CANNABIS ONE HOLDINGS INC.

(formerly Metropolitan Energy Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Four Months Ended

April 30, 2019

Unaudited – Prepared by Management

(Expressed in U.S. Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Cannabis One Holdings Inc. (“the Company”) for the four months ended April 30, 2019 and April 30, 2018, have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed interim financial statements by an entity’s auditor.

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.)
Condensed Interim Consolidated Statements of Financial Position
As at
Unaudited - Prepared by Management

	Note	**April 30, 2019 $**	December 31, 2018 $
Assets			
Current assets			
Cash		993,414	3,759,457
Receivables	13, 14	2,949,044	1,419,552
Leases receivable	5,13	1,224,685	1,031,410
Loans receivable	6,13	70,142	59,067
Inventory	7	220,574	112,385
Prepaid expenses		234,655	11,000
		5,692,514	6,392,871
Non-current assets			
Deposits		89,500	59,500
Leases receivable	5,13	515,059	555,428
Loans receivable	6,13	33,440	42,131
Property and equipment	8	5,726,097	1,317,541
Intangible assets	9	654,708	725,170
Goodwill	4	741,590	-
		7,760,394	2,699,770
Total assets		**13,452,908**	9,092,641
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	10,13	996,547	581,404
Current portion of lease liabilities	8	687,035	-
Warrant liability	11(e)	412,000	460,000
		2,095,582	1,041,404
Non-current liabilities			
Lease liabilities	8	2,832,968	-
Total liabilities		**4,928,550**	1,041,404
Shareholders' equity			
Share capital	11	17,545,676	10,352,917
Commitment to issue shares and warrants	11	-	95,600
Reserves	11	951,080	51,000
Accumulated other comprehensive loss		(20,018)	-
Deficit		(9,952,380)	(2,448,280)
Total shareholders' equity		**8,524,358**	8,051,237
Total liabilities and shareholders' equity		**13,452,908**	9,092,641

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Approved on behalf of the Board of Directors on June 28, 2019 by:

" Darrick Payne " Director

" Joshua Mann " Director

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

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the four months ended
Unaudited - Prepared by Management

	Note	**April 30, 2019 $**	April 30, 2018 $
Revenue			
Lease and rental income	5,13	220,946	236,489
Product sales	13	230,780	18,069
Service income	13	1,639,748	239,537
Total revenue		**2,091,474**	494,095
Cost of Sales			
Lease expenses	5	11,420	52,480
Product expenses	7	70,983	3,935
Service expenses	13	1,613,582	397,121
Total cost of sales		**(1,695,985)**	(453,536)
Gross profit		**395,489**	40,559
Operating expenses			
Amortization	9	70,462	76,333
Consulting fees	13	218,659	131,923
Depreciation	8	46,911	4,023
Depreciation - right-of-use assets	8	101,396	-
Finance costs - right-of-use assets	8	63,535	-
General and administrative		88,986	11,096
Information technology and software		123,891	39,514
Investor relations		607,944	42,251
Professional fees		288,496	8,404
Rent		17,215	19,362
Share-based compensation	11 (a)(c),13	631,080	50,000
Transfer agent and filing		31,053	-
Travel		87,781	957
Total operating expenses		**(2,377,409)**	(383,863)
Loss from operations		**(1,981,920)**	(343,304)
Other (expenses) income			
Finance income		6,592	-
Change in fair value of warrant liability	11(e)	(359,000)	-
Listing expense	3, 13	(5,447,118)	-
Loss and comprehensive loss for the period		**(7,781,446)**	(343,304)
Basic and diluted loss per common share	11(f)	**(0.12)**	(0.03)

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

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the four months ended April 30, 2019 and April 30, 2018
Unaudited - Prepared by Management

	Number of Shares			Share capital							
	Common Shares #	**Class A Subordinated Voting Shares #**	**Class B Super Voting Shares #**	**Common Shares $**	**Class A Subordinated Voting Shares $**	**Class B Super Voting Shares $**	**Commitment to issue shares and warrants $**	**Reserves $**	**Accumulated other comprehensive loss $**	**Deficit $**	**Total $**
December 31, 2017	10,379,747	-	-	3,946,209	-	-	137,000	-	-	(715,565)	3,367,644
Issuance of shares for cash	934,827	-	-	315,060	-	-	-	-	-	-	315,060
Shares accrued - for services	-	-	-	-	-	-	50,000	-	-	-	50,000
Share issue costs - cash	-	-	-	(8,604)	-	-	-	-	-	-	(8,604)
Share issue costs - finders' warrants	-	-	-	-	-	-	(47,000)	47,000	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	-	(343,304)	(343,304)
April 30, 2018	11,314,574	-	-	4,252,665	-	-	140,000	47,000	-	(1,058,869)	3,380,796
December 31, 2018	27,423,262	-	-	10,352,917	-	-	95,600	51,000	-	(2,448,280)	8,051,237
January 1, 2019, as previously reported	27,423,262	-	-	10,352,917	-	-	95,600	51,000	-	(2,448,280)	8,051,237
Impact of change in accounting policy	-	-	-	-	-	-	-	-	-	(182,654)	(182,654)
January 1, 2019, adjusted balance	**27,423,262**	**-**	**-**	**10,352,917**	**-**	**-**	**95,600**	**51,000**	**-**	**(2,630,934)**	**7,868,583**
Reverse acquisition transaction:											
Equity of Metropolitan Energy Corp.	15,202,314	-	-	3,291,458	-	-	-	279,066	-	(2,656,809)	913,715
Elimination of equity of Metropolitan Energy Corp.	-	-	-	(3,291,458)	-	-	-	(279,066)	-	2,656,809	(913,715)
Shares acquired of legal parent and redesignation of share capital	(27,423,262)	-	-	(10,352,917)	5,151,069	5,201,848	-	-	-	-	-
Issuance of shares pursuant to reverse acquisition	(15,202,314)	34,562,241	3,436,683	-	2,902,954	2,873,925	-	-	-	-	5,776,879
Issuance of LTIP and Anti-Dilution shares pursuant to reverse acquisition	-	1,955,347	224,400	-	-	-	-	-	-	-	-
Finders' warrants issued	-	-	-	-	-	-	-	316,000	-	-	316,000
Replacement warrants classified as warrant liability	-	-	-	-	-	-	-	(47,000)	-	-	(47,000)
Issuance of shares for services accrued	-	-	26,675	-	-	95,600	(95,600)	-	-	-	-
Issuance of shares for cash - warrants exercised	-	1,175,000	-	-	220,280	-	-	-	-	-	220,280
Issuance of shares on acquisition - JBC Enterprises	-	-	37,358	-	-	1,100,000	-	-	-	-	1,100,000
Share-based compensation	-	-	-	-	-	-	-	631,080	-	-	631,080
Reversal of warrant liability	-	-	-	-	-	-	-	-	-	460,000	460,000
Translation adjustment	-	-	-	-	-	-	-	-	(20,018)		(20,018)
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	-	(7,781,446)	(7,781,446)
April 30, 2019	**-**	**37,692,588**	**3,725,116**	**-**	**8,274,303**	**9,271,373**	**-**	**951,080**	**(20,018)**	**(9,952,380)**	**8,524,358**

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

Bertram Capital Finance, Inc.
Condensed Interim Consolidated Statements of Cash flows
For the four months ended
(Expressed in U.S. Dollars)

	Note	**April 30, 2019 $**	April 30, 2018 $
Operating activities:			
Loss and comprehensive loss for the period		(7,781,446)	(343,304)
Adjustments for:			
Amortization		70,462	76,333
Depreciation		46,911	4,023
Depreciation - right-of-use assets		101,396	-
Listing expense - non-cash portion		5,185,164	-
Finance costs - right-of-use assets		63,535	-
Share-based compensation		631,080	50,000
Finance income - accrued	6	(2,384)	-
Change in fair value of warrant liability		359,000	-
Changes in non-cash working capital items:			
Receivables		(1,495,266)	163,361
Leases receivable		(152,906)	(174,609)
Inventory		(108,189)	(116,181)
Prepaid expenses and deposits		(214,801)	16,411
Trade and other payables		154,664	270,706
		(3,142,780)	(53,260)
Investing activities:			
Loans receivable - advances		-	(350,000)
Cash acquired on reverse acquisition	3	1,114,974	-
Lease payments		(92,660)	-
Acquisition of property and equipment		(847,275)	(447,698)
		175,039	(797,698)
Financing activities:			
Proceeds from issuance of shares		220,280	315,060
Collection of subscriptions receivable		-	130,000
Share issue costs		-	(74,996)
		220,280	370,064
Change in cash		(2,747,461)	(480,894)
Effect of foreign exchange on cash		(18,582)	-
Cash, beginning of period		3,759,457	979,368
Cash, end of period		**993,414**	498,474
Income taxes paid		**$ -**	$ -
Interest paid		**$ 63,535**	$ -
Interest received		**$ -**	$ -
Supplemental cash flow information	12		

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

1. Nature of operations and going concern

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.) ("Metropolitan", or the "Company") was incorporated on July 16, 2007, under the Business Corporations Act of British Columbia. On November 8, 2018, the Company changed its name to Cannabis One Holdings Inc. ("Cannabis One").

The Company's head office is located at 821 22nd Street, Denver Colorado, USA 80205. The Company's registered office address is Suite 800, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The Company is focused on providing personnel and management resources as well as infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis businesses. The Company itself does not directly produce or sell cannabis products but rather provides support services to licensed cannabis providers. The Company currently operates in Washington, Oregon, and Colorado where the legal commercial production and vending of marijuana is permitted by state laws*.*

On February 25, 2019, Metropolitan completed an acquisition of Bertram Capital Finance, Inc. ("Bertram") a private management services company for licensed cannabis businesses, incorporated in Colorado on February 20, 2015. By way of a Definitive Agreement, Metropolitan acquired, indirectly through its wholly-owned subsidiary Cannabis One Acquisition Corp., incorporated on October 3, 2018 under the laws of Colorado, all issued and outstanding shares of Bertram in exchange for re-designated Class A Subordinated Voting Shares ("Class A SUB Shares") and newly-created Class B Super Voting Shares ("Class B SVS Shares"), as applicable, in the capital of Metropolitan pursuant to a merger of Bertram and Cannabis One Acquisition Corp. (the "Transaction"). The Transaction constituted a reverse takeover ("RTO") of Metropolitan by the shareholders of Bertram (Note 3).

On closing of the RTO, Metropolitan delisted from the NEX board of the TSX Venture Exchange and obtained a listing on the Canadian Securities Exchange (the "CSE"). The Class A SUB Shares of Cannabis One commenced trading on the CSE on February 26, 2019, under the symbol "CBIS.CN" The Class B SVS Shares of Cannabis One are non-trading.

These condensed interim consolidated financial statements (the "financial statements") have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of business.

Historically the Company has funded its operations primarily through the issuance of equity. There are no assurances that the Company will be successful in continuing to complete equity financings to fund operations. The Company's continuing operations are dependent upon its ability to generate profitable operations through the negotiation of additional service agreements with its customers, the completion of acquisitions, and from the sale of products. As at April 30, 2019, the Company had working capital of $3,596,932, and shareholders' equity of $8,524,358. Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year.

The Company indirectly derives its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. The Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace in either Canada or the United States, nor is the Company directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the medical cannabis marketplace in Canada or the United States.

Several 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. Significant accounting policies

Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the year ended December 31, 2018, except as described below, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited financial statements for the year ended December 31, 2018.

The Company adopted IFRS 16, *Leases* ("IFRS 16") on January 1, 2019. Changes to significant accounting policies are described below. These changes are also expected to be reflected in the Company's annual consolidated financial statements as at and for the thirteen months ending January 31, 2020.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss, and have been prepared using the accrual basis of accounting, except for cash flow information.

Principles of consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.)	Canada	Legal parent company
Cannabis One Acquisition Corp.	USA	Holding company
Bertram Capital Finance, Inc.	USA	Operating company

A subsidiary is an entity controlled by the Company and is included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed where necessary to align them with the policies adopted by the Company.

The Company has accounted for Cannabis One Holdings Inc., and Cannabis One Acquisition Corp. as controlled entities requiring consolidation since the date of the RTO (Notes 1 and 3), effective February 25, 2019.

Functional and presentation currency

These financial statements are presented in United States ("U.S.") dollars, which is the functional currency of Bertram Capital Finance, Inc, and Cannabis One Acquisition Corp. The functional currency of Cannabis One Holdings Inc. is the Canadian dollar ("CAD").

2. Significant accounting policies (continued)

Estimates and critical judgments by management

The accounting policies estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements, with the addition of those listed below, and are those the Company expects to adopt in its annual consolidated financial statements for the thirteen months ending January 31, 2020.

Business combinations

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Estimates are made as to the fair value of assets and liabilities acquired. 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. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, and discount rates. The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. 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 paid 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 (net assets), is recognized as goodwill as of the acquisition date.

New accounting policy

The Company adopted IFRS 16 on January 1, 2019. A number of other new standards are also effective from January 1, 2019; however, they were not deemed to have a material impact on the Company's financial statements.

IFRS 16 *Leases*

IFRS 16 specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019.

The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use ("ROU") assets and lease liabilities on the statement of financial position, including those for most leases that would currently be accounted for as operating leases.

The Company has a portfolio of leases for building premises (facilities) including its corporate head office, and other facilities which are or will be sub-leased to other parties. In the context of IFRS 16, ROU assets of $1,531,774 and lease liabilities of $1,714,428 were recognized as at January 1, 2019, in accordance with the modified retrospective approach. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of approximately 10% on January 1, 2019. The ROU asset (recognized within property and equipment) was measured at amounts equal to the corresponding initial lease liability.

On adoption, the following practical expedients were permitted by IFRS 16, but were not applicable to the Company:

- Accounted for leases with a remaining term of less than twelve months as at January 1, 2019, as short-term leases; and
- Accounted for lease payments as an expense for leases of low-value assets.

The modified retrospective approach does not require restatement of prior period comparative financial information and is applied prospectively. The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of ROU assets. These include: determining contracts that are within the scope of IFRS 16; determining the contract term; and determining the interest rate used for the discounting of future cash flows.

2. Significant accounting policies (continued)

Comparative figures

Certain comparative figures within operating expenses on the statement of loss and comprehensive loss have been reclassified to conform to the current period's presentation.

Updates to significant accounting policies

Lease Liabilities and Right-of-use Assets

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the lease commencement date, a lease liability is recognized at the present value of future lease payments, using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available. A corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received and initial direct costs. The Company has elected not to recognize leases for short-term leases with a lease term of twelve months or less, or leases for low-value assets. Payments are applied against the lease liability and interest expense is recognized on the lease liability using the effective interest rate method. Depreciation is recognized on the right-of-use asset over the lease term. The lease term determined by the Company comprises the non-cancellable period of lease contracts; the period covered by an option to extend the leases, if the Company is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease, if the Company is reasonably certain not to exercise that option.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets of an acquired business. The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest acquired, less the fair value of the identifiable assets acquired, and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in earnings as incurred. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. When the excess is negative, a gain on a bargain purchase is recorded in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

3. Reverse acquisition

As described in Note 1, on February 25, 2019, Metropolitan and Bertram completed the Transaction, which constituted an RTO.

The Transaction resulted in the shareholders of Bertram obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision-making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Transaction constitutes an RTO of Metropolitan by Bertram and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As Metropolitan did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of equity by Bertram for the net assets of Metropolitan and Metropolitan's public listing, with Bertram as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the RTO as it does not constitute a business.

For accounting purposes, Bertram was treated as the accounting parent company (legal subsidiary) and Metropolitan has been treated as the accounting subsidiary (legal parent) in these financial statements. As Bertram was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. Metropolitan's results of operations have been included in these financial statements from February 25, 2019.

		February 25, 2019
	Net assets of Metropolitan acquired:	**$**
	Cash	1,114,974
	Receivables	34,001
	Deposit	38,017
	Trade and other payables	(275,182)
	Translation adjustment	1,905
	Net assets acquired	**913,715**
	Consideration paid in RTO of Metropolitan:	**$**
(1)	Class A SUB Shares (fair value of 12,675,314 shares at $0.38 (CAD$0.50) each)	4,816,619
(1)	Class B SVS Shares (fair value of 252,700 shares at $3.80 (CAD$5.00) each)	960,260
	Finders' warrants	316,000
	Replacement warrants (Note 11(e))	53,000
	Replacement warrants reclassified as warrant liability	(47,000)
	Transaction costs - cash (Note 13)	261,954
	Total consideration paid	**6,360,833**
	Listing expense	**5,447,118**

(1) Aggregate value of Class A SUB Shares and Class B SVS Shares issued as part of consideration paid in RTO of Metropolitan totals $5,776,879.

The Transaction was measured at the fair value of the shares that Bertram would have had to issue to the shareholders of Metropolitan, to give the shareholders of Metropolitan the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Bertram acquiring Metropolitan.

4. Acquisitions

Acquisitions completed

- Fat Face Farms ("JBC Enterprises LLC") (completed, April 16, 2019):

  On April 16, 2019, the Company closed on a Definitive Asset Purchase Agreement ("Fat Face Farms APA") and completed the acquisition of certain assets of Colorado-based JBC Enterprises LLC ("JBC" or "Fat Face Farms") which operates the branded cannabis cultivation facility "Fat Face Farms", located in Denver, Colorado (the "Fat Face Farms Transaction"). Under the terms of the Fat Face Farms APA, the Company acquired the business and operating assets of JBC, inclusive of all leasehold rights, intellectual property, and equipment. The Company completed the acquisition for the purpose of expanding its brand portfolio and adding expertise in respect of cultivation operations so to facilitate potential future expansion into additional state-legal markets.

  The Fat Face Farms Transaction constitutes a business combination and has been accounted for under the acquisition method in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. Goodwill arose from the Fat Face Farms Transaction as the net assets acquired by the Company are considered to constitute a business. Additionally, the excess of the consideration paid by the Company reflects the benefit of expected revenue, the existing brand, future market development, and the assembled work forces of JBC. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the Fat Face Farms Transaction is expected to be deductible for tax purposes.

	April 16, 2019
Net assets acquired:	**$**
Property and equipment	358,410
Right-of-use asset	1,015,100
Lease liability	(1,015,100)
Net assets acquired	**358,410**
Goodwill	741,590
Total	**1,100,000**

Consideration paid:	**$**
Class B SVS Shares (37,358 shares at $29.44 (CAD$39.29) per share)	1,100,000
Total	**1,100,000**

  Consideration paid by the Company consisted of 37,358 Class B SVS Shares for total consideration of $1,100,000. Each Class B SVS Share is convertible into 10 Class A SUB Shares. The Class B SVS Shares are subject to a trading restriction until August 16, 2019. No trade receivables or other amounts owed by JBC to the Company were offset against the consideration paid. Additionally, JBC has agreed to grant the Company a 60-day right-of-first refusal to purchase, or identify a third-party purchaser for any shares intended to be sold by JBC.

  Amounts incurred by the Company in respect of transaction costs are included in professional fees as part of loss and comprehensive loss. Share issue costs were $nil.

4. Acquisitions (continued)

Acquisitions completed (continued)

- Honu Enterprises Inc. (completed subsequent to April 30, 2019, on May 5, 2019,):

  On May 5, 2019, the Company closed on a Definitive Asset Purchase Agreement ("Honu APA") with Honu Enterprises Inc. ("Honu") a Washington-based cannabis-infused products brand, whereby the Company acquired certain assets of Honu including leasehold rights, intellectual property, and equipment (the "Honu Transaction").

  The Company is also required to issue additional Class B SVS Shares to Honu upon the satisfaction of provisions applicable to two earn-out considerations (the "Earn-Outs"), as follows:

  - First Earn-Out: The Company is required to issue Class B SVS Shares to Honu with a fair value $3,426,937 upon revenues from the sale of Honu-branded products reaching $3,426,937 for the thirteen months ended January 31, 2020;

  - Second Earn-Out: The Company is required to issue Class B SVS Shares to Honu with a fair value of $3,426,937 upon revenues from the sale of Honu-branded products reaching $3,426,937 for twelve months ended January 31, 2021.

  Each Class B SVS Share is convertible into 10 Class A SUB Shares. The Earn-Outs are payable if, and only if, applicable annual revenue targets have been met. All Class B SVS Shares issued pursuant to the Honu Transaction will be subject to a contractual lock-up, restricting the transfer of Class B SVS Shares until December 5, 2020, with 33.33% of the locked-up Class B SVS Shares being released on each 6-month anniversary from May 5, 2019. Additionally, Honu has agreed to grant the Company a 60-day right-of-first refusal to purchase, or identify a third-party purchaser for any shares intended to be sold by Honu.

  As at the date of authorization of these financial statements, the initial accounting for the acquisition of Honu is incomplete. As a result, the Company is unable to provide disclosure in accordance with IFRS 3 *Business Combinations* in respect of the following: (i) the amount and qualitative factors that make up goodwill that may be recognized, and the amount if any, of goodwill that is expected to be deductible for tax purposes; (ii) the fair values and gross contractual amounts of receivables acquired; (iii) the amounts recognized for each major class of assets and liabilities assumed; (iv) the amount of separately recognized transactions which may include acquisition-related professional fees and other costs that may be recognized as an expense in profit or loss.

Acquisitions pending

- Citation Growth Corp. Transaction (not completed, formerly Liht Cannabis Corp.):

  Effective March 5, 2019, the Company executed a Letter of Intent ("LOI") to acquire a 51% ownership in California license holder, "420 Express Delivery Inc." which operates, "Green Leaf Wellness", a dispensary in the Coachella Valley of California, from Citation Growth Corp. (formerly Liht Cannabis Corp.) (the "Citation Transaction") a publicly traded company on the CSE.

  Consideration payable by the Company will be the rebranding of the Green Leaf Wellness dispensary, valued at US$250,000, under Cannabis One's "The Joint™" banner; and US$350,000 in Class A SUB Shares of Cannabis One, which will be subject to a 12-month trading restriction following the date of issuance. Cannabis One will retain a right-of-first refusal to purchase the remaining 49% of Green Leaf Wellness and related assets at fair market value in exchange for additional Class A SUB Shares and/or cash consideration for a period of 5 years following closing of the Citation Transaction.

4. Acquisitions (continued)

Acquisitions pending (continued)

- Evergreen Organix Transaction (not completed):

  On April 22, 2019, the Company announced it had executed three Definitive Agreements to acquire certain assets of Nevada-based LV 3480 Partners LLC, 3480 Investors, Inc., and Argo Finance LLC (collectively, “Evergreen Organix”) (the “Evergreen Organix Transaction”). Subject to the approval of Nevada State regulators, the Company will acquire infrastructure, intellectual property and other assets including several flower and infused-product brands. Evergreen Organix has established manufacturing and distribution relationships for the production of its suite of brands across six states: Nevada, California, Colorado, Washington, Oregon, and Montana.

  Consideration payable by the Company will total $47,710,623 comprised of Class B SVS Shares, cash, and assumed liabilities as follows:

  i. Payable to LV 3480 Partners LLC: $24,607,506 in Class B SVS Shares less any funds previously advanced by the Company to Evergreen Organix. The Class B SVS Shares will be subject to a lock-up period of 18-months following the date of issuance which restricts the transfer of these securities during the lock-up period. During the lock-up period 33.33% of the issued Class B SVS Shares will be released from the lock-up every six months;

  ii. Payable to 3480 Investors, Inc.: $15,000,000, comprised of $14,355,000 in assumed liabilities and $645,000 in cash; and

  iii. Payable to Agro Finance LLC: $8,103,117 in cash.

As at April 30, 2019, Evergreen Organix was indebted to the Company in the amount of $249,250 recorded within receivables. Any amount owed to the Company by Evergreen Organix at the time of closing of the Evergreen Organix Transaction, will be offset against the consideration payable by the Company.

- Itachi Advisory Group LLC (not completed):

  On April 25, 2019, the Company entered into a Letter Agreement with Colorado-based cannabis industry consulting firm Itachi Advisory Group LLC ("Itachi"), to partner in pursuit of acquisitions related to a portfolio of assets related to cannabis retail, cultivation, and manufacturing operations from certain entities. Specifics as to the targeted assets and eventual consideration payable by the Company are being evaluated.

5. Leases receivable

As at April 30, 2019, and December 31, 2018, leases receivable consists of two equipment lease agreements with Cannabis Corp., (Note 13).

The two lease agreements have a term of five years each and will expire on December 31, 2021 and March 31, 2022. There is no purchase option at the expiration of these leases. In addition, the Company holds the equipment as security until the end of the lease term. The Company's implicit lease rates are 4.96% and 13.61% on each of its leases. The maturities of leases receivable shown in the table below are not to be regarded as a forecast of future cash collections.

The future contractual payments, including principal and interest, are due to the Company as follows:

	Year	**April 30, 2019** $	December 31, 2018 $
	2019	349,218	523,827
	2020	523,827	523,827
	2021	523,827	523,827
	2022	97,226	97,227
	Gross leases receivable	**1,494,098**	1,668,708
(1)	Deferred leases receivable	1,125,037	950,428
	Unearned lease income	(879,391)	(1,032,298)
	Leases receivable (principal)	**1,739,744**	1,586,838
	Current portion (within one year)	**1,224,685**	1,031,410
	Long-term portion (later than one year but no later than five years)	**515,059**	555,428

(1) As at April 30, 2019, and December 31, 2018, lease payments due from Cannabis Corp., in the amount of $1,125,037 (December 31, 2018 - $950,428) are being deferred until such time that the equipment becomes usable by Cannabis Corp. The deferral is due to construction delays at Cannabis Corp.'s cultivation facility where the equipment will be utilized.

During the four months ended April 30, 2019, the Company earned lease income on the lease of equipment of $152,906 (2018 - $174,609), included within lease and rental income. During the four months ended April 30, 2019, lease expenses included in cost of sales consists of lease payments made by the Company on the facilities where the leased equipment is situated.

6. Loans receivable

Promissory Notes

a) The Company has a Promissory Note Agreement outstanding with a company that has a common director (the "Borrower"). Interest is due on the unpaid principal at 10% per annum and is secured by the assets of the Borrower. The unpaid principal and interest is payable to the Company in annual installments of $52,760, on or by every November 15, until November 15, 2020, at which time the remaining balance is due to the Company in full. As at April 30, 2019, principal and interest outstanding on this note totaled $85,991 (December 31, 2018 - $84,263).

b) During the year ended December 31, 2018, the Company entered into five additional Promissory Note Agreements, one of which was with Cannabis Corp., a related party (Note 13). As at April 30, 2019, principal and interest on one of the notes, due from Honu Enterprises Inc., remains outstanding and receivable. Subsequent to April 30, 2019, the Company completed the acquisition of specified assets of Honu to which the note was offset in the amount of $17,297 (Note 4).

   During the year ended December 31, 2018, it was determined that reasonable expectation of recovery of one of the notes was significantly hindered as the debtor failed to engage in a repayment plan with the Company. As a result, the Company issued a notice of default to the debtor on December 21, 2018 and recorded a loss provision on loans receivable in the amount of $52,944 which included accrued interest receivable of $1,050 (a second loss provision is discussed in (c) below) during the year then ended. As at April 30, 2019, $nil is receivable pursuant to this note as there has been no change to the loss provision recorded during the year ended December 31, 2018.

c) The Company has a Materials Purchases Agreement with a third party (the "MPA Debtor") outstanding whereby the Company would advance funds to the MPA Debtor to enable their purchase of goods and materials until August 2, 2019. This note is secured by the inventory held by the MPA Debtor.

   During the year ended December 31, 2018, it was determined that reasonable expectation of recovery of this note was significantly hindered as the MPA Debtor failed to engage in a repayment plan with the Company. As a result, the Company issued a notice of default to the MPA Debtor on December 26, 2018 and recorded a loss allowance on loans receivable in the amount of $112,739 which included accrued interest receivable of $3,664 (an additional loss provision is discussed above) during the year then ended. Refer to the disclosure on contingencies (Note 17) for details. As at April 30, 2019, $nil is receivable from the MPA Debtor as there has been no change to the loss provision recorded during the year ended December 31, 2018.

   The change in the loans receivable is as follows:

	April 30, 2019 $	December 31, 2018 $
Balance, beginning of period/year	101,198	127,488
Advances	-	552,594
Repayments	-	(418,449)
Interest accrual (finance income)	2,384	5,248
Loss allowance (Note 14)	-	(165,683)
Balance, end of period/year	**103,582**	101,198

6. Loans receivable (continued)

	April 30, 2019 $	December 31, 2018 $
Current portion	70,142	59,067
Long-term portion	33,440	42,131
	103,582	101,198

The contractual payments, including principal and interest, are due to the Company as follows:

Year	**April 30, 2019 $**	December 31, 2018 $
2019	70,351	48,438
2020	33,231	52,760
Total payments due	**103,582**	101,198
Less: interest portion	(33,231)	(21,257)
Loans receivable (principal)	**70,351**	79,941

7. Inventory

The Company's inventory consists primarily of unfilled vape pens, cartridges, and product packaging (without any cannabis content) for sale to third party cannabis producers who fill these items with Cannabis One branded formulations for re-sale to licensed dispensaries.

Inventory recognized as an expense in cost of sales was $70,983 for the four months ended April 30, 2019 (2018 - $3,935).

8. Property and equipment

Property and equipment consists of the following:

	Extraction equipment $	Cultivation equipment $	Leasehold improvements $	Furniture and equipment $	Right-of-use assets - Facility leases $	Total $
Cost						
December 31, 2017	137,552	-	205,133	94,631	-	437,316
Additions	382,338	-	634,608	24,207	-	1,041,153
Reclassifications	27,496	64,681	2,454	(94,631)	-	-
December 31, 2018	547,386	64,681	842,195	24,207	-	1,478,469
Accumulated depreciation						
December 31, 2017	71,068	-	30,474	44,257	-	145,799
Additions	-	-	10,288	4,841	-	15,129
Reclassifications	14,206	30,051	-	(44,257)	-	-
December 31, 2018	85,274	30,051	40,762	4,841	-	160,928
Cost						
December 31, 2018	547,386	64,681	842,195	24,207	-	1,478,469
Adoption of IFRS 16 on January 1, 2019	-	-	-	-	1,531,774	1,531,774
Additions	-	416,953	704,079	69,357	1,834,700	3,025,089
Disposal	-	-	(51,441)	-	-	(51,441)
April 30, 2019	**547,386**	**481,634**	**1,494,833**	**93,564**	**3,366,474**	**5,983,891**
Accumulated depreciation						
December 31, 2018	85,274	30,051	40,762	4,841	-	160,928
Additions	-	-	41,153	5,758	101,396	148,307
Disposal	-	-	(51,441)	-	-	(51,441)
April 30, 2019	**85,274**	**30,051**	**30,474**	**10,599**	**101,396**	**257,794**
Net book value						
December 31, 2018	462,112	34,630	801,433	19,366	-	1,317,541
April 30, 2019	**462,112**	**451,583**	**1,464,359**	**82,965**	**3,265,078**	**5,726,097**

The Company leases-out cultivation equipment, and certain furniture and equipment to Cannabis Corp., (Note 5). The leased equipment is held as security until the end of the lease terms. In accordance with the terms of the existing lease agreements, the leased equipment is always owned by the Company, and possession will revert to the Company upon expiration of the lease agreements. When the Company enters agreements to lease-out property and equipment, the carrying value is transferred from property and equipment to leases receivable.

The Company owns certain extraction equipment, and cultivation equipment that is not yet being leased-out to another party. As a result, no depreciation is taken on such items within property and equipment. Moreover, leasehold improvements are depreciated over the remaining lease term commencing when the underlying premises becomes occupied and used for its intended purpose.

During the four months ended April 30, 2019, and the year ended December 31, 2018, the Company did not enter into any new agreements to lease-out property and equipment.

As at April 30, 2019 and December 31, 2018, there we no impairment indicators in respect to the Company's property and equipment. During the four months ended April 30, 2019, the Company wrote-off the cost and accumulated depreciation included within leasehold improvements in the amount of $51,441 pursuant to a dispensary facility that the Company was formerly leasing under a month-to-month arrangement, which is no longer being leased by the Company. The net effect of the reduction in cost and accumulated depreciation was $nil.

8. Property and equipment (continued)

Right-of-use assets

The Company's right-of-use assets include the following five leases:

- The Company's corporate office in Denver, CO;
- A cultivation facility being constructed and to be subleased to Cannabis Corp. in Denver, CO;
- A cultivation facility assumed through the acquisition of JBC (Note 4) which will be subleased to Cannabis Corp. in Denver, CO;
- An extraction facility in Portland, OR which will be subleased to a third party; and
- A second extraction facility in Portland, OR which will be subleased to a third party.

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities recognized on initial adoption of IFRS 16 on January 1, 2019, and for the four months ended April 30, 2019 is as follows:

	April 30, 2019 $
January 1, 2019 (Note 2)	1,714,428
Additions	1,834,700
Lease payments	(92,660)
Lease interest (finance costs)	63,535
April 30, 2019	**3,520,003**
Current portion of lease liabilities	**687,035**
Non-current portion of lease liabilities	**2,832,968**

As at April 30, 2019, the total undiscounted amount of the estimated future cash flows to settle the Company's lease liabilities over the remaining lease terms is $5,199,406.

Short-term leases are leases with a lease term of twelve months or less. As at April 30, 2019, and December 31, 2018, the Company did not have any short-term leases. As at April 30, 2019, there were no extension options that were reasonably certain to be exercised included in the measurement of the lease liabilities, and there were no leases with residual value guarantees.

9. Intangible assets

During the year ended December 31, 2017, the Company entered into an Asset Purchase Agreement with Cannabis Corp., to purchase certain intellectual property for total consideration of $1,145,000.

The intellectual property is comprised of the trade names, "Cannabis", "The Joint™ by Cannabis", "Incognito by Cannabis", "Fire by Cannabis" and "Cannabis Prime", as well as related trademarks and website domains.

	Website domains $	Trademarks $	Trade names $	Total $
Cost				
December 31, 2017, December 31, 2018, and April 30, 2019	**200,000**	**470,000**	**475,000**	**1,145,000**
Accumulated amortization				
December 31, 2017	33,333	78,332	79,165	190,830
Additions	40,000	94,000	95,000	229,000
December 31, 2018	73,333	172,332	174,165	419,830
Additions	12,308	28,923	29,231	70,462
April 30, 2019	**85,641**	**201,255**	**203,396**	**490,292**
Net book value				
December 31, 2018	126,667	297,668	300,835	725,170
April 30, 2019	**114,359**	**268,745**	**271,604**	**654,708**

10. Trade and other payables

Trade and other payables consists of the following:

	April 30 2019 $	December 31, 2018 $
Trade payables and accrued liabilities	831,547	416,404
Sub-lease tenant deposits	165,000	165,000
	996,547	581,404

11. Share capital

Authorized

In connection with closing of the RTO (Note 3), the Company's shareholders approved a Share Structure Amendment, in which the Company is authorized to issue a total of 100,000,000 shares, consisting of the following:

- 95,000,000 Class A Subordinated Voting Shares (common share equivalents, one vote per share) ("Class A SUB Shares")); and
- 5,000,000 Class B Super Voting Shares (ten votes per share) ("Class B SVS Shares"). Each Class B SVS Share is convertible at any time at the option of the holder into a Class A SUB Share.

Long-Term Incentive Plan and Anti-Dilution Agreements

In 2015, the Company established a Long-Term Incentive Plan ("LTIP") for executives and other employees and consultants of the Company, and on November 23, 2018, the Company entered into Release and Waiver Agreements ("Anti-Dilution Agreements") with certain eligible investors.

As of April 30, 2019, the Company had 4,199,350 Class A equivalent shares outstanding and held by qualified participants of the LTIP and/or Anti-Dilution Agreements (1,955,347 Class A SUB Shares, and 224,400 Class B SVS Shares), (December 31, 2018 – Nil).

Pursuant to the LTIP and the Anti-Dilution Agreements, 12,000,000 Rights have also been issued to certain employees, directors, consultants, and investors of the Company. The Rights permit the holder to convert each Right into Class A SUB Shares and Class B SVS Shares (depending on the holder's country of residency) for $nil consideration upon achievement of certain Company milestones, as follows:

- 6,000,000 Rights are convertible upon the Company earning CAD$40,000,000 in revenue for the thirteen months ended January 31, 2020; and
- 6,000,000 Rights are convertible upon the Company earning CAD$100,000,000 in revenue for the twelve months ended January 31, 2021.

a) Transactions for the issuance of share capital during the four months ended April 30, 2019:

During the year ended December 31, 2018, Bertram split its shares on a basis of approximately 5.9343-to-1. All share and per share amounts had been retroactively restated as at and for the year then ended.

- Upon closing of the RTO on February 25, 2019, the Company issued 4,199,350 shares comprised of Class A SUB Shares and Class B SVS Shares to certain eligible recipients of Bertram's LTIP and/or Anti-Dilution Agreements.
- On February 25, 2019, the Company issued 26,675 Class B SVS Shares to directors of the Company for past services accrued during the year ended December 31, 2018 in the amount of $95,600, which was reclassified from commitment to issue shares and warrants to share capital.
- The Company issued 1,175,000 Class A SUB Shares on exercise of warrants for gross proceeds of $220,280 (CAD $293,750).
- The Company issued 37,358 Class B SVS Shares on acquisition of JBC (Note 4) at a fair value of $29.44 (CAD $39.29) per share for total consideration of $1,100,000 (CAD $1,467,687).

b) Transactions for the issuance of share capital during the four months ended April 30, 2018:

- The Company issued 934,827 common shares (Class A SUB Shares) at $0.34 per share for gross proceeds of $315,060, less cash share issue costs of $8,604. In connection with this issuance, the Company collected $130,000 in subscriptions receivable that were outstanding as at December 31, 2017.
- The Company accrued 148,357 common shares (Class A SUB Shares) with an aggregate fair value of $50,000 to Directors of the Company for their services provided during the four months ended April 30, 2018. This amount was recognized as share-based compensation expense during the four months ended April 30, 2018.

11. Share capital (continued)

c) Stock options

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants stock options to purchase Class A SUB shares of the Company, provided that the number of shares reserved for issuance will not exceed 10% of the total issued and outstanding shares of the Company. The stock options have a maximum term of five years from the date of grant, and vest over periods as determined by the Board of Directors. The exercise price of stock options granted under the Plan must not be less than the market price of the Company's Class A SUB shares which trade on the CSE.

A summary of the status of the Company's stock options as at April 30, 2019 and December 31, 2018 and changes during the period/year then ended is as follows:

	Four months ended April 30, 2019		Year ended December 31, 2018	
	Options #	Weighted average exercise price CAD$	Options #	Weighted average exercise price CAD$
Options outstanding, beginning of period/year	-	-	-	-
Granted	4,900,000	0.60	-	-
Assumed on RTO	200,000	0.35	-	-
Options outstanding, end of period/year	**5,100,000**	**0.59**	-	-

As at April 30, 2019, the Company had stock options outstanding and exercisable as follows:

Number of options	Exercise price (CAD)	Expiry date	Remaining life (years)
200,000	$ 0.35	May 11, 2023	4.03
4,900,000	$ 0.60	February 25, 2024	4.83

In connection with closing of the RTO, the Company granted 4,900,000 stock options to purchase Class A SUB Shares to certain directors, employees and consultants. The stock options are exercisable at CAD$0.60 with one-third vesting immediately, and the remainder vesting one-third annually until February 25, 2021. The stock options have a five-year term expiring on February 25, 2024.

Share-based payment expense for the four months ended April 30, 2019 was $631,080, which represents the fair value of the stock options that have vested. Share-based payment expense for the four months ended April 30, 2018 was $50,000 which represents the fair value of shares accrued for services.

The fair value of the stock options granted during the four months ended April 30, 2019, was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2019
Risk-free interest rate	1.80%
Expected life of stock options	5.00 years
Expected volatility	86.50%
Dividend rate	0%

11. Share capital (continued)

d) Warrants

A summary of the status of the Company's warrants as at April 30, 2019 and December 31, 2018 and changes during the period/year then ended is as follows:

	Four months ended April 30, 2019		Year ended December 31, 2018	
	Warrants #	Weighted average exercise price CAD$	Warrants #	Weighted average exercise price CAD$
Warrants outstanding, beginning of period/year	8,239,073	0.75	-	-
Issued - Warrants attached to Units	-	-	7,905,938	0.75
Issued - Finders' warrants	1,575,000	0.40	290,809	USD $0.34
Issued - Finders' warrants	-	-	42,326	0.50
Replacement warrants assumed on RTO	10,000,000	0.25	-	-
Exercised	(1,175,000)	0.25	-	-
Warrants outstanding, end of period/year	**18,639,073**	**0.48**	8,239,073	0.75

As at April 30, 2019, the Company had warrants outstanding and exercisable as follows:

Number of warrants - Class A SUB Shares	Number of warrants - Class B SVS Shares	Exercise price (CAD)	Exercise price (USD) (Note 11(e))	Expiry date		Remaining life (years)
290,809	-	N/A	$ 0.34	January 15, 2020		0.71
6,325,000	250,000	$ 0.25	N/A	March 21, 2020		0.89
42,326	-	$ 0.50	N/A	October 17, 2020	(1)	1.47
6,174,808	173,113	$ 0.75	N/A	October 28, 2020	(1)	1.50
1,575,000	-	$ 0.40	N/A	February 25, 2021		1.83

(1) Subsequent to April 30, 2019 (on May 27, 2019), the Company issued a notice of acceleration of the expiry date for these warrants. This notice was retracted by the Company on June 14, 2019.

The fair value of the 1,575,000 finders' warrants issued, and 290,809 replacement warrants held by Bertram warrant holders (outstanding as at December 31, 2018 and issued in connection with a specific private placement) during the four months ended April 30, 2019, was calculated using the Black-Scholes model with the following weighted average assumptions:

	April 30, 2019
Risk-free interest rate	1.80%
Expected life of warrants	1.83
Expected volatility	92.50%
Dividend rate	0%

11. Share capital (continued)

e) Warrant liability

The change in the warrant liability is as follows:

	Apil 30, 2019 $	December 31, 2018 $
Balance, beginning of period/year	460,000	-
Reversal	(460,000)	-
Additions	53,000	340,000
Change in fair value	359,000	120,000
Balance, end of period/year	**412,000**	460,000

In connection with a non-brokered private placement of subscription receipts in anticipation of the RTO that occurred in Bertram during the year ended December 31, 2018, 7,905,987 warrants were issued with exercise prices denominated in Canadian dollars. As these non-compensatory warrants had an exercise price denominated in a currency (Canadian dollar) different from the functional currency of Bertram (U.S. dollar), the issuing entity of the warrants at the time, the warrants were treated as a financial liability with changes in fair value recognized in profit or loss during the year ended December 31, 2018. The warrant liability was measured using Level 3 inputs within the fair value hierarchy.

As at December 31, 2018, Bertram had 7,905,987 warrants outstanding which were classified and accounted for as a financial liability. During the year then ended, Bertram recognized an expense of $460,000 from the initial recognition plus changes in the fair value of the warrant liability from the issuance date on October 28, 2018 to December 31, 2018. The fair value of the Canadian dollar denominated warrants was determined using the Black-Scholes Pricing Model as at December 31, 2018.

In connection with closing of the RTO on February 25, 2019, these warrants became warrants outstanding in Cannabis One, whose functional currency is the Canadian dollar. As a result, the warrant liability was reversed, and a credit of $460,000 was recorded to deficit. Moreover, the closing of the RTO resulted in the recognition of a separate warrant liability on 290,809 replacement warrants held by Bertram warrant holders (outstanding as at December 31, 2018) that had exercise prices denominated in U.S. dollars which is a different currency from the functional currency of Cannabis One (CAD). These warrants are considered non-compensatory as they were replacement warrants revalued in connection with closing of the RTO. As a result, these warrants were treated as a financial liability with changes in fair value recognized in profit or loss during the four months ended April 30, 2019. The warrant liability was measured using Level 3 inputs within the fair value hierarchy.

During the four months ended April 30, 2019, the Company recognized an expense of $359,000 representing the change in the fair value of the warrant liability from February 25, 2019, to April 30, 2019. The fair value of the U.S. dollar denominated warrants was determined using the Black-Scholes model as at April 30, 2019 as follows:

		April 30, 2019
Stock price	$	1.75
Exercise price	$	0.34
Risk-free interest rate		1.80%
Expected life of warrants		0.71 years
Expected volatility		86.50%
Dividend rate		0%

Given the significant fluctuation in the Company’s stock price between April 30, 2019 and the date of approval of these financial statements, the stock price estimate used in the above Black-Scholes model, was based on an average calculation.

11. Share capital (continued)

f) Loss per share amounts

Weighted average loss per common share during the four months ended April 30, 2019 and April 30, 2018 is calculated as follows:

	April 30, 2019 $	April 30, 2018 $
Numerator		
Loss and comprehensive loss for the period	(7,781,446)	(343,304)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	66,395,127	11,050,645
Basic and diluted loss per common share	**(0.12)**	(0.03)

As at April 30, 2019, all stock options and warrants outstanding were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

g) Reserves

Reserves is comprised of the accumulated fair value of stock options recognized as share-based compensation and the fair value of finders' warrants issued on private placements and warrants revalued on the RTO. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the stock options or warrants expire or are exercised or cancelled.

	Warrants $	Stock Options $	Total $
December 31, 2017	-	-	-
Finders' warrants issued	51,000	-	51,000
December 31, 2018	51,000	-	51,000
December 31, 2018	51,000	-	51,000
Finders' warrants issued (Note 3)	316,000	-	316,000
Replacement warrants on RTO (reclassified to warrant liability)	(47,000)	-	(47,000)
Options vesting	-	631,080	631,080
April 30, 2019	**320,000**	**631,080**	**951,080**

12. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the four months ended April 30, 2019 and April 30, 2018, as follows:

	April 30 2019 $	April 30 2018 $
Non-cash investing activities:		
Property and equipment included in trade payables	27,000	-
Property and equipment additions - right-of-use assets (transition to IFRS 16)	1,531,774	-
Property and equipment additions - right-of-use assets and other (including acquistion of JBC)	2,193,110	-
Non-cash financing activities:		
Reversal of warrant liability to deficit	460,000	-
Fair value of finders' warrants issued	-	47,000
Reclassification of commitment to issue shares and warrants to share capital	95,600	-

During the four months ended April 30, 2019, the Company completed the RTO (Note 3), and acquired specified assets through the acquisition of JBC (Note 4) for share consideration.

As at December 31, 2018, property and equipment included in trade and other payables totaled $42,296. As at December 31, 2017, share issue costs of $66,392 were included in trade and other payables.

13. Related party balances and transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of members of the Company's Board, and its Executive Officers.

Other than as disclosed elsewhere within these financial statements, key management personnel transactions, and related party transactions and balances as at April 30, 2019, and December 31, 2018, and for the four months ended and April 30, 2019, and April 30, 2018 are listed below. As described below and throughout these financial statements, the Company engaged in several transactions with Cannabis Corp., a company jointly owned by a spouse of an officer of the Company and an unrelated third party.

Key management personnel compensation:

The net aggregate compensation paid or payable to key management during the four months ended April 30, 2019 and April 30, 2018 was as follows:

		April 30, 2019	April 30, 2018
		$	$
(1)	Share-based compensation	438,805	50,000
	Service expenses - cost of sales	125,000	125,440
	Consulting fees	165,922	131,850
	Listing expense - transaction costs - cash	261,954	-

(1) Share-based compensation for the four months ended April 30, 2019, comprised the fair value of the stock options that have vested (2018 - the fair value of shares accrued to directors of the Company for services during the period then ended).

Other related party transactions:

The following transactions during the four months ended April 30, 2019, and April 30, 2018 within these financial statements involved other related parties as follows:

		April 30, 2019	April 30, 2018
		$	$
(2)	Finance income on loan receivable	1,728	3,178
(1)	Lease and rental income	220,946	221,733
(1)	Product sales	-	32,183
(1)	Service income	779,650	299,118

(1) Amounts charged/products sold to Cannabis Corp.
(2) Amounts charged to a company controlled by a common director.

Related party balances:

The following balances were payable/receivable to/from related parties as at April 30, 2019, and December 31, 2018:

		April 30, 2019	December 31, 2018
		$	$
	Trade and other payables due to related parties	2,489	195
(1)	Receivables	923,871	339,624
(1)	Current portion of leases receivable	1,224,685	1,031,410
(1)	Long-term portion of leases receivable	515,059	555,428
(2)	Current portion of loans receivable	52,552	42,131
(2)	Long-term portion of loans receivable	33,439	42,131

(1) Amounts due from Cannabis Corp.
(2) Amount due from a company controlled by a common director.

14. Financial risk management and financial instruments

Fair value of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- 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.

The fair value of cash is measured using Level 1 inputs. The carrying values of receivables, deposits, and trade and other payables, approximate their respective fair values due to the short-term nature of these instruments. The Company's leases receivable, loans receivable, and lease liabilities also approximate fair value as they bear market rates of interest.

The Company's warrant liability was measured using Level 3 inputs as described in Note 11(e).

Economic dependence

During the four months ended April 30, 2019, the Company derived 48% (2018 – 99%) of its revenues from one company, Cannabis Corp.

As at April 30, 2019, 31% (December 31, 2018 – 24%) of receivables represent amounts due from Cannabis Corp., and 65% of receivables represent amounts due from five arm's length companies (2018 – 71% due from three arm's length companies).

Receivables:

Receivables consists of the following:

	April 30 2019 $	December 31, 2018 $
Trade receivables	2,894,174	1,419,552
Sales tax recoverable	54,870	-
	2,949,044	1,419,552

14. Financial risk management and financial instruments (continued)

Risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk (including interest rate risk, price risk, and currency risk), credit risk, and liquidity risk.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: interest rate risk, price risk, and currency risk, and commodity price risk. The Company does not have any direct exposure to commodity price risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its financial assets that bear interest, being leases receivable, and loans receivable. The Company is also exposed to interest rate risk on its leases liabilities. However, these instruments do not bear interest at variable rates, which minimizes the Company's exposure to fluctuations in interest rates.

Price risk

Equity price risk is defined as the potential adverse impact on the Company's results of operations and the ability to obtain financing, due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to currency risk with respect to the trade and other payables denominated in Canadian dollars, and outstanding non-compensatory warrants in Cannabis One issued with exercise prices denominated in U.S. dollars which differs from Cannabis One's Canadian functional currency. A 10% change in the foreign exchange rate between the U.S. dollar and Canadian dollar would impact profit or loss by approximately $94,000.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for the Company arises from cash, receivables, leases receivable, loans receivable, and deposits. The carrying amount of these financial assets represents the maximum credit exposure as at April 30, 2019 and December 31, 2018.

Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Credit risk exposure on cash is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets. The Company has sales tax recoverable which is due from the Canadian Government and management considers the risk to be low.

The Company is exposed to credit risk inherent in its trade receivables which include credit exposures to customers and their outstanding trade receivable balances. The Company has certain trade receivables due from entities in which the Company has completed, or is in the process of completing, acquisitions of certain assets of those entities (Note 4). The underlying agreements provide for an offset of trade receivables, and other receivables, if any, against the consideration payable by the Company. Credit risk relating to the leases receivable from Cannabis Corp., is considered low based upon the nature of the Company's relationship with Cannabis Corp., and its payment history in respect of other financial assets due from Cannabis Corp.

14. Financial risk management and financial instruments (continued)

Credit risk (continued)

Impairment of financial assets

The Company has these types of financial assets that are subject to the expected credit loss model:

- Trade receivables arising from product sales, lease and rental income, and service income;
- Leases receivable;
- Loans receivable; and
- Deposits.

While cash is also subject to the impairment requirements of IFRS 9, the risk is insignificant.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and leases receivable. The Company applies the general approach using practical expedients to loans receivable which involves recognition at each reporting date of a loss allowance based on a 12-month expected credit loss model without the requirement to re-assess whether any significant increases in credit risk have occurred at each reporting date.

To measure the expected credit losses, trade receivables and leases receivable have been respectively grouped based on specific credit risk characteristics, debtor circumstances, and the days past due. The volume of debtors in these respective categories is low. The expected loss amounts are based on historical payment profiles, and the corresponding historical credit losses experienced within this period for these debtors. The historical loss rates, if any, are considered and adjusted in respect of aged trade receivables to reflect current and forward-looking information on factors specific to the customers' ability to settle the receivables.

As at April 30, 2019, the loss allowance was $nil for trade receivables (December 31, 2018 - $3,000) and $165,683 for loans receivable (December 31, 2018 - $165,683). There has been no historical loss allowance recorded on leases receivable. During the four months ended April 30, 2019, no additional loss provisions were recorded, and $3,000 in trade receivables were written-off by being applied against the applicable loss allowance previously recorded.

Trade receivables, leases receivable, and loans receivable are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, failure of a debtor to engage in a repayment plan with the Company, the issuance by the Company of a Notice of Default, or a Court Order for Possession, and a failure by the debtor to make contractual payments for a period of greater than 120 days past due, or shorter if specific circumstances suggest otherwise.

Impairment losses are presented as loss provisions within profit or loss. Subsequent recoveries of amounts previously written-off are credited against the same line item.

As at April 30, 2019, 96% of trade receivables were due from six customers (December 31, 2018 – 95% was due from four customers).

14. Financial risk management and financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash which is available on demand and held by a reputable bank in the United States. Historically, the Company has generated the majority of its cash flows from revenue-generating activity and financing activities and used these cash flows to support operating activities. As at April 30, 2019, the Company has working capital of $3,596,932. The Company's contractual obligations include trade and other payables which will be settled within the next fiscal year, the commitments as described in Note 16, and lease liabilities as described in Note 8.

15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue opportunities to deliver solutions for financing, and complete potential business and/or asset acquisitions of state-licensed cannabis cultivators, manufacturers, and dispensaries throughout legal markets within the United States. The Company has the ability to raise new capital through equity and debt issuances and/or through operations. The Company prepares annual estimates of expected expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations.

The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the four months ended April 30, 2019.

16. Commitments and contingencies

a) Commitments:

As at April 30, 2019, the Company has commitments on a total of five facility lease agreements.

The Company has a lease agreement in effect for its head office which carries through to October 31, 2023, and four additional lease agreements for facilities including cultivation and manufacturing facilities which are or will be subleased to other parties. Certain of these facilities are or will be sub-leased to Cannabis Corp. (Note 8).

Subsequent to April 30, 2019, the Company received a Certificate of Occupancy for the lease of an additional facility in Denver, CO. The facility is a dispensary that will be sub-leased to Cannabis Corp.

The Company's minimum annual commitments on the leases in effect as at April 30, 2019 are as follows:

Fiscal Year	Total Commitment $
2020 (remainder for the year)	367,100
2021	376,500
2022	387,800
2023	399,400
2024	382,500
Thereafter	849,500
	2,762,800

16. Commitments and contingencies (continued)

a) Commitments (continued):

As at April 30, 2019, the Company has two sub-lease agreements to lease facilities to Cannabis Corp (one cultivation facility and one dispensary). Minimum annual lease payments to be received by the Company over the terms of the leases are as follows:

Fiscal Year	Total Commitment $
2020 (remainder for the year)	230,520
2021	235,789
2022	242,863
2023	250,151
2024	257,656
Thereafter	857,889
	2,074,868

b) Contingencies:

Alan and Brooks Builders LLC ("A&B")

In October 2018, the Company received a notice of civil claim against the Company with respect to the construction of one of the Company's leased properties. A&B was originally seeking to recover $507,767 in labor and materials related to work performed, but after a mediation meeting and further clarification, the amount claimed was significantly reduced to $213,000. It is the position of the Company that A&B was hired to perform certain construction services at the property, but that the parties never entered into a written contract and never agreed to the cost of construction services.

Management, in consultation with legal counsel, assesses that it is not probable that the claim of A&B will be successful and that the Company will be required to pay any amounts. Accordingly, no provision for possible loss has been included in these financial statements.

Bronner Corp. ("Bronner")

In December 2018, the Company filed a claim against Bronner for breach of contract pursuant to the Materials Purchases Agreement entered into on August 2, 2018 (Note 6(c)) as Bronner had failed to engage in a repayment plan with the Company on the funds advanced by the Company to Bronner. The Company is seeking repossession of inventory which was pledged as security for the funds advanced, and monetary damages of approximately $130,000.

On April 29, 2019, Bronner filed an answer to the litigation and asserted counterclaims. Bronner is also seeking to consolidate this lawsuit with the Strainz & Bronner lawsuit described below. A response to the counterclaim was provided by the Company on May 20, 2019. The Company answered the counterclaims and has proceeded with litigation against Bronner.

On June 4, 2019, the Motion to Consolidate its action against Bronner with the related lawsuit filed by Strainz and Bronner (as noted below) was granted by the court in favour of the Company. Further, on June 24, 2019, the Company provided its response in support of the Motion to Dismiss or to join Strainz and Honu to the same action.

The likelihood of success of this litigation cannot be determined at this time. Accordingly, no contingent asset has been included in these financial statements.

16. Commitments and contingencies (continued)

b) Contingencies (continued):

Strainz, Inc. ("Strainz") & Bronner

On January 29, 2019, Strainz and Bronner filed a claim against the Company claiming breach of contract, breach of implied covenant of good faith and fair dealing, misappropriation of trade secrets, and fraudulent misrepresentation and concealment. Strainz and Bronner were parties to loans receivable that were written-off during the year ended December 31, 2018. Strainz and Bronner are seeking monetary damages against the Company.

On April 29, 2019, the Company filed a Motion to Dismiss this proceeding on the basis that necessary and indispensable parties were not made parties to the litigation. Strainz and Bronner have also filed a Motion to Consolidate this proceeding with the proceeding involving Bronner as noted above. Court ruling on the Motion to Dismiss filed by the Company is pending. The Company responded to the Motion to Consolidate on May 20, 2019. On June 4, 2019, the Motion to Consolidate its action against Bronner with the related lawsuit filed by Strainz and Bronner (as noted above) was granted by the court in favour of the Company.

The Company intends to answer and proceed vigorously with this proceeding. Management believes the claims asserted against the Company are believed to be substantially groundless, frivolous, and simply asserted as a means to extort and extract payment from the Company. The Company denies that there is any merit to any of the claims asserted against it and denies that any of the claims are supported by evidence. The Company will likely not challenge the Motion to Consolidate.

No complete evaluation can be made of the likelihood of success of this proceeding at this time. The Company believes that many of the claims are unfounded and the damages claimed are greatly overstated. Accordingly, no provision for possible loss has been included in these financial statements.

17. Segmented information

The Company operates in one segment which is providing personnel and management resources, infrastructure and equipment for the production, cultivation and dispensary operations of licensed cannabis businesses. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

All of the Company's long-lived assets are located in the United States. All revenues were generated in the United States.

During the four months ended April 30, 2019, four customers (2018 – four customers) represented more than 10% of revenue individually:

	April 30, 2019		April 30, 2018	
	Amount	**Percentage**	Amount	Percentage
	$	%	**$**	%
Lease and rental income	220,946	100%	236,489	100%
Product sales	77,695	34%	13,650	76%
Service income	1,533,023	93%	239,537	100%

18. Subsequent events

- On May 5, 2019, the Company completed the acquisition of specified assets of Honu Enterprises Inc., refer to Note 4 for details.

- The Company granted 300,000 Class A SUB Share stock options which vest immediately, are exercisable at CAD $1.38 per share, and have a term of five years expiring on May 31, 2024.

- The Company issued 2,333,333 Class A SUB Shares upon the exercise of warrants for total proceeds of $622,354 (CAD $833,333).

- The Company issued 41,500 Class B SVS Shares upon the exercise of warrants for total proceeds of $232,457 (CAD $311,250).

- The Company issued 33,334 Class A SUB Shares upon the exercise of stock options for total proceeds of $14,937 (CAD $20,000).