revenue, excluding interest and dividend income and other such income from financial instruments recognized in accordance with IFRS 9, upon transfer of promised goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services based on the following five step approach:

Step 1: Identify the contracts with customers;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company typically satisfies its performance obligations upon shipment of the goods, or upon delivery as the services are rendered or upon completion of services depending on whether the performance obligations are satisfied over time or at a point in time.

For performance obligations that the Company satisfies over time, the Company typically uses time-based measures of progress because the Company is providing a series of distinct services that are substantially the same and have the same pattern of transfer.

For performance obligations that the Company satisfies at a point in time, the Company typically uses shipment or delivery of goods and/or services in evaluating when a customer obtains control of promised goods or services.

A significant financing component exists and is accounted for if the timing of payments agreed to by the parties to the contract provides the customer or the Company with a significant benefit of financing the transfer of goods and services to the customer. As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The incremental costs of obtaining contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract are recognized as an asset (hereinafter, “assets arising from contract costs”) if those costs are expected to be recoverable, which are included in other long-term assets in the consolidated statements of financial position. The incremental costs of obtaining contracts are those costs that the Company incurs to obtain a contract with a customer that they would not have incurred if the contract had not been obtained. As a practical expedient, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less. Assets arising from contract costs are amortized using the straight-line method over their estimated contract periods.

The Company exercises judgments in determining the amount of the costs incurred to obtain or fulfill a contract with a customer, which includes, but is not limited to (a) the likelihood of obtaining the contract, (b) the estimate of the profitability of the contract, and (c) the credit risk of the customer. An impairment loss will be recognized in profit or loss to the extent that the carrying amount of the asset exceeds (a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates, less (b) the costs that relate directly to providing those goods or services and that have not been recognized as expenses.

4.2 Inventory

Inventory consists of finished goods and consumables. The Company periodically reviews its consumables for obsolete and potentially impaired items. The Company values finished goods at the lower of average cost, which is net of vendor rebates, and net realizable value. Net realizable value is the estimated selling price of inventory in the ordinary course of business, less any estimated selling costs. Cost of inventory includes expenditures in acquiring the inventories, production costs and other cost incurred in bringing them to their existing location. As at September 30, 2020, inventory comprised solely merchandise and cannabis-derived products for resale.

5. EQUITY

5.1 Authorized Share Capital

Unlimited number of common shares with no par value.

5.2 Shares Issued

Shares issued and outstanding as at September 30, 2020 are 126,086,161 Class A common shares.

During the period ended September 30, 2020, the Company issued 36,198,782 units at a price of $0.50 per unit for gross proceeds of $18,099,391 in connection with its Regulation A offering. The units are comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable at $0.75 for a period of 18 months. As at September 30, 2020, $224,289 was held in trust.

5.3 Stock Options

The Company adopted a Stock Option Plan (the "Plan") whereby the maximum number of shares reserved for issue under the plan shall not exceed 20% of the issued and outstanding shares. Under the Plan, the Board of Directors may from time to time authorize the grant of options to directors, employees, and consultants of the Company. Under the terms of the Plan, options will be exercisable for periods up to ten years and must have an exercise price not less than the fair market value of a share on the grant date. The term of the options granted to a 10% shareholder shall not exceed ten years. Vesting provision is determined by the Board of Directors at the grant date.

During the period ended September 30, 2020, the Company granted 1,750,000 stock options to employees and consultants of the Company. Each option is exercisable at USD $0.50 for a period of 10 years. The stock options were valued using the Black-Scholes option pricing model. See Note 5.6.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		CAD $
Balance, December 31, 2018	6,775,000	0.39
Granted	2,675,000	0.35
Cancelled	(1,050,000)	0.04
Exercised	(8,400,000)	0.13
Balance, December 31, 2019	-	-
Granted*	1,750,000	0.67
Balance, September 30, 2020	1,750,000	0.67

*Exercise price of these stock options is denominated in US dollars.

The following stock options were outstanding as at September 30, 2020:

Outstanding	Exercisable	Exercise Price (US$)	Expiry Date	Weighted average remaining life (in years)
		$		
350,000	-	0.50	January 20, 2030	9.31
1,400,000	456,250	0.50	July 6, 2030	9.77
1,750,000	456,250			

5.4 Share purchase warrants

During the period ended September 30, 2020, the Company granted 10,450,000 warrants to consultants of the Company. The warrants are exercisable at $0.50 and expire in 10 years. The warrants were valued using the black-scholes option pricing model. See Note 5.6.

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		CDN $
Balance, December 31, 2018	13,505,719	0.39
Granted	3,055,826	0.60
Balance, December 31, 2019	16,561,545	0.40
Granted*	28,699,391	0.85
Balance, September 30, 2020	45,260,936	0.69

* Exercise price of these warrants is denominated in US dollars.

The following share purchase warrants were outstanding as at September 30, 2020:

Outstanding	Exercisable		Exercise Price	Expiry Date
5,200,000	-	CDN $	0.05	31-May-22
1,974,442	1,974,442	CDN $	0.60	23-Apr-21
6,331,277	6,331,277	CDN $	0.60	16-May-21
839,719	839,719	CDN $	0.60	17-Oct-21
2,216,107	2,216,107	CDN $	0.60	29-Jan-21
2,987,955	2,987,955	US $	0.75	05-Dec-21
15,111,436	15,111,436	US $	0.75	21-Aug-28
450,000	56,250	US $	0.50	28-Feb-30
10,000,000	1,250,000	US $	0.50	01-Mar-30
150,000	150,000	US $	0.50	30-Jun-21
45,260,936	30,917,186			

5.5 Restricted Share Unit Award Plan

In 2019, the Company adopted an Equity Incentive Plan ("the Plan") whereby the aggregate number of common shares issuable pursuant to the Plan combined with all of the Company's other security based compensation arrangements, including the Company's Stock Option Plan, shall not exceed 20% of the Company's outstanding shares.

Prepared by Management (Unaudited - Expressed in US dollars)

On July 20, 2019, the Company granted 10,429,881 restricted stock units ("RSUs") to directors, officers and consultants of the Company. The RSUs have varying vesting terms and expire on July 20, 2029. The RSUs were valued using the fair market value of CDN $0.35 (USD $0.27) at the time of grant. Accordingly, an amount of $123,550 (2019 - $Nil) was recorded in share-based payment expense in the condensed interim consolidated statements of loss and comprehensive loss during the period ended September 30, 2020.

On January 20, 2020, the Company granted 600,000 restricted stock units ("RSUs") to directors and officers of the Company. The RSUs have varying vesting terms and expire on July 20, 2029.

The RSUs were valued using the fair market value of CDN $0.66 (USD $0.50) at the time of grant. Accordingly, an amount of $252,375 was recorded in share-based payment expense in the condensed interim consolidated statements of loss and comprehensive loss during the period ended September 30, 2020.

5.6 Share-based payment expense and reserves

Pursuant to vesting schedules, the share-based payment expense for the stock options that were granted during the period ended September 30, 2020 was $406,228 (2019 - $Nil) and was recorded in the condensed interim consolidated statements of loss and comprehensive loss.

The fair value of the stock options that were granted during the period ended September 30, 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020
Risk-free interest rate	1.41%
Expected stock price volatility	100%
Expected dividend yield	0.0%
Expected option life in years	10.0

The fair value of stock option granted was $0.45 per option**.**

Pursuant to vesting schedules, the share-based payment expense for the warrants that were granted during the period ended September 30, 2020 was $1,529,492 and was recorded in the condensed interim consolidated statements of loss and comprehensive loss.

Prepared by Management (Unaudited - Expressed in US dollars)

The fair value of the warrants that were granted during the period ended September 30, 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020
Risk-free interest rate	1.25%
Expected stock price volatility	100%
Expected dividend yield	0.0%
Expected option life in years	10.0

The fair value of warrants granted was $0.45 per warrant**.**

6. OTHER RECEIVABLES

During the year ended December 31, 2018, the Company entered into a letter of intent (the "LOI") to acquire KindRub Collective ("Kind"). As part of the LOI, the Company paid $150,000 on deposit and loaned Kind $39,090 as part of a separate management agreement. During the year ended December 31, 2019, the LOI was terminated. $7,915 was repaid by Kind during the year ended December 31, 2019. The Company is pursuing collection of the deposit and loaned funds.

7. PROPERTY AND EQUIPMENT

Cost	Equipment	Leasehold Improvements	Total
Balance, December 31, 2018	$ 74,436	$ 253,693	$ 328,129
Additions	696,141	1,489,160	2,185,301
Balance, December 31, 2019	770,577	1,742,853	2,513,430
Additions	1,314,049	6,548,708	7,862,757
Balance, September 30, 2020	$ 2,084,626	$ 8,291,561	$ 10,376,187
Accumulated Amortization			
Balance, December 31, 2018	$ -	$ -	$ -
Additions	13,279	-	13,279
Balance, December 31, 2019	13,279	-	13,279
Additions	33,295	-	33,295
Balance, September 30, 2020	$ 46,574	$ -	$ 46,574
Net Book Value			
Balance, December 31, 2019	$ 757,298	$ 1,742,853	$ 2,500,151
Balance, September 30, 2020	$ 2,038,052	$ 8,291,561	$ 10,329,613

Prepared by Management (Unaudited - Expressed in US dollars)

8. INTANGIBLE ASSETS

The Company's intangible asset includes a domain name acquired for $16,527. During the period ended September 30, 2020, the Company recognized an impairment of $67,014 pertaining to lease rights.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	**Nature of the relationship**
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, VP Finance, and VP Cultivation.

During the period ended September 30, 2020, key management compensation included the following:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
	$	$
Management compensation	592,083	407,605
Share-based payments	216,107	-
Total	808,190	407,605

During the period ended September 30, 2020, the Company had the following related party transactions:

a) The Company paid $632,948 (2019 - $406,950) in lease payments to Best Leasing Services, Inc., a company 100% owned by the CEO and a shareholder of the Company; and
b) The Company entered into a consulting agreement with TME Consulting, LLC ("TME"), a company minority owned by a director of the Company. Pursuant to the terms of the agreement, TME will receive $10,000 per month and receive 450,000 options with an exercise price of $0.50 per option.

Included in accounts payable and accrued liabilities as at September 30, 2020 is $37,496 (December 31, 2019 - $31,750) owed to officers and directors of the Company.

Included in deposits as at September 30, 2020 is $24,000 (December 31, 2019 - $24,000) with Best Leasing Services, Inc.

10. WARRANT LIABILITY

In connection with the private placements completed during the periods ended December 31, 2018, the Company issued a total of 13,229,194 warrants exercisable at a price ranging from CDN$0.05 to CDN$0.60 per share. These warrants were assigned a fair value of $747,807 using the Black-Scholes Pricing Model.

In connection with the private placements completed during the year ended December 31, 2019, the Company issued a total of 2,897,416 warrants exercisable at a price of CDN$0.60 per share. These warrants were assigned a fair value of $180,405 using the Black-Scholes Pricing Model.

The fair value allocated to these warrants at September 30, 2020 was $4,210,695 (December 31, 2019 - $3,951,028) and is recorded as a derivative financial liability as these warrants are exercisable in Canadian dollars, differing from the Company's functional currency. The change in fair value totalling ($242,364) (2019 - gain of $1,139,022) is recognized in the condensed interim consolidated statements of loss and comprehensive loss for the period ended September 30, 2020.

The fair value of the warrants is calculated using the Black-Scholes Option Pricing Model. Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a Company's shares. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's warrants.

The Company used the following weighted average assumptions to estimate the fair value of the warrant liability as at September 30, 2020 and 2019:

		September 30, 2020			September 30, 2019	
Risk-free interest rate		0.25%			2.19%	
Expected stock price volatility		100%			100%	
Dividend payment during life of warrant		Nil			Nil	
Expected forfeiture rate		Nil			Nil	
Expected dividend yield		0.0%			0.0%	
Expected warrant life in years		1.13			0.57	
Weighted average exercise price	$	0.30	(CDN $0.42)	$	0.29	(CDN $0.38)
Weighted average share price	$	0.50	(CDN $0.68)	$	0.26	(CDN $0.35)

11. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as components within its shareholders' equity.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended September 30, 2020.

12. RISK MANAGEMENT

12.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of items in shareholders' equity.

b) Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2020 the Company has working capital of $1,858,614 (excluding the warrant liability) (December 31, 2019 – $47,139), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company had cash of $3,624,828 (2019 – $1,276,143) and accounts payable and accrued liabilities of $1,331,984 (2019 - $515,001).

d) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

12.2 Fair Values

The carrying values of cash, cash held in trust, receivables, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value of warrant liability is based on level 3 inputs of the fair value hierarchy.

Prepared by Management (Unaudited - Expressed in US dollars)

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Property Leases
Cost:	$
At December 31, 2018	-
Adjustment on initial adoption of IFRS 16	3,138,853
At December 31, 2019	3,138,853
Additions	-
At September 30, 2020	3,138,853
Depreciation:	
At December 31, 2018	-
Additions	716,824
At December 31, 2019	716,824
Charge for the period	537,618
At September 30, 2020	1,254,442
Net Book Value:	
At December 31, 2019	2,422,029
At September 30, 2020	1,884,411

	$
Lease liabilities recognized as of January 1, 2019	3,138,853
Lease payments made	(806,893)
Interest expense on lease liabilities	435,103
	2,767,063
Less: current portion	(971,954)
At December 31, 2019	1,795,109
Lease liabilities at December 31, 2019	2,767,063
Lease payments made	(700,882)
Interest expense on lease liabilities	268,571
	2,334,752
Less: current portion	1,055,033
At September 30, 2020	1,279,719

Depreciation of right-of-use assets is calculated using the straight-line method of the remaining lease term.

14. COMMITMENTS AND CONTINGENCIES

a) The Company has entered into the following agreements:

The commercial premises from which the Company carries out its operations are leased from multiple groups, all of which are related parties (see note 9). The minimum rent payable under the leases are as follows:

		Total
Within one year	$	1,055,033
Between two and five years		1,827,489
	$	2,882,522

b) The Company is involved in various claims and legal actions in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company.