FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **THC Biomed Intl Ltd.** (the "Issuer").

Trading Symbol: **THC**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

The financial statements for the nine months ended April 30, 2020 are attached.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the period ended April 30, 2020.

2. Summary of securities issued and options granted during the period.

All securities issued and options granted during the period have been disclosed in the Issuer's financial statements for the period ended April 30, 2020.

3. Summary of securities as at the end of the reporting period.

A summary of securities as at the end of the reporting period have been disclosed in the Issuer's financial statements for the period ended April 30, 2020.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	**Position(s) Held**
John Miller	Director, Chief Executive Officer, and President
Hee Jung Chun	Director and Chief Financial Officer
Dr. Ashish Dave	Director
Penelope Laine	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

The MD&A for the nine months ended April 30, 2020 is attached.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated June 26, 2020

John Miller
Name of Director or Senior Officer

"John Miller"
Signature

Director, President, and CEO
Official Capacity

<table>
<tr><td>Issuer Details
Name of Issuer

THC Biomed Intl Ltd.</td><td>For Quarter Ended

April 30, 2020</td><td>Date of Report

June 26, 2020</td></tr>
<tr><td colspan="3">Issuer Address

PO Box 20033, Towne Centre</td></tr>
<tr><td>City/Province/Postal Code

Kelowna, BC, V1Y 9H2</td><td>Issuer Fax No.

(888) 422-4718</td><td>Issuer Telephone No.

(250) 870-2512</td></tr>
<tr><td>Contact Name

John Miller</td><td>Contact Position

Director, President, and CEO</td><td>Contact Telephone No.

(250) 870-2512</td></tr>
<tr><td>Contact Email Address

jm@thcmeds.ca</td><td colspan="2">Web Site Address

www.thcbiomed.com</td></tr>
</table>

THC BIOMED INTL LTD.

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended April 30, 2020 and 2019

(Unaudited)

(Expressed in Canadian Dollars)

THC BIOMED INTL LTD.

Condensed Interim Consolidated Financial Statements

Notice to Readers

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

The accompanying unaudited condensed interim consolidated financial statements of THC BioMed Intl Ltd. for the nine months ended April 30, 2020 and 2019 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or a review of these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 25, 2020. They are signed on the Company's behalf by:

"John Miller"

Director

"Hee Jung Chun"

Director

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	For the Three Months Ended (Unaudited) April 30 2020	(Unaudited) April 30 2019	For the Nine Months Ended (Unaudited) April 30 2020	(Unaudited) April 30 2019
Revenue (note 15)	**$ 896,104**	$ 354,326	**$ 3,187,239**	$ 1,107,507
Inventory expensed to cost of sales	**(706,411)**	(466,304)	**(2,246,587)**	(1,070,910)
Gross profit (loss) before fair value adjustments	**189,693**	(111,978)	**940,652**	36,597
Realized fair value changes in biological assets included in inventory sold	**(327,419)**	(31,437)	**(1,772,459)**	(136,699)
Unrealized gain on changes in fair value of biological assets	**615,701**	1,357,262	**3,929,828**	4,204,770
Net change in fair value (note 5)	**288,282**	1,325,825	**2,157,369**	4,068,071
Gross margin	**477,975**	1,213,847	**3,098,021**	4,104,668
Expenses				
Depreciation and amortization (note 7)	**261,687**	179,647	**745,206**	430,968
General and administration (notes 16 and 19))	**422,315**	360,290	**1,167,144**	1,200,695
Sales and marketing	**5,558**	6,759	**14,852**	35,704
Share-based compensation (notes 14 and 19)	**84,717**	1,116,433	**686,780**	3,121,235
	774,277	1,663,129	**2,613,982**	4,788,602
Other income (expense) items				
Fair value of earn out shares to be issued	**-**	-	**-**	(3,377,877)
Financing fees	**-**	(4,458,153)	**-**	(4,458,153)
Foreign exchange income (loss)	**509**	(3,949)	**(3,413)**	(6,764)
Interest income	**10**	246	**51**	696
Gain (loss) on sale of asset	**-**	548	**-**	(606)
Other	**66**	76	**722**	146
	585	(4,461,232)	**(2,640)**	(7,842,558)
Net and comprehensive income (loss) for the period	**$ (295,717)**	$ (4,910,514)	**$ 481,399**	$ (8,526,492)
Basic and diluted income (loss) per share	**$ (0.00)**	$ (0.03)	**$ 0.00**	$ (0.07)
Weighted average number of shares outstanding	**158,983,356**	141,698,869	**155,314,840**	127,635,357

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

THC BIOMED INTL LTD.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at		(Unaudited) April 30 2020		(Audited) July 31 2019
Assets				
Current				
Cash	**$**	**881,287**	$	991,155
Amounts receivable (note 4)		**243,754**		365,148
Due from related parties (note 19)		**42,343**		-
Goods and services tax receivable		**-**		99,159
Biological assets (note 5)		**2,644,338**		2,454,455
Inventory (note 6)		**3,933,726**		1,029,726
Prepaid expenses and deposits		**217,779**		278,353
		7,963,227		5,217,996
Non-current				
Property and equipment (note 7)		**13,845,860**		12,840,341
	$	**21,809,087**	$	18,058,337
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**1,911,061**	$	1,060,236
Subscription received in advance		**-**		642,679
Commercial operating loan (note 8)		**466,604**		463,137
Line of credit (note 9)		**-**		350,000
Current portion of mortgages payable (note 10)		**289,740**		57,529
Curent portion of other long term liabilities (note 11)		**144,781**		-
Convertible debentures payable (note 12)		**854,536**		-
Advances from related parties (note 19)		**-**		717,143
		3,666,722		3,290,724
Non-current				
Mortgages payable (note 10)		**2,431,636**		1,313,007
Other long term liabilities (note 11)		**250,040**		-
		2,681,676		1,313,007
		6,348,398		4,603,731
Shareholders' Equity				
Share capital (note 13)		**31,032,746**		30,194,842
Reserves		**11,381,177**		11,660,399
Accumulated deficit		**(26,953,234)**		(28,400,635)
		15,460,689		13,454,606
	$	**21,809,087**	$	18,058,337

Nature of operations (note 1)
Subsequent events (note 21)

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

THC BIOMED INTL LTD.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share-Based Payment Reserve	Agent Warrants Reserve	Accumulated Deficit	(Unaudited) Total Equity
Balance, July 31, 2019	152,867,404	$ 30,194,842	$ 3,698,945	$ 7,961,454	$(28,400,635)	$ 13,454,606
Shares issued for cash	1,342,319	201,348	-	-	-	201,348
Shares issued for debt	5,333,333	800,000	-	-	-	800,000
Shares cancelled under Normal Course Issuer Bid	(1,217,000)	(163,444)	-	-	-	(163,444)
Reverse fair value of stock options cancelled	-	-	(966,002)	-	966,002	-
Share-based compensation	-	-	686,780	-	-	686,780
Income for the period	-	-	-	-	481,399	481,399
Balance, April 30, 2020	**158,326,056**	**$ 31,032,746**	**$ 3,419,723**	**$ 7,961,454**	**$(26,953,234)**	**$ 15,460,689**
Balance, July 31, 2018	118,291,190	$ 20,120,026	$ 1,032,147	$ 7,961,454	$(16,899,173)	$ 12,214,454
Shares issued for cash	13,851,187	5,500,000	-	-	-	5,500,000
Share issue costs	-	(36,279)	-	-	-	(36,279)
Stock options exercised	162,500	62,563	-	-	-	62,563
Fair value of stock options exercised	-	38,904	(38,904)	-	-	-
Reverse fair value of stock options cancelled	-	-	(76,158)	-	76,158	-
Earn out shares issued (note 13)	14,074,486	3,377,877	-	-	-	3,377,877
Share-based compensation	-	-	3,121,235	-	-	3,121,235
Loss for the period	-	-	-	-	(8,526,492)	(8,526,492)
Balance, April 30, 2019	146,379,363	$ 29,063,091	$ 4,038,320	$ 7,961,454	$(25,349,507)	$ 15,713,358

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

THC BIOMED INTL LTD.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the Three Months Ended (Unaudited) April 30 2020	(Unaudited) April 30 2019	For the Nine Months Ended (Unaudited) April 30 2020	(Unaudited) April 30 2019
Cash provided by (used for)				
Operating activities				
Net income (loss) for the period	**$ (295,717)**	$ (4,910,514)	**$ 481,399**	$ (8,526,492)
Items not affecting cash				
Depreciation and amortization	**261,687**	176,132	**745,206**	427,453
Earn out shares issued	**-**	3,377,877	**-**	3,377,877
Financing fees	**-**	4,458,153	**-**	4,458,153
Gain (loss) on sale of asset	**-**	(548)	**-**	606
Realized fair value changes in biological assets included in inventory sold	**327,419**	(328)	**1,772,459**	104,934
Share-based compensation	**84,717**	1,116,433	**686,780**	3,121,235
Unrealized gain on changes of fair value of biological assets	**(615,701)**	(1,325,497)	**(3,929,828)**	(4,173,005)
	(237,595)	2,891,708	**(243,984)**	(1,209,239)
Net change in non-cash working capital	**354,352**	(2,741,054)	**195,438**	282,487
	116,757	150,654	**(48,546)**	(926,752)
Financing activities				
Advances from (repaid) to related parties	**(42,343)**	(8,460)	**40,514**	(139,578)
Convertible debenture issued	**-**	-	**261,857**	-
Convertible debenture principal payment	**(50,000)**	-	**(50,000)**	-
Issuance of shares for cash, net of share issuance costs	**25,000**	1,983,888	**201,348**	5,526,284
Shares cancelled under Normal Course Issuer Bid	**(163,444)**		**(163,444)**	
Net mortgage proceeds received	**980,358**	160,160	**1,350,840**	141,895
Proceeds received from (repaid) commercial operating loan	**(32,609)**	-	**3,467**	-
Proceeds received from (repaid) line of credit	**(60,136)**	12,383	**(350,000)**	12,383
Promissory note repaid	**-**	-	**-**	(99,004)
	656,826	2,147,971	**1,294,582**	5,441,980
Investing activities				
Acquisition of property and equipment	**(277,591)**	(2,849,688)	**(1,355,904)**	(6,223,956)
Net increase (decrease) in cash	**495,992**	(551,063)	**(109,868)**	(1,708,728)
Cash, beginning of period	**385,295**	849,668	**991,155**	2,007,333
Cash, end of period	**$ 881,287**	$ 298,605	**$ 881,287**	$ 298,605

Supplemental cash flow information (note 18)

1. DESCRIPTION OF THE BUSINESS AND GOING CONCERN

THC BioMed Intl Ltd. ("THC" or the "Company") is a publicly traded company with its head office at 1340 St. Paul Street, Kelowna, British Columbia, Canada, V1Y 2E1. The Company's shares trade on the Canadian Securities Exchange ("CSE") under the symbol THC, on the Over the Counter Best Market ("OTCQX") under the symbol THCBF, and on the Frankfurt Stock Exchange under the symbol TFHC.

These condensed interim consolidated financial statements include the accounts of THC BioMed Intl Ltd. and its five wholly owned subsidiaries: THC BioMed Ltd., THC BioMedical Ltd., Clone Shipper Ltd., THC2GO Dispensaries Ltd. ("THC2GO"), and THC BioMed Lesotho Ltd. ("THC Lesotho").

The Company's principal business is the production and sale of cannabis through THC BioMed Ltd. which is a small batch Licensed Producer as regulated by the *Cannabis Act* which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. THC BioMedical Ltd. was recently incorporated to acquire a separate license from Health Canada. Clone Shipper Ltd. owns all rights to the Clone Shipper product used to transport live plants. THC2GO was initially incorporated for the retail business; however, Health Canada subsequently ruled that Licensed Producers were prevented from operating retail outlets. THC Lesotho was initially incorporated to seek a business opportunity in Lesotho; however, no business was transacted.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to commence profitable operations in the future. To date the Company is considered to be in the development stage. These factors create material uncertainties that may cast significant doubt about the Company being able to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Further discussion of liquidity risk has been disclosed in Note 20b.

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 34, "*Interim Financial Reporting* ("IAS34") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. The preparation of the condensed interim consolidated financial statements using accounting policies consistent with IFRS requires management to make certain critical accounting estimates which requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed interim financial statements have been set out in Note 2 of the annual audited consolidated financial statements for the year ended July 31, 2019.

These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods as those used in the annual audited consolidated financial statements for the year ended July 31, 2019, and should be read in conjunction with those statements.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on June 25, 2020.

a) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments that are measured at fair value and biological assets that are measured at fair value less costs to sell, as explained in the accounting policies. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiaries is the Canadian Dollar.

d) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Foreign exchange differences are recognized in profit (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. BASIS OF PREPARATION (continued)

e) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its four wholly-owned subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls where it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

3. ADOPTION OF NEW STANDARD – IFRS 16, LEASES

In January 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") and brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or an entity's incremental borrowing rate if the implicit rate cannot be readily determined. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value, and not recognize lease assets and lease liabilities. The expense associated with these leases can be recognized on a straight-line basis over the lease term or on another systematic basis.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

On August 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach; therefore, the comparative information has not been restated and continues to be reported under IAS 17, *Leases.* Furthermore, given the short term nature of the leases during the year ended July 31, 2019, under IFRS 16, lessees may elect not to recognize assets and liabilities with a lease term of twelve months or less; accordingly, there is no adjustment to opening equity at the date of initial application.

On transition to IFRS 16, at August 1, 2019, the Company recognized $373,779 of right-of-use assets and $346,727 of lease liabilities with a nil impact on the deficit. The transition to IFRS 16 did not have a material impact on the Company's statement of comprehensive income (loss) or liquidity.

When measuring the lease liabilities, the Company used the implicit interest rate stated in the leases. The weighted-average rate applied was 7.79%.

The right-of-use assets are recognized in property and equipment (see note 8) and lease liabilities are recognized in other current liabilities and other long-term liabilities (see note 6).

(Expressed in Canadian Dollars)

4. AMOUNTS RECEIVABLE

	April 30 2020	July 31 2019
Other	**$ 3,000**	$ 3,000
Trade Receivables	**240,754**	362,148
	$ 243,754	$ 365,148

5. BIOLOGICAL ASSETS

The Company's biological assets consist of cannabis plants:

	April 30 2020	July 31 2019
Carrying amount, beginning of period	**$ 2,454,455**	$ 855,954
Capitalized costs	**2,045,211**	1,844,832
Sales of biological assets	**(10,619)**	(223,942)
Transferred to inventory upon harvest	**(4,002,078)**	(1,537,655)
Net unrealized gain on changes in fair value of biological assets	**2,157,369**	1,515,266
Carrying amount, end of period	**$ 2,644,338**	$ 2,454,455

Biological assets are presented at their fair value less costs to sell up to the point of harvest. Because there is no active commodity market for what is included in biological assets, the valuation of these biological assets is determined using valuation techniques where the inputs are based upon unobservable market data. The biological assets are classified as level 3 under the fair value hierarchy.

The valuation of biological assets is determined using a market approach where fair value at the point of harvest is estimated based on expected selling pries less the costs to sell at harvest. For biological assets that remain in process, the fair value at point of harvest is adjusted based on the stage of growth. Stage of growth is determined by reference to the remaining estimated time until the biological asset is transferred to the next stage of processing or expected destruction.

Mother plants have an average life of 1 year. Clones for sale have approximately 2 weeks before they outgrow the Clone Shipper container.

The significant unobservable inputs and their range of values are as follows:

(Expressed in Canadian Dollars)

5. BIOLOGICAL ASSETS (continued)

Unobservable input	Amount	Sensitivity
Yield per plant – expected number of grams of finished cannabis inventory which is expected to be obtained from each harvested flowering plant. Based on historical results.	70 grams per plant	A slight change in the yield per plant would result in a significant change in fair value.
Yield per plant – expected number of clones which is expected to be obtained from mother plant. Based on historical results.	90 clones per plant	A slight change in the yield per plant would result in a significant change in fair value.
Selling price of dried cannabis and clones for sale	$4.20 (average selling price of dried cannabis) $20 (selling price of clones for sale)	A slight change in the estimated selling prices would result in a significant change in fair value.

A sensitivity analysis of the impact of changes to the above significant unobservable inputs used to calculate the fair value of biological assets at April 30, 2020 is as follows:

	20% Decrease	10% Decrease	FV	10% Increase	20% Increase
Fair value of biological assets	$ 2,115,470	$ 2,379,904	$ 2,644,338	$ 2,908,772	$ 3,173,206

6. INVENTORY

Inventory is comprised of the following items:

	April 30 2020	July 31 2019
Finished goods	**$ 788,503**	$ 278,191
Supplies and consumables	**213,557**	128,233
Unpackaged cannabis	**2,931,666**	623,302
Carrying amount - inventory	**$ 3,933,726**	$ 1,029,726

Inventory expensed during the nine months ended April 30, 2020 was $2,246,587 (April 30, 2019 - $1,070,910).

The fair value changes in biological assets included as inventory and sold during the nine months ended April 30, 2020 was $1,772,459 (April 30, 2019 - $136,699).

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

	July 31 2018	Additions (Dispositions)	July 31 2019	Additions (Dispositions)	**April 30 2020**
Cost					
Automobile equipment	$ 16,371	$ 17,229	$ 33,600	$ -	**$ 33,600**
Buildings	2,674,743	3,482,075	6,156,818	579,607	**6,736,425**
Computer equipment	65,945	10,348	76,293	3,102	**79,395**
Equipment	547,882	1,117,610	1,665,492	428,553	**2,094,045**
Furniture and fixtures	37,888	60,149	98,037	791	**98,828**
Land	2,353,739	1,756,881	4,110,620	255,964	**4,366,584**
Leasehold improvements	879,304	688,593	1,567,897	-	**1,567,897**
Right of use property	-	-	-	482,708	**482,708**
Software	75,174	5,828	81,002	-	**81,002**
	$ 6,651,046	$ 7,138,713	$ 13,789,759	$ 1,750,725	**$ 15,540,484**

	July 31 2018	Depreciation/ Amortization	July 31 2019	Depreciation/ Amortization	**April 30 2020**
Accumulated Depreciation/Amortization					
Automobile equipment	$ 4,175	$ 865	$ 5,040	$ 3,780	**$ 8,820**
Buildings	86,642	173,166	259,808	185,604	**445,412**
Computer equipment	48,795	11,494	60,289	7,242	**67,531**
Equipment	99,953	201,347	301,300	236,769	**538,069**
Furniture and fixtures	13,209	10,950	24,159	11,142	**35,301**
Leasehold improvements	36,620	184,114	220,734	202,074	**422,808**
Right of use property	-	-	-	96,409	**96,409**
Software	59,507	18,581	78,088	2,186	**80,274**
	$ 348,901	$ 600,517	$ 949,418	$ 745,206	**$ 1,694,624**
Carrying Amounts	$ 6,302,145		$ 12,840,341		**$ 13,845,860**

8. COMMERCIAL OPERATING LOAN

On February 1, 2019, the Company secured a $500,000 commercial operating loan for business operating funds using the property on St. Paul Street in Kelowna, British Columbia as collateral. The interest rate is the Credit Union's Prime Lending Rate plus 1%. The loan was subsequently increased to $900,000. The loan is payable upon demand and subject to an annual review. At April 30, 2020, the balance payable is $466,604 (July 31, 2019 - $463,137).

9. LINE OF CREDIT

On May 28, 2019, the Company entered into a line of credit with its President, John Miller, for up to $500,000. Each separate draw down of funds from the Line of Credit will not bear interest for the first three calendar months following its withdrawal. In the event that a draw down amount is not repaid on the business day following the last day of the third month following the withdrawal, then interest will incur on that draw down at a rate of Prime plus 1%. Interest will be calculated and payable monthly on the last business day of each month until the Line of Credit is repaid in full. At April 30, 2020, $Nil (July 31, 2019 - $350,000) was drawn on Line of Credit.

10. MORTGAGES PAYABLE

The Company has a mortgage payable on its first property acquired in the principal amount of $210,560. The mortgage was initially with interest at 5.50% per annum with monthly payments of $2,760 due on the 21st day of each month and the mortgage due on September 21, 2015. The mortgage was extended to mature on August 21, 2018 with interest at 10% per annum starting on September 22, 2015. The mortgage has been extended again to August 21, 2021 on the same terms. At April 30, 2020, the balance payable is $122,948 (July 31, 2019 - $137,912) with accrued interest of $337 included in accounts payable and accrued liabilities.

The Company has a mortgage payable on its second property acquired in the principal amount of $250,000. The mortgage was initially with interest at 10% per annum with monthly payments of $2,656 due on the 2nd day of each month and the mortgage due on October 2, 2017. The mortgage has been extended to mature on October 2, 2020 on the same terms. At April 30, 2020, the balance payable is $200,037 (July 31, 2019 - $208,505) with accrued interest of $1,589 included in accounts payable and accrued liabilities.

The Company has a mortgage payable on a property acquired in the principal amount of $300,000 with interest at 10% per annum with monthly payments of $3,187 due on the 1st day of each month and the mortgage due on November 1, 2022. At April 30, 2020, the balance payable is $277,534 (July 31, 2019 - $285,000) with accrued interest of $2,275 included in accounts payable and accrued liabilities.

The Company has a mortgage payable on a property recently acquired in the principal amount of $170,000 with interest at 4.7% per annum with monthly payments of $1,100 due on the 1st day of each month starting June 1, 2019 with the mortgage due on June 1, 2021. At April 30, 2020, the balance payable is $165,085 (July 31, 2019 - $169,119) with accrued interest of $630 included in accounts payable and accrued liabilities.

The Company has a mortgage payable on a property recently acquired in the principal amount of $170,000 with interest at 4.9% per annum with monthly payments of $1,120 due on the 1st day of each month starting September 1, 2019 with the mortgage due on August 1, 2021. At April 30, 2020, the balance payable is $166,494 (July 31, 2019 - $170,000) with accrued interest of $662 included in accounts payable and accrued liabilities.

The Company has a mortgage payable on a property recently acquired in the principal amount of $400,000 with interest at 10% per annum with monthly payments of $3,807 due on the 1st day of each month starting August 1, 2019 with the mortgage due on July 1, 2024. At April 30, 2020, the balance payable is $395,740 (July 31, 2019 - $400,000) with accrued interest of $3,253 included in accounts payable and accrued liabilities.

10. MORTGAGES PAYABLE (continued)

The Company has a mortgage payable on a property recently acquired in the principal amount of $400,000 with interest at 10% per annum with monthly payments of $2,760 due on the 1st day of each month starting November 1, 2019 with the mortgage due on November 1, 2024. At April 30, 2020, the balance payable is $395,312 (July 31, 2019 - $Nil) with accrued interest of $1,746 included in accounts payable and accrued liabilities.

On February 28, 2020, the Company secured a $1,000,000 mortgage for business operating funds using the facility on Acland Street, in Kelowna, British Columbia as collateral. The interest rate is the Credit Union's Prime Lending Rate plus 2% with monthly payments of $7,140 due on the 1st day of each month starting April 1, 2020. The loan is payable upon demand and subject to an annual review. At April 30, 2020, the balance payable is $998,225 (July 31, 2019 - $Nil).

11. OTHER LIABILITIES

Pursuant to IFRS 16, as of August 1, 2019, lease liabilities have been recognized for the right-of-use assets. At April 30, 2020, the lease liabilities totaled $394,821 (July 31, 2019 - $Nil). Three of the leases expire on August 31, 2022, one expires on September 30, 2022, and one expires on February 28, 2023.

12. CONVERTIBLE DEBENTURES PAYABLE

On August 16, 2019 the Company closed a non-brokered private placement of a convertible debenture for gross proceeds of $642,679. The term of the debenture is twelve months and bears interest at 8% per annum calculated on an annual basis and payable quarterly in arrears. The debenture is convertible into common shares at a price of $0.25 per share at any time at the election of the holder. An early principal payment in the amount of $50,000 was made on the debenture leaving a balance at April 30, 2020 of $592,679 (July 31, 2019 - $Nil). Accrued interest of $10,255 is included in accounts payable and accrued liabilities.

On October 23, 2019 the Company closed a non-brokered private placement of a convertible debenture for gross proceeds of $261,857. The term of the debenture is twelve months and bears interest at 10% per annum calculated on an annual basis and payable quarterly in arrears. The debenture is convertible into common shares at a price of $0.20 per share at any time at the election of the holder. Accrued interest of $502 is included in accounts payable and accrued liabilities

13. SHARE CAPITAL

a) Common shares

Authorized:

Unlimited number of common shares without par value.

Issued:

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

a) Common shares (continued)

	Issued Number		Amount
Balance, July 31, 2018	118,291,190	$	20,120,026
Shares issued for cash	17,283,674		6,090,000
Share issue costs	-		(44,528)
Stock options exercised	162,500		62,563
Fair value of stock options exercised	-		38,904
Shares issued for debt	3,055,554		550,000
Earn out shares issued	14,074,486		3,377,877
Balance, July 31, 2019	152,867,404		30,194,842
Shares issued for cash	1,342,319		201,348
Shares issued for debt	5,333,333		800,000
Shares cancelled under Normal Course Issuer Bid	(1,217,000)		(163,444)
Balance, April 30, 2020	**158,326,056**	**$**	**31,032,746**

During the year ended July 31, 2018, the Company closed 15 tranches with Alumina Partners (Ontario) Ltd. The Company issued a total of 8,711,656 Units at a weighted average price of $0.88 for total gross proceeds of $7,631,550. Each Unit consists of one common share and one common share purchase warrant. Warrants issued have a weighted average exercise price of $1.36 for a period of 36 months from the date of issue. Warrants were valued at $Nil using the residual value method. The Company paid $64,639 of share issue costs in connection with these financings.

During the year ended July 31, 2018: 584,000 options were exercised at $0.10 for gross proceeds of $58,400; 1,020,000 options were exercised at $0.385 for gross proceeds of $392,700; 362,903 warrants were exercised at $0.3875 for gross proceeds of $140,625; and 1,250,000 agent warrants were exercised at $1.20 for gross proceeds of $1,500,000. The weighted average market price during the year when options and warrants were exercised was $1.38.

On February 13, 2019, the Company issued 14,074,486 earn out shares to the original shareholders of THC's predecessor companies pursuant to the Earn Out Share provisions on the original share exchange agreement for the reverse takeover taking the Company public in January of 2015. The shares were issued at a price of $0.24 per shares after applying a 33% discount. The shares are subject to a lockup agreement for 36 months from the date of issuance. The corresponding value of $3,377,877 was expensed in profit and loss as it represented compensation to those original shareholders.

13. SHARE CAPITAL (continued)

a) Common shares (continued)

During the year ended July 31, 2019, the Company closed 11 tranches with Alumina Partners (Ontario) Ltd. The Company issued a total of 16,228,120 Units at a weighted average price of $0.36 for total gross proceeds of $5,900,000. Each Unit consists of one common share and one common share purchase warrant. Warrants issued have a weighted average exercise price of $0.59 for a period of 36 months from the date of issue. Warrants were valued at $Nil using the residual value method. The Company paid $44,528 of share issue costs in connection with these financings.

During the year ended July 31, 2019, the Company issued 1,055,554 Units at $0.18 per Unit for gross proceeds of $190,000. Each Unit consists of one common share and one common share purchase warrant. Warrants issued have a weighted average exercise price of $0.30 for a period of 36 months from the date of issue. Warrants were valued at $Nil using the residual value method.

During the year ended July 31, 2019, the Company issued 3,055,554 Units at $0.18 per Unit for settlement of debt of $550,000. Each Unit consists of one common share and one common share purchase warrant. Warrants issued have a weighted average exercise price of $0.30 for a period of 36 months from the date of issue. Warrants were valued at $Nil using the residual value method.

During the year ended July 31, 2019, 162,500 options were exercised at $0.385 for gross proceeds of $62,563.

On January 13, 2020, the Company completed a non-brokered private placement for 6,675,652 Units at $0.15 per Unit for gross proceeds of $201,348 and a repayment a bona fide debt of $800,000 to John Miller, the President and CEO. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of $0.18 per share for the first three months, at $0.25 during the following three months, at $0.50 for the three months following that, and at $0.80 during the final fifteen months. Warrants were valued at $Nil using the residual value method. No finder’s fees were paid.

On February 6, 2020, the Company announced its intention to commence a normal course issuer bid to purchase up to an aggregate of 7,977,152 common shares representing 5% of the issued and outstanding common shares as at that date. At April 30, 2020, the Company has purchased a total of 1,217,000 common shares pursuant to the normal course issuer bid for $163,444 or an average price of $0.13 per share.

b) Escrow shares

Currently 690 common shares (July 31, 2019 – 690) are held in escrow.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

c) Warrants outstanding

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2018	8,348,753	$	1.4073
Warrants issued	20,339,228		0.5332
Balance, July 31, 2019	28,687,981		0.7875
Warrants issued	6,675,652		0.2500
Balance, April 30, 2020	**35,363,633**	**$**	**0.6861**

Expiry Date	Remaining Life (Years)	Number of Warrants		Exercise Price
August 9, 2020	0.27	120,967	$	0.3875
October 2, 2020	0.42	403,226		0.9600
October 5, 2020	0.43	359,196		1.0875
October 12, 2020	0.45	355,115		1.1000
October 20, 2020	0.27	333,333		0.9400
October 23, 2020	0.48	333,333		0.9400
October 31, 2020	0.50	362,318		0.8625
November 8, 2020	0.52	513,698		0.9125
November 14, 2020	0.54	666,666		0.9375
November 23, 2020	0.57	1,488,095		1.0500
January 15, 2021	0.71	314,070		2.4900
January 24, 2021	0.73	631,313		2.4800
February 8, 2021	0.78	1,002,673		2.0800
March 2, 2021	0.84	932,835		1.6800
March 15, 2021	0.97	531,915		1.7630
September 25, 2021	1.40	1,344,086		1.1625
October 2, 2021	1.42	1,428,572		1.0875
December 10, 2021	1.61	1,449,275		0.5750
January 13, 2022	1.70	6,675,652		0.1800
January 18, 2022	1.72	1,479,289		0.5630
January 30, 2022	1.75	1,552,795		0.5380
February 8, 2022	1.78	1,449,275		0.5750
February 28, 2022	1.83	1,623,377		0.5120
March 14, 2022	1.88	1,623,377		0.5120
March 29, 2022	1.91	1,901,141		0.4380
July 15, 2022	2.21	5,222,219		0.3000
July 22, 2022	2.23	1,265,822		0.2620
		35,363,633	$	0.6861

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

d) Agent warrants outstanding

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2018 and 2019, and April 30, 2020	**5,385,000**	**$ 1.20**

Expiry Date	Remaining Life (Years)	Number of Warrants	Exercise Price
March 13, 2022	1.80	5,385,000	$ 1.20

14. SHARE-BASED COMPENSATION

The Company is authorized to grant options to directors, officers, employees, and consultants to acquire common shares under the 2015 Stock Option Incentive Plan (the “Plan”). The essential elements of the Plan provide that the aggregate number of shares of the Company’s common shares issuable pursuant to options granted under the Plan may not exceed 10% of the issued common shares of the Company from time to time. Options granted under the Plan may have a maximum term of ten (10) years. The exercise price of options granted under the Plan will not be less than the fair market value price of the shares on the date of grant of the options (defined as the last closing market price of the Company’s shares on the last day shares are traded prior to the grant date). Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors. Stock options granted under the Plan are to be settled with the issuance of equity instruments.

The following summarizes the stock options outstanding:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2018	4,338,750	$ 0.550
Options granted	12,250,000	0.633
Options exercised	(162,500)	0.385
Options cancelled	(1,250,000)	0.857
Options expired	(3,176,250)	0.385
Balance, July 31, 2019	12,000,000	0.654
Options granted	2,750,000	0.150
Options cancelled	(3,200,000)	0.573
Balance, April 30, 2020	**11,550,000**	**$ 0.556**

(Expressed in Canadian Dollars)

14. SHARE-BASED COMPENSATION (continued)

Date of Grant	Expiry Date	Remaining Life (Years)	Number of Options Vested	Number of Options Outstanding		Exercise Price
June 4, 2018	June 4, 2020	0.09	400,000	400,000	$	1.100
September 25, 2018	September 25, 2020	0.40	4,000,000	4,000,000		0.890
March 8, 2019	March 8, 2021	0.85	5,000,000	5,000,000		0.420
December 12, 2019	December 12, 2021	1.61	1,050,000	2,100,000		0.150
March 9, 2020	March 9, 2022	1.86	12,500	50,000		0.150
			10,462,500	11,550,000	$	0.556

During the year ended July 31, 2018, 1,604,000 options were exercised with an average weighted exercise price of $0.28 for gross proceeds of $451,100. On exercise, $268,462 of previously recognized share-based compensation was reallocated from Share-Based Payment Reserve to Share Capital.

During the year ended July 31, 2018, 56,250 stock options were cancelled that were exercisable at $0.385 per share. The options had not vested.

On September 25, 2018, the Company granted 5,550,000 stock options to directors, certain employees, and a consultant to acquire 5,550,000 common shares of the Company with an expiry date of September 25, 2020 at $0.89 per share. The options vest over 12 months with 10% at the date of grant and 25%; 15% three months from the date of grant; 25% nine months from the date of grant; 25% nine months from the date of grant; and 25% 12 months from the date of grant. Options terminate immediately upon cessation of services to the Company. The options have a total fair value, calculated using the Black-Scholes option pricing model, of $2,677,343 or $0.48 per option, assuming an expected life of 2 years, a risk-free interest rate of 2.20%, an expected dividend rate of 0.00%, stock price of $0.89 and an expected annual volatility coefficient of 103%. Volatility was determined using historical stock prices.

On March 8, 2019, the Company granted 6,700,000 stock options to directors, certain employees, and a consultant to acquire 6,700,000 common shares of the Company with an expiry date of March 8, 2021 at $0.42 per share. The options vest over 12 months with 10% at the date of grant; 15% three months from the date of grant; 25% nine months from the date of grant; 25% nine months from the date of grant; and 25% 12 months from the date of grant. Options terminate immediately upon cessation of services to the Company. The options have a total fair value, calculated using the Black-Scholes option pricing model, of $1,486,699 or $0.22 per option, assuming an expected life of 2 years, a risk-free interest rate of 1.65%, an expected dividend rate of 0.00%, stock price of $0.41 and an expected annual volatility coefficient of 104%. Volatility was determined using historical stock prices

During the year ended July 31, 2019, 162,500 options were exercised at $0.385 for gross proceeds of $62,563. On exercise, $38,904 of previously recognized share-based compensation was reallocated from Share-Based Payment Reserve to Share Capital.

14. SHARE-BASED COMPENSATION (continued)

During the year ended July 31, 2019, 1,250,000 stock options were cancelled with an average weighted exercise price of $0.86 and 3,165,260 stock options expired with an exercise price of $0.385. On cancellation or expiry of the stock options, $1,197,885 of share-based compensation included in Share-Based Payment Reserve was reallocated to Deficit.

On December 12, 2019, the Company granted 2,700,000 stock options to directors, certain employees, and a consultant to acquire 2,700,000 common shares of the Company with an expiry date of December 12, 2021 at $0.15 per share. The options vest over 12 months with 25% at the date of grant and then 25% each quarter thereafter. Options terminate immediately upon cessation of services to the Company. The options have a total fair value, calculated using the Black-Scholes option pricing model, of $377,717 or $0.08 per option, assuming an expected life of 2 years, a risk-free interest rate of 1.70%, an expected dividend rate of 0.00%, stock price of $0.15 and an expected annual volatility coefficient of 99%. Volatility was determined using historical stock prices.

During the nine months ended April 30, 2020, 3,200,000 stock options were cancelled with an average weighted exercise price of $0.57. On cancellation of the stock options, $966,002 of share-based compensation included in Share-Based Payment Reserve was reallocated to Deficit.

15. REVENUE

The total revenue earned for the nine months ended April 30, 2020 includes excise sales taxes of $693,269 (April 30, 2019 - $Nil).

Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Net revenue from sale of goods, as presented on the consolidated statements of comprehensive income (loss), represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to the Canada Revenue Agency cannot be reclaimed and is not always billed to customers, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

Net revenue as presented in the consolidated statements of comprehensive income (loss), represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

(Expressed in Canadian Dollars)

16. GENERAL AND ADMINISTRATION EXPENSES

	For the Three Months Ended		For the Nine Months Ended	
	April 30 2020	April 30 2019	**April 30 2020**	April 30 2019
Automobile expenses	**$ 802**	$ 1,583	**$ 3,491**	$ 4,151
Bad debt	**1,011**	-	**1,011**	-
Bank charges and interest	**83,156**	27,234	**228,489**	70,636
Consulting fees	**8,714**	4,320	**29,600**	79,649
Director fees	**18,762**	6,908	**31,018**	21,054
Insurance	**4,290**	7,038	**9,566**	23,625
Investor relations	**65,765**	19,303	**131,921**	48,733
Legal and accounting	**87,789**	91,096	**234,363**	355,650
Office and sundry	**16,723**	40,855	**76,282**	104,819
Payroll and benefits	**88,558**	84,276	**277,578**	247,987
Property tax	**1,039**	9,802	**22,029**	27,923
Rent	**-**	1,108	**-**	18,908
Repairs and maintenance	**-**	(9,170)	**-**	4,372
Strata fees	**828**	6,408	**7,711**	13,791
Telephone	**3,934**	5,161	**12,423**	13,522
Transfer agent and filing fees	**31,161**	23,462	**56,412**	54,605
Travel	**9,783**	40,906	**45,250**	111,270
	$ 422,315	$ 360,290	**$ 1,167,144**	$ 1,200,695

17. SEGMENTED INFORMATION

The Company operates in a single reportable segment being the cultivation and sale of cannabis in Canada.

18. SUPPLEMENTAL CASH FLOW INFORMATION

	April 30 2020	April 30 2019
Fair value of stock options exercised	**$ -**	$ 62,563
Fair value of stock options cancelled	**$ 966,002**	$ -
Income taxes paid	**$ -**	$ -
Interest paid	**$ 212,596**	$ 46,125
Interest received	**$ 51**	$ 696

(Expressed in Canadian Dollars)

19. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

		April 30 2020		April 30 2019
Director fees	**$**	**30,000**	$	20,000
Interest (note 9)		**2,767**		-
Rent		**101,400**		128,997
Salaries and benefits		**106,667**		130,070
Share-based compensation		**187,610**		1,094,675
	$	**428,444**	$	1,373,742

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on August 1, 2016 with monthly payments of $2,600 plus Goods and Services Tax along with 75% of all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019 with the right to renew the lease under the same terms for four three-year terms for $3,467 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $3,467 was also paid.

The Company signed a month-to-month lease for premises from its Chief Financial Officer. The lease began on July 10, 2017 with monthly payments of $2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019, with the right to renew the lease under the same terms for four three-year terms for $2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $2,600 was also paid.

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on October 2, 2017 with monthly payments of $2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring September 30, 2019 with the right to renew the lease under the same terms for four three-year terms for $2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $2,600 was also paid.

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on January 12, 2017 with monthly payments of $2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019 with the right to renew the lease under the same terms for four three-year terms for $2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $2,600 was also paid.

19. RELATED PARTY TRANSACTIONS (continued)

On January 13, 2020, the Company issued 5,333,333 Units of a non-brokerage private placement to John Miller, the President and CEO, in exchange for bona fide debt owing by the Company in the amount of $800,000. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of $0.18 per share for the first three months, at $0.25 during the following three months, at $0.50 for the three months following that, and at $0.80 during the final fifteen months. Warrants were valued at $Nil using the residual value method. No finder's fees were paid.

At April 30, 2020, the Chief Executive Officer owes $42,343 (July 31, 2019 - $717,143 was owed) to the Company.

Amounts due to or from related parties are unsecured, do not bear interest, and are classified as a current asset or liability due to their nature and expected time of repayment.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Under IFRS 13, Fair Value Measurement establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

The biological assets are carried at fair value, calculated in accordance with Level 3. The significant unobservable inputs used to fair value biological assets include estimating the stage of growth of the marijuana up to the point of harvest, harvesting costs, selling costs, sales prices, wastage, and expected yields from the marijuana plants.

The carry values of cash, amounts receivable, accounts payable and accrued liabilities, commercial operating loan, line of credit, mortgages payable, convertible debentures payable, and advances to/from related parties all approximate their fair values due the short term nature of the financial instrument, or the market rates of interest attached thereto.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk

Market risk is the risk of loss that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. The Company faces market risk from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk

Interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to fair value interest rate risk.

Current financial assets and financial liabilities are generally not exposed to significant cash flow interest rate risk because of their short-term nature, fixed interest rates, and maturity. The Company is exposed to cash flow interest rate risk on the line of credit if a draw down amount is not repaid within three months. The Company is not exposed to cash flow interest rate risk on the advances from related parties which are without interest. The Company is not exposed to cash flow interest rate risk on the mortgages payable with fixed interest rates.

The Company may be exposed to fair value interest rate risk if the prevailing market rates increase or decrease compared to the interest rates associated with its financial assets and liabilities. Management does not believe this risk is significant.

(ii) Foreign currency risk

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

At April 30, 2020, the Company is exposed to foreign currency risk with respect to its US denominated bank accounts and accounts payable, and a Euro denominated account payable.

At April 30, 2020, financial instruments were converted at a rate of $1 US dollar to $1.3910 Canadian and $1.5186 Euro to $1 Canadian.

The Company has not entered into any foreign currency contracts to mitigate foreign currency risk.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, and amounts receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. At April 30, 2020, all amounts receivable are current.

The Company's financial assets are not subject to material credit risk as it does not anticipate significant loss for non-performance.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, or a proposed transaction. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash on hand at April 30, 2020 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

On February 1, 2019, the Company secured a $500,000 commercial operating loan which has been increased to $900,000 for operating funds using the property on St. Paul Street in Kelowna, British Columbia as collateral. The interest rate is Prime plus 1%. The loan is payable upon demand and subject to an annual review.

On January 13, 2020, the Company completed a non-brokered private placement for 6,675,652 Units at $0.15 per Unit for gross proceeds of $201,348 and a repayment a bona fide debt of $800,000 to John Miller, the President and CEO. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of $0.18 per share for the first three months, at $0.25 during the following three months, at $0.50 for the three months following that, and at $0.80 during the final fifteen months. Warrants were valued at $Nil using the residual value method. No finder's fees were paid.

The Company also announced an offer to existing shareholders to complete a non-brokered private placement for a further 3,333,333 Units at a price of $0.15 per Unit for gross proceeds up to $500,000. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of $0.18 per share for the first six months, at $0.25 during the following six months, at $0.50 for the six months following that, and at $0.80 during the final fifteen months.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Market risk (continued)

(iv) Liquidity risk (continued)

On February 28, 2020, the Company secured a $1,000,000 mortgage for operating funds using the property on Acland Street in Kelowna, British Columbia as collateral. The interest rate is Prime plus 2%. The mortgage is payable upon demand and subject to an annual review.

The Company also entered into a line of credit of up to $500,000 with its Chief Executive Officer. The line of credit will not bear interest for the first three calendar months following its withdrawal. Interest will then incur after three months at prime plus 1.0% with the interest payable monthly on the last day of each month until the line of credit is repaid in full.

(v) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, reserves, and deficit. The availability of new capital will depend on many factors including positive stock market conditions, the Company's track record, and the experience of management. The Company is not subject to any external covenants on its capital.

(vi) Price risk

Price risk is the risk that the fair value of investments will decline below the cost of the underlying investments. The Company is not exposed to price risk as it has no investments held for sale.

21. SUBSEQUENT EVENTS

On May 26, 2020, the Company granted 350,000 stock options to certain employees to acquire 350,000 common shares of the Company with an expiry date of May 26, 2022 at $0.15 per share. The options vest over 12 months with 25% at the date of grant and then 25% each quarter thereafter. Options terminate immediately upon cessation of services to the Company. The options have a total fair value, calculated using the Black-Scholes option pricing model, of $24,904 or $0.07 per option, assuming an expected life of 2 years, a risk-free interest rate of 0.30%, an expected dividend rate of 0.00%, stock price of $0.15 and an expected annual volatility coefficient of 126%. Volatility was determined using historical stock prices.

On June 4, 2020, 400,000 stock options expired at $1.10.

On each of June 12, 2020 and June 22, 2020, 25,000 stock options were exercised at $0.15 for proceeds of $3,750.

THC BIOMED INTL LTD.

Management's Discussion and Analysis

For the Nine Months Ended April 30, 2020

(Expressed in Canadian Dollars)

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This Management Discussion and Analysis ("MD&A") contains certain statements that constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995 or in releases made by legislation as amended from time to time) that involve risks and uncertainties. All statements, other than statements of historical fact, made by the Company that address activities, events ,or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by, or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance, or business developments. These statements speak only as of the date they are made and are based on information currently available and on the Company's then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance, or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management, and conflicts of interest
- market competition and agricultural advances of competitive products
- the timing and availability of the Company's products, its ability to expand production space, and acceptance of its products by the market
- the ability to successfully market, sell, and distribute the products, and to expand the Company's customer base

Readers are cautioned not to put undue reliance on forward-looking statements. Unless otherwise indicated by us, forward-looking statements in this MD&A describe our expectations as at June 25, 2020 and, accordingly, are subject to change after that date. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statements will materialize, and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in this MD&A for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes,

The forward-looking statements in this MD&A are subject to, among other things, the following risks:

- the Company's operations are dependent on key technical personnel, and the loss of such personnel could have a significant impact on the Company's ability to conduct its activities
- competition
- currency fluctuations and exchange rates
- the Company's ability to continue as a going concern

- the Company may not be able to obtain all necessary funding for its operations, on terms satisfactory to the Company or at all
- credit risk
- the Company's dependence on information technology systems
- risks that the Company's software and applications may contain security problems, security vulnerabilities, or defects in design or manufacture, including "bugs" and other problems that could interfere with the intended operation of its software
- risks related to the volatility of customer demand for the Company's products
- risks associated with cybersecurity and privacy violations, in particular given the Company's operations are highly dependent on online technologies and the Company obtains a significant amount of personal information in the course of operations
- duration and impact of COVID-19 on our business plans, objectives and expected operating results

We have made certain economic, market and operational assumptions in preparing the forward-looking statements contained in this MD&A. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

Important risk factors including, without limitation, competitive, regulatory, economic, financial, operational, technological and other risks could cause actual results or events to differ materially from those expressed in, or implied by, the previously-mentioned forward-looking statements.

We caution readers that the risks described in this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business, or reputation. Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or other transactions that may be announced or that may occur after June 25, 2020. We therefore cannot describe the expected impact in a meaningful way, or in the same way we present known risks affecting our business.

COVID-19

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors, and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results.

(Expressed in Canadian Dollars)

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended			Revenue		Net Income (Loss)		Income (Loss) Per Share
Q3/2020	April 30, 2020	(1)	$	896,104	$	(295,717)	$	-
Q2/2020	January 31, 2020	(1)	$	1,246,625	$	88,191	$	-
Q1/2020	October 31, 2019	(1)	$	1,044,510	$	688,925	$	0.01
Q4/2019	July 31, 2019		$	382,096	$	(4,177,572)	$	(0.04)
Q3/2019	April 30, 2019		$	354,326	$	(4,905,797)	$	(0.03)
Q2/2019	January 31, 2019		$	474,041	$	(4,722,819)	$	(0.04)
Q1/2019	October 31, 2018		$	279,140	$	1,106,841	$	0.01
Q4/2018	July 31, 2018		$	163,883	$	(3,208,291)	$	(0.02)

(1) Includes excise taxes

For the quarter ended April 30, 2020, we produced 347.3 kilograms of dried marijuana and sold 193.9 kilograms at an average selling price of $3.46 per gram reflecting overall lower selling prices in the retail market.

Q3 HIGHLIGHTS

- Revenue for the quarter increased 153% compared to the same period last year
- Cannabis sales were lower in the third quarter of this fiscal year than the first two quarters due to supply chain issues as a result of the general slowdown caused by COVID-19.
- Production began on our new cannabis beverage shot, *THC Kiss,* with sales to our medical marijuana patients in April, 2020
- A new three-year lease began for a property adjacent to our production facility intended for administration, storage, and other activities not related to cannabis production in order to free up space at the production facility by constructing four new grow rooms with the space once it is renovated and approval received from Health Canada
- Announced a normal course issuer bid to purchase up to an aggregate of 7,977,152 common shares of the Company representing 5% of the issued and outstanding common shares as at that date, of which 1,217,000 shares have been purchased to date for $163,444 or $0.13 per share
- Upon the resignation of George Smitherman from the Board of Directors, Penelope Laine was appointed to the Board. Ms. Laine is an experienced and licensed pharmacist with an MBA from the University of Toronto. She has also passed the Canadian Securities Course and the Trader Training Course. Her experience in science and healthcare, combined with her education in business and finance, is a great fit for the Company.

HIGHLIGHTS SUBSEQUENT TO APRIL 30, 2020

- The Company delivered its largest single sales order subsequent to the quarter ended April 30, 2020 of just over $550,000.
- Began shipment of our cannabis beverage shot, *THC Kiss*, to the adult recreational cannabis market
- Filed for a U.S. trademark for the use of "THC Kiss" in the U.S. THC BioMed has used the THC Kiss trademark in Canada. It owns the common-law rights and the trademark application for "THC Kiss" in Canada.
- Began production of its *Pure Cannabis Sticks;* however, delivery has been delayed due to supply chain issues as a result of the general slowdown caused by COVID-19.

For the Nine Months Ended April 30, 2020

COMPANY OVERVIEW

This Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of THC BioMed Intl Ltd. (the "Company") for the nine months ended April 30, 2020 should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended April 30, 2020 and the audited annual consolidated financial statements for the year ended July 31, 2019, which are prepared in accordance with International Financial Reporting Standards ("IFRS").

THC BioMed Intl Ltd. ("THC" or the "Company") is a publicly traded company with its head office at 1340 St. Paul Street, Kelowna, British Columbia, Canada, V1Y 2E1.

The Company's shares trade on the Canadian Securities Exchange ("CSE") under the symbol THC, on the Over the Counter Best Market ("OTCQX") under the symbol THCBF, and on the Frankfurt Stock Exchange under the symbol TFHC.

The consolidated financial statements include the accounts of THC BioMed Intl Ltd. and its five wholly owned subsidiaries: THC BioMed Ltd., THC BioMedical Ltd., Clone Shipper Ltd., THC2GO Dispensaries Ltd. ("THC2GO"), and THC BioMed Lesotho Ltd. ""THC Lesotho").

The Company's principal business is the production and sale of cannabis through THC BioMed Ltd. which is a small batch Licensed Producer as regulated by the *Cannabis Act* in Canada. THC BioMedical Ltd. was recently incorporated to acquire a separate license from Health Canada. Clone Shipper Ltd. owns all rights to the Clone Shipper product used to transport live plants. THC2GO was initially incorporated for the retail business; however, Health Canada subsequently ruled that Licensed Producers were prevented from operating retail outlets. THC Lesotho was initially incorporated to seek a business opportunity in Lesotho; however, no business was transacted.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Director's Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating, and internal control matters. The reader is encouraged to review the Company's statutory filings on SEDAR at www.sedar.com.

This MD&A is prepared as at June 25, 2020. All dollar figures stated herein are expressed in Canadian dollars unless otherwise noted.

Readers should use the information contained in this report in conjunction with all other disclosure documents including those filed on SEDAR at www.sedar.com.

STRATEGY FOR THE CANADIAN CANNABIS MARKET

THC BioMed was one of the first companies cultivating and researching cannabis in Canada and has learned and perfected many aspects of how to grow superior marijuana as a consistent, clean product for clients.

THC BioMed has been selling clones to licensed medical marijuana patients since December 2016, selling dried marijuana to medical patients since August 2017, and since October 17, 2018 also provides adult-use recreational cannabis to various provinces across the country.

THC BioMed has extensive experience processing, packaging, and shipping live marijuana clones and dried marijuana. THC BioMed is one of the only Licensed Producers to offer clients live marijuana clones shipped to clients using our specially designed Clone Shipper containers. The Company has also learned how to implement modern packaging techniques that are childproof and allow for long-term storage. To date, THC BioMed has provided clients with thousands of jars of dried marijuana and live marijuana clones, shipped straight to their doors.

THC BioMed currently offers 21 medical cannabis strains, including 4 proprietary strains. Through customer feedback, as well as internal systems and external services, the Company has been able to identify patient trends related to preferred strains and tailor three proprietary strains to the needs of the client.

The Company aims to become a leader in the industry by producing a small batch product of high quality and reliable quantity.

THC Kiss

The Company will concentrate on producing our cannabis beverage shot, *THC Kiss. THC Kiss* was developed by the Company using proprietary extraction methods.

THC has started production of *THC Kiss.* The regulations place a limit of 10 milligrams of THC per separate unit for the beverage. The packaging is plain and child-resistant and displays the standardized cannabis symbols along with a health warning message. Health Canada requires that the production of cannabis food be done in a completely separate facility. *THC* Kiss is manufactured in a separate unit at our production facility.

Pure Cannabis Sticks

The Company will concentrate on producing our *Pure Cannabis Sticks*, pre-rolls that are filtered, paper cylinders filled with our own pure cannabis to be manufactured using our automated production machine

THC has started production of *Pure Cannabis Sticks* –pre-rolls that are filtered, paper cylinders filled with our own pure cannabis to be manufactured using our automated production machine. As cannabis consumers navigate the numerous cannabis brands, THC believes that easy-to-use products will gain popularity such as ready to use pre-rolls over traditional flower purchases.

The automated pre-roll manufacturing plant is capable of producing up to 5,000 units per minute and gives the Company a clear path to profitability.

Our automated pre-rolls will be packaged in lots of singles, 3s, and 6s with each pre-roll intended for a single-use session containing 0.5 grams of cannabis.

PRODUCTION

The Company is a small batch Licensed Producer, passionate about using organic and sustainable growing methods without the use of pesticides or exogenous chemicals. Sustainability, social value, and striving to offer an exceptional product are the driving factors that support our fundamental values as a company.

The Company operates in a sophisticated complex of indoor growing space. We cultivate in unique growing areas that allow us to maintain optimal environmental control to allow us to produce a product that is exceptionally consistent. Our team of growers is careful to only select the best nutrients, soil, and lighting and to choose to grow our product naturally in soil using organic methods. We take our time to ensure we don't lose flavour or potency but rather preserve all the terpenes that nature has to offer. We choose from only the best feminized seeds and our growers specially tend to the cannabis from seed to final product. We know that drying and curing marijuana is a critical step in the process. Our buds are hand-trimmed at the perfect time and placed on drying racks to dry and cure for an extended time.

The Company is focused on selling our proprietary strains:

- **THC Sativa** is a *proprietary landrace* Sativa strain and the dried bud contains high THC at 18%;
- **THC Indica** is a *proprietary landrace* Indica strain and the dried bud contains high THC at 25%;
- **THC Hybrid** is a *proprietary hybrid* 60/40 sativa-dominant strain and the dried bud contains high THC at 23%; and
- **THC CBD Indica** is a *proprietary Indica dominant* strain and the dried bud contains high CBD at 11%.

Medical market

The Company is focused on selling their proprietary strains: THC Sativa, THC Indica, and THC Hybrid. The rest of the supply for the medical market will be made up of 17 other common strains which will be made in smaller batches and provide clients with a larger assortment of strains. Current packaging of dried marijuana are in jars of 3.5 grams and 7 grams. Our proprietary strains will be 18%-25% THC and 0% CBD. The other 17 strains will consist of both CBD and THC strains ranging from 12%-25% THC and 0%-11% CBD.

Recreational market

The Company is focused on providing its proprietary strains to the adult-use recreational market with occasional batches of its common strains. The Company has supply agreements with the provinces of Ontario, Saskatchewan and British Columbia. The Company has agreed to supply the B.C. government with 2,390,200 grams of dried cannabis. The recreational offerings include THC's proprietary strains available in 3.5 gram and 7 gram bottles. Pre-rolls are available in singles (0.5 grams each) and packages of 3 (0.5 gram each).

MARKETING

The Company continues to develop brand recognition through a strong web presence, participation in industry events, and by providing high-quality products to medical patients and the adult-use recreational market in British Columbia, Saskatchewan and Ontario.

Packaging

The federal government has proposed strict regulations regarding advertising, labelling, and packaging cannabis products. Restrictions on cannabis advertising and packaging are similar to what is in place today for tobacco. Advertising is restricted to locations where there are no minors with limits on displays and in-store promotion.

Our packaging for *THC Kiss* is in 30ml bottles:

Our packaging for dried marijuana is in child proof 7 gram bottles and 3.5 gram bottle:

Our packaging for *Pure Cannabis Sticks* are sold in singles, three, and six:

The live clones are shipped to our medical marijuana clients using our proprietary *Clone Shipper*™ containers:

(Expressed in Canadian Dollars)

The *Clone Shipper*™ container is designed to support the health of clones or young live plants and hold them securely for transport purposes. Two LED lights that last over 100 hours keep the plant thriving and growing throughout the shipping process. Our *Clone Shipper*™ container is approved by Health Canada for use in shipping cannabis clones. The *Clone Shipper*™ container is available for sale in bulk wholesale orders and smaller retailer orders.

BIOLOGICAL ASSETS

The Company's biological assets consist of cannabis plants:

	April 30 2020	July 31 2019
Carrying amount, beginning of period	**$ 2,454,455**	$ 855,954
Capitalized costs	**2,045,211**	1,844,832
Sales of biological assets	**(10,619)**	(223,942)
Transferred to inventory upon harvest	**(4,002,078)**	(1,537,655)
Net unrealized gain on changes in fair value of biological assets	**2,157,369**	1,515,266
Carrying amount, end of period	**$ 2,644,338**	$ 2,454,455

Biological assets are presented at their fair value less costs to sell up to the point of harvest. Because there is no active commodity market for what is included in biological assets, the valuation of these biological assets is determined using valuation techniques where the inputs are based upon unobservable market data. The biological assets are classified as level 3 under the fair value hierarchy.

The valuation of biological assets is determined using a market approach where fair value at the point of harvest is estimated based on expected selling pries less the costs to sell at harvest. For biological assets that remain in process, the fair value at point of harvest is adjusted based on the stage of growth. Stage of growth is determined by reference to the remaining estimated time until the biological asset is transferred to the next stage of processing or expected destruction.

Mother plants have an average life of 1 year. Clones for sale have approximately 2 weeks before they outgrow the Clone Shipper container.

The significant unobservable inputs and their range of values are as follows:

Unobservable input	Amount	Sensitivity
Yield per plant – expected number of grams of finished cannabis inventory which is expected to be obtained from each harvested flowering plant. Based on historical results.	70 grams per plant	A slight change in the yield per plant would result in a significant change in fair value.
Yield per plant – expected number of clones which is expected to be obtained from mother plant. Based on historical results.	90 clones per plant	A slight change in the yield per plant would result in a significant change in fair value.
Selling price of dried cannabis and clones for sale	$4.20 (average selling price of dried cannabis) $20 (selling price of clones for sale)	A slight change in the estimated selling prices would result in a significant change in fair value.

(Expressed in Canadian Dollars)

A sensitivity analysis of the impact of changes to the above significant unobservable inputs used to calculate the fair value of biological assets at April 30, 2020 is as follows:

	20% Decrease	10% Decrease	FV	10% Increase	20% Increase
Fair value of biological assets	$ 2,115,470	$ 2,379,904	$ 2,644,338	$ 2,908,772	$ 3,173,206

INVENTORY

Inventory is comprised of the following items:

	April 30 2020	July 31 2019
Finished goods	**$ 788,503**	$ 278,191
Supplies and consumables	**213,557**	128,233
Unpackaged cannabis	**2,931,666**	623,302
Carrying amount - inventory	**$ 3,933,726**	$ 1,029,726

Inventory expensed during the nine months ended April 30, 2020 was $2,246,587 (April 30, 2019 - $1,070,910).

The fair value changes in biological assets included as inventory and sold during the nine months ended April 30, 2020 was $1,772,459 (April 30, 2019 - $136,699).

RESULTS OF OPERATIONS

Nine months ended April 30, 2020

The Company's comprehensive income for the nine months ended April 30, 2020 was $481,399 compared to a comprehensive loss of $8,526,492 for the nine months ended April 30, 2019. The comparative period included the fair value of earn out shares to be issued in the amount of $3,377,877 along with a financing fee of $4,458,153.

During the nine months ended April 30, 2020, the Company had sales revenue of cannabis products of $3,187,239 (April 30, 2019 - $1,107,507) which included excise taxes of $693,269 (April 30, 2019 - $Nil). This represents an increase of sales revenue of 188% period to period of our cannabis products. This increase is attributable to the adult-use recreational market.

The revenue figures produced a gross profit before fair value adjustments of $940,652 (April 30, 2019 - $36,597) and a gross margin after fair value adjustments of $3,098,021 (April 30, 2019 - $4,104,668).

Depreciation and amortization increased for the nine months ended April 30, 2020 to $745,206 (April 30, 2019 - $430,968) as a direct result of acquisitions of property and equipment.

For the Nine Months Ended April 30, 2020

General and administration expenses decreased for the nine months ended April 30, 2020 to $1,167,144 (April 30, 2019 - $1,200,695). In this category, automobile expenses decreased to $3,491 (April 30, 2019 - $4,151) with only one vehicle currently owned and operated versus two in the comparative period. Bad debt increased to $1,011 (April 30, 2019 - $Nil) with some small receivables written off in the current period. Bank charges and interest increased to $228,489 (April 30, 2019 - $70,636) as a direct result of increased debt to finance operations until we realize the sales of our *THC Kiss* and *Pure Cannabis Sticks* along with the change in the treatment of leases pursuant to IRFS 16 which treats a portion of the rent as interest. Consulting fees decreased to $29,600 (April 30, 2019 - $70,636) with less reliance on third parties. Director fees increased to $31,018 (April 30, 2019 - $21,054) with the monthly fee increased from $500 to $2,000 starting March 1, 2020. Insurance decreased to $9,566 (April 30, 2019 - $23,625) as there is less excess capacity at the facility on Acland Street which was previously expensed rather than capitalized for production purposes. Investor relations increased to $131,921 (April 30, 2019 - $48,733) in order increase exposure of the Company to investors. Legal and accounting decreased to $234,363 (April 30, 2019 - $355,650) with fewer legal documents required in the current period. Office and sundry decreased to $76,282 (April 30, 2019 - $104,819) resulting from a reduction in head office expenses. Payroll and benefits increased to $277,578 (April 30, 2019 - $247,987) as a result of benefits provided to staff to be competitive with other employers in the area. Property tax decreased to $22,029 (April 30, 2019 - $27,923) as there is less excess capacity at the facility on Acland Street which was previously expensed rather than capitalized for production purposes. Rent decreased to $Nil (April 30, 2019 - $18,908) with a change in the treatment of leases pursuant IFRS 16. Repairs and maintenance decreased to $Nil (April 30, 2019 - $4,372) with no repairs on equipment to date in the current period. Strata fees decreased to $7,711 (April 30, 2019 - $13,791) as there is less excess capacity at the facility on Acland Street which was previously expensed rather than capitalized for production purposes. Telephone decreased to $12,423 (April 30, 2019 - $13,522) as a direct result of less travelling in the current period. Transfer agent and filing fees increased to $56,412 (April 30, 2019 - $54,605) resulting from increased share transactions. Travel decreased to $45,250 (April 30, 2019 - $111,270) as a direct result of the restrictions put on travel due to the COVID-19 pandemic in the current period.
Sales and marketing decreased for the nine months ended April 30, 2020 to $14,852 (April 30, 2019 - $35,704).

Share-based compensation decreased for the nine months ended April 30, 2020 to $686,780 (April 30, 2019 - $3,121,235) with fewer stock options granted and vested during the current period.

Other income and expense items produced net expenses of $2,640 for the nine months ended April 30, 2020 versus $7,842,558 for the comparative period: fair value of earn out shares to be issued decreased to $Nil (April 30, 2019 - $3,377,877) as this was a one-time transaction; financing fees decreased to $Nil (April 30, 2019 - $4,458,153) as this was a one-time transaction resulting from a previous financing; foreign exchange loss decreased to $3,413 (April 30, 2019 - $6,764) with fewer items denominated in US dollars; interest income decreased to $51 (April 30, 2019 - $696) with less money earning interest; loss on the sale of an automobile decreased to $Nil (April 30, 2019 - $606) as this was a one-time transaction; and other income increased to $722 (April 30, 2019 - $146) as there was a one-time rental fee of $500 earned in the current period.

Three months ended April 30, 2020

The Company's comprehensive loss for the three months ended April 30, 2020 was $295,717 compared to a comprehensive loss of $4,910,514 for the three months ended April 30, 2019. The comparative period included a financing fee of $4,458,153.

During the three months ended April 30, 2020, the Company had sales revenue of cannabis products of $896,104 (April 30, 2019 - $354,326) which included excise taxes of $199,970 (April 30, 2019 - $Nil). This represents an increase of sales revenue of 153% period to period of our cannabis products. This increase is attributable to the adult-use recreational market.

For the Nine Months Ended April 30, 2020

The revenue figures produced a gross profit before fair value adjustments of $189,693 (April 30, 2019 - $111,978 loss) and a gross margin after fair value adjustments of $477,975 (April 30, 2019 - $1,213,847).

Cannabis sales were lower in the third quarter of this fiscal year than the first two quarters which produced revenues of over $1,000,000 each. The Company had product ready but was unable to ship due to the general slowdown caused by COVID-19. This situation has now been resolved and the Company delivered its largest single sales order subsequent to the quarter ended April 30, 2020 of just over $550,000.

Depreciation and amortization increased for the three months ended April 30, 2020 to $261,687 (April 30, 2019 - $179,647) as a direct result of acquisitions of property and equipment.

General and administration expenses increased for the three months ended April 30, 2020 to $422,315 (April 30, 2019 - $360,290). In this category, automobile expenses decreased to $802 (April 30, 2019 - $1,583) with only one vehicle currently owned and operated versus two in the comparative period. Bad debt increased to $1,011 (April 30, 2019 - $Nil) with some small receivables written off in the current period. Bank charges and interest increased to $83,156 (April 30, 2019 - $27,234) as a direct result of increased debt to finance operations until we realize the sales of our *THC Kiss* and *Pure Cannabis Sticks* along with the change in the treatment of leases pursuant to IRFS 16 which treats a portion of the rent as interest. Consulting fees increased to $8,714 (April 30, 2019 - $4,320). Director fees increased to $18,762 (April 30, 2019 - $6,908) with the monthly fee increased from $500 to $2,000 starting March 1, 2020. Insurance decreased to $4,290 (April 30, 2019 - $7,038) as there is less excess capacity at the facility on Acland Street which was previously expensed rather than capitalized for production purposes. Investor relations increased to $65,765 (April 30, 2019 - $19,303) in order increase exposure of the Company to investors. Legal and accounting decreased to $87,789 (April 30, 2019 - $91,096) with fewer legal documents required in the current period. Office and sundry decreased to $16,723 (April 30, 2019 - $40,855) resulting from a reduction in head office expenses. Payroll and benefits increased to $88,558 (April 30, 2019 - $84,276) as a result of benefits provided to staff to be competitive with other employers in the area. Property tax decreased to $1,039 (April 30, 2019 - $9,802) as there is less excess capacity at the facility on Acland Street which was previously expensed rather than capitalized for production purposes. Rent decreased to $Nil (April 30, 2019 - $1,108) with a change in the treatment of leases pursuant IFRS 16. Repairs and maintenance decreased to $Nil (April 30, 2019 – ($9,170)) with no repairs on equipment to date in the current period. Strata fees decreased to $828 (April 30, 2019 - $6,408) as there is less excess capacity at the facility on Acland Street which was previously expensed rather than capitalized for production purposes. Telephone decreased to $3,934 (April 30, 2019 - $5,161) as a direct result of less travelling in the current period. Transfer agent and filing fees increased to $31,161 (April 30, 2019 - $23,462) resulting from increased share transactions. Travel decreased to $9,783 (April 30, 2019 - $40,906) as a direct result of the restrictions put on travel due to the COVID-19 pandemic in the current period.

Sales and marketing decreased for the three months ended April 30, 2020 to $5,558 (April 30, 2019 - $6,759).

Share-based compensation decreased for the three months ended April 30, 2020 to $84,717 (April 30, 2019 - $1,116,433) with fewer stock options granted and vested during the current period.

Other income and expense items produced net income of $585 for the three months ended April 30, 2020 versus net expenses of $4,461,232 for the comparative period: financing fees decreased to $Nil (April 30, 2019 - $4,458,153) as this was a one-time transaction resulting from a previous financing; foreign exchange income increased to $509 (April 30, 2019 - $3,949 loss) with fewer items denominated in US dollars; interest income decreased to $10 (April 30, 2019 - $246) with less money earning interest; gain on the sale of an automobile decreased to $Nil (April 30, 2019 - $548) as this was a one-time transaction; and other income decreased to $66 (April 30, 2019 - $76) as the British Columbia provincial sales tax returns produced less commission.

(Expressed in Canadian Dollars)

NON-IFRS EARNINGS MEASURE

The Company has reported "Adjusted EBITDA" as we believe that the disclosure of Adjusted EBITDA allows investors to evaluate the operational and financial performance of the Company's ongoing business, using the same evaluation that management uses, and is therefore a useful indicator of the Company's performance or expected performance of recurring operations. "Adjusted EBITDA" is calculated based on EBITDA, or earnings before interest, income taxes, depreciation and amortization, and further adjusted to exclude share-based compensation, realized and unrealized gains and losses on changes in fair value of biological assets, foreign exchange gains and losses, and items of an unusual nature that do not reflect our ongoing operations. EBITDA and Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt and as a valuation metric. EBITDA and Adjusted EBITDA do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies and should not be considered as an alternative to measures of performance prepared in accordance with IFRS.

	For the Three Months Ended		For the Nine Months Ended	
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	April 30	April 30	**April 30**	April 30
	2020	2019	**2020**	2019
Net and comprehensive income (loss) for the period	**$ (295,717)**	$ (4,910,514)	**$ 481,399**	$ (8,526,492)
Add back				
Interest	**78,580**	16,982	**212,596**	46,125
Depreciation and amortization	**261,687**	179,647	**745,206**	430,968
EBITDA(1) from continuing operations	**44,550**	(4,713,885)	**1,439,201**	(8,049,399)
Foreign exchange income (loss)	**(509)**	3,949	**3,413**	6,764
Realized fair value changes in biological assets included in inventory sold	**327,419**	31,437	**1,772,459**	136,699
Realized loss on sale of asset	**-**	(548)	**-**	606
Share-based compensation	**84,717**	1,116,433	**686,780**	3,121,235
Unrealized gain on changes in fair value of biological assets	**(615,701)**	(1,357,262)	**(3,929,828)**	(4,204,770)
Adjusted EBITDA(1)	**$ (159,524)**	$ (4,919,876)	**$ (27,975)**	$ (8,988,865)

LIQUIDITY

The Company does not have positive cash flow from operations; accordingly, it must rely on equity financing to fund operations.

On February 1, 2019, the Company secured a $500,000 commercial operating loan which has been increased to $900,000 for operating funds using the property on St. Paul Street in Kelowna, British Columbia as collateral. The interest rate is Prime plus 1%. The loan is payable upon demand and subject to an annual review.

The Company also entered into a line of credit of up to $500,000 with its Chief Executive Officer. The line of credit will not bear interest for the first three calendar months following its withdrawal. Interest will then incur after three months at prime plus 1.0% with the interest payable monthly on the last day of each month until the line of credit is repaid in full.

For the Nine Months Ended April 30, 2020

During the nine months ended April 30, 2020, the Company issued two convertible debentures: one for $642,679 at 8% per annum due on August 15, 2020 with interest payable quarterly in arrears and convertible into common shares at a price of $0.25 per share; and the other one for $261,857 at 10% per annum due on October 23, 2020 with interest payable quarterly in arrears and convertible into common shares at a price of $0.20 per share.

On February 28, 2020, the Company secured a $1,000,000 mortgage for operating funds using the property on Acland Street in Kelowna, British Columbia as collateral. The interest rate is Prime plus 2%. The mortgage is payable upon demand and subject to an annual review.

The Company's cash on hand at April 30, 2020 decreased to $881,287 (July 31, 2019 - $991,155).

At April 30, 2020, the Company's working capital increased to $4,296,505 (July 31, 2019 - $1,927,272).

The Company's current asset balance of $7,963,227 (July 31, 2019 - $5,217,996) is comprised of cash of $881,287 (July 31, 2019 - $991,155); amounts receivable of $243,754 (July 31, 2019 - $365,148); goods and services tax receivable from the Canada Revenue Agency of $Nil (July 31, 2019 - $99,159); biological assets of $2,644,338 (July 31, 2019 - $2,454,455); inventory of $3,933,726 (July 31, 2019 - $1,029,726); and prepaid expenses and deposits of $217,779 (July 31, 2019 - $278,353).

The Company's current liabilities total $3,666,722 (July 31, 2019 - $3,290,724) is comprised of accounts payable and accrued liabilities of $1,911,061 (July 31,2019 - $1,060,236); a subscription received in advance for a convertible debenture subsequently issued of $Nil (July 31, 2019 - $642,679); commercial operating loan of $466,604 (July 31, 2019 - $463,137); a line of credit of $Nil (July 31, 2019 - $350,000); current portion of the mortgages payable of $289,740 (July 31, 2019 - $57,529); current portion of other long term liabilities being the right-of-use leases of $144,781 (July 31, 2019 - $Nil); convertible debentures payable of $854,536 (July 31, 2019 - $Nil); and advances from related parties of $Nil (July 31, 2019 - $717,143).

As of the date of this MD&A, the Company has insufficient working capital to meet its ongoing financial obligations for the coming year.

PROPOSED TRANSACTIONS

There are no proposed asset or business acquisitions or dispositions, other than those in the ordinary course of business as disclosed herein, before the Board of Directors for consideration.

OFF-BALANCE SHEET ARRANGEMENTS

None

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management personnel is as follows:

(Expressed in Canadian Dollars)

		April 30 2020		April 30 2019
Director fees	$	30,000	$	20,000
Interest on line of credit		2,767		-
Rent		101,400		128,997
Salaries and benefits		106,667		130,070
Share-based compensation		187,610		1,094,675
	$	428,444	$	1,373,742

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on August 1, 2016 with monthly payments of $2,600 plus Goods and Services Tax along with 75% of all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019 with the right to renew the lease under the same terms for four three-year terms for $3,467 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $3,467 was also paid.

The Company signed a month-to-month lease for premises from its Chief Financial Officer. The lease began on July 10, 2017 with monthly payments of $2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019, with the right to renew the lease under the same terms for four three-year terms for $2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $2,600 was also paid.

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on October 2, 2017 with monthly payments of $2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring September 30, 2019 with the right to renew the lease under the same terms for four three-year terms for $2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $2,600 was also paid.

The Company initially signed a month-to-month lease for premises from its Chief Executive Officer and Chief Financial Officer. The lease began on January 12, 2017 with monthly payments of $2,600 plus Goods and Services Tax along with all operating costs. Effective June 17, 2018, the lease was amended to a fixed term expiring August 31, 2019 with the right to renew the lease under the same terms for four three-year terms for $2,600 per month plus Goods and Services Tax along with 100% of all operating costs. The lease was renewed for another three-year term. A security deposit of $2,600 was also paid.

On January 13, 2020, the Company issued 5,333,333 Units of a non-brokerage private placement to John Miller, the President and CEO, in exchange for bona fide debt owing by the Company in the amount of $800,000. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of $0.18 per share for the first three months, at $0.25 during the following three months, at $0.50 for the three months following that, and at $0.80 during the final fifteen months. Warrants were valued at $Nil using the residual value method. No finder's fees were paid.

The Company entered into a line of credit of up to $500,000 with its Chief Executive Officer. The line of credit will not bear interest for the first three calendar months following its withdrawal. Interest will then incur after three months at prime plus 1.0% with the interest payable monthly on the last day of each month until the line of credit is repaid in full.

At April 30, 2020, the Chief Executive Officer owes $42,343 (July 31, 2019 - $717,143 was owed) to the Company.

Amounts due to or from related parties are unsecured, do not bear interest, and are classified as a current asset or liability due to their nature and expected time of repayment.

CONFLICTS OF INTEREST

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Under IFRS 13, Fair Value Measurement establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exists

The biological assets are carried at fair value, calculated in accordance with Level 3. The significant unobservable inputs used to fair value biological assets include estimating the stage of growth of the marijuana up to the point of harvest, harvesting costs, selling costs, sales prices, wastage, and expected yields from the marijuana plants.

The carry values of cash, amounts receivable, accounts payable and accrued liabilities, commercial operating loan, line of credit, mortgages payable, promissory note payable and advances to/from related parties all approximate their fair values due the short term nature of the financial instrument, or the market rates of interest attached thereto.

Market risk

Market risk is the risk of loss that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. The Company faces market risk from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to fair value interest rate risk.

Current financial assets and financial liabilities are generally not exposed to significant cash flow interest rate risk because of their short-term nature, fixed interest rates, and maturity. The Company is exposed to cash flow interest rate risk on the line of credit if a draw down amount is not repaid within three months. The Company is not exposed to cash flow interest rate risk on the advances from related parties which are without interest. The Company is not exposed to cash flow interest rate risk on the mortgages payable with fixed interest rates.

Foreign currency risk

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

At April 30, 2020, the Company is exposed to foreign currency risk with respect to its US denominated bank accounts and accounts payable, and a Euro denominated account payable.

At April 30, 2020, financial instruments were converted at a rate of $1 US dollar to $1.3910 Canadian and $1.5186 Euro to $1 Canadian.

The Company has not entered into any foreign currency contracts to mitigate foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, and amounts receivable. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. For amounts receivable, the Company limits its exposure to credit risk by dealing with what management believes to be financially sound counter parties. At April 30, 2020, all amounts receivable are current.

The Company's financial assets are not subject to material credit risk as it does not anticipate significant loss for non-performance.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, or a proposed transaction. The Company manages liquidity risk by maintaining adequate cash balances when possible.

The Company's expected source of cash flow in the upcoming year will be through sales and debt or equity financing. Cash on hand at April 30, 2020 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational and expansion needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

On February 1, 2019, the Company secured a $500,000 commercial operating loan which has been increased to $900,000 for operating funds using the property on St. Paul Street in Kelowna, British Columbia as collateral. The interest rate is Prime plus 1%. The loan is payable upon demand and subject to an annual review.

On January 13, 2020, the Company completed a non-brokered private placement for 6,675,652 Units at $0.15 per Unit for gross proceeds of $201,348 and a repayment a bona fide debt of $800,000 to John Miller, the President and CEO. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of $0.18 per share for the first three months, at $0.25 during the following three months, at $0.50 for the three months following that, and at $0.80 during the final fifteen months. Warrants were valued at $Nil using the residual value method. No finder's fees were paid.

The Company also announced an offer to existing shareholders to complete a non-brokered private placement for a further 3,333,333 Units at a price of $0.15 per Unit for gross proceeds up to $500,000. Each Warrant entitles the holder to purchase one Common Share of the Company for a period of 24 months from closing at a price of $0.18 per share for the first six months, at $0.25 during the following six months, at $0.50 for the six months following that, and at $0.80 during the final fifteen months.

On February 28, 2020, the Company secured a $1,000,000 mortgage for operating funds using the property on Acland Street in Kelowna, British Columbia as collateral. The interest rate is Prime plus 2%. The mortgage is payable upon demand and subject to an annual review.

The Company also entered into a line of credit of up to $500,000 with its Chief Executive Officer. The line of credit will not bear interest for the first three calendar months following its withdrawal. Interest will then incur after three months at prime plus 1.0% with the interest payable monthly on the last day of each month until the line of credit is repaid in full

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, reserves, and deficit. The availability of new capital will depend on many factors including positive stock market conditions, the Company's track record, and the experience of management. The Company is not subject to any external covenants on its capital.

Price risk

Price risk is the risk that the fair value of investments will decline below the cost of the underlying investments. The Company is not exposed to price risk as it has no investments held for sale.

OTHER RISKS AND UNCERTAINTIES

The Company is the development stage with respect to its medical marijuana and adult-use cannabis business.

In conducting its business, the Company is subject to a number of risks and uncertainties that could have a material adverse effect on the Company's business prospects or financial condition that could result in a delay or indefinite postponement in the development of the Company's business. The following risk factors should be carefully considered in evaluating the Company. The risks presented below may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. The market in which the Company currently competes is very competitive and changing rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

COVID-19

The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The impact of the COVID-19 crisis has and may continue to have a significant impact on our business. Other results of COVID-19 that may negatively affect us are further increased costs resulting from our efforts to mitigate the impact of COVID-19; deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures, result in losses on our holdings of cash and investments. Material adverse effects on our employees, customers, suppliers and/or logistics providers could have material adverse effects on us.

Profitability of operations

The Company does not have profitable operations at this time and it should be anticipated that it will operate at a loss until such time that sufficient revenue is achieved or if a profit is in fact ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.

Going concern

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its on-going commitments and further its medical marijuana and adult-use cannabis business.

Reliance on license

The Company's ability to grow, store, and sell medical marijuana and adult-use cannabis in Canada is dependent on the license issued from Health Canada. Failure to comply with the requirements of the license or any failure to maintain this license would have a material adverse impact on the business, financial condition, and operating results of the Company.

Regulatory risks

The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Change in laws, regulations, and guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of medical marijuana and adult-use cannabis but also including laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, changes to such laws, regulations, and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

Limited operating history

The Company has yet to generate significant revenue from the sale of products. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on management

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot ensure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Factors which may prevent realization of growth targets

The Company is currently in the development stage. The Company's growth strategy contemplates outfitting the facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- plant design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging, or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions, or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and

- major incidents and/or catastrophic events such as fires, explosions, earthquakes, or storms.

As a result, there is a risk that the Company may not have product or sufficient product available for shipment to meet the anticipated demand or to meet future demand when it arises.

The Company has a history of net losses, may incur significant net losses in the future, and may not achieve or maintain profitability.

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Additional financing

The building and operation of the Company's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Company will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, and/or to undertake acquisitions or other business combination transactions. The Company will require additional financing to fund its operations to the point where it is generating positive cash flows.

Competition

The Company faces intense competition from other companies, some of which have more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of medical marijuana and adult-use cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of the Company.

Risks inherent in an agricultural business

The Company's business involves the growing of medical marijuana and adult-use cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business such as insects, plant diseases, and similar agricultural risks. Although the Company grows its products indoors under climate controlled conditions and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to rising energy costs

The Company's medical marijuana and adult-use cannabis growing operations will consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Transportation disruptions

Due to the perishable and premium nature of the Company's products, the Company will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Unfavourable publicity or consumer perception

The Company believes the medical marijuana and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy, and quality of the medical marijuana and adult-use cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of medical marijuana and adult-use cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention, or other research findings or publicity will be favourable to medical marijuana or adult-use cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, the efficacy, and quality of medical marijuana and adult-use cannabis in general, or the Company's products specifically, or associating the consumption of medical marijuana and adult-use cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on key inputs

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, and operating results of the Company.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure program may be significantly greater than anticipated by the Company's management, and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Company.

Difficulty to forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana and adult-use cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Operating risk and insurance coverage

The Company has insurance to protect its assets, operations, and employees. While the Company believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations, and financial condition could be materially adversely affected.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect its ability to continue operating and the market price for the Company's common shares and could use significant Company resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Environmental and employee health and safety regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

In the preparation of these consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimates and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the asset and a suitable discount rate in order to calculate present value. The assessment of any impairment of assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Share-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's profit or loss.

Purchase price allocation

The allocation of the purchase price and subsequent costs between land and building on the acquisition of properties requires judgment. The allocations are determined using the property tax assessments when the properties are acquired.

Biological assets and inventory

In calculating the fair value less costs to sell of biological assets and the cost of inventory, management makes a number of estimates related to inputs and variables, including the stage of growth of the marijuana up to the point of harvest, harvesting costs, selling costs, sales price, wastage, and expected yields from the marijuana plant.

Estimated useful lives, and depreciation and amortization of property and equipment

Depreciation and amortization of property, plant, and equipment are dependent upon estimates of useful lives which are determined through the exercise of judgment.

Income taxes

The measurement of deferred income tax assets requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the audited annual consolidated financial statements.

ADOPTION OF NEW STANDARD – IFRS 16, LEASES

In January 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16") and brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or an entity's incremental borrowing rate if the implicit rate cannot be readily determined. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value, and not recognize lease assets and lease liabilities. The expense associated with these leases can be recognized on a straight-line basis over the lease term or on another systematic basis.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

On August 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach; therefore, the comparative information has not been restated and continues to be reported under IAS 17, *Leases.* Furthermore, given the short term nature of the leases during the year ended July 31, 2019, under IFRS 16, lessees may elect not to recognize assets and liabilities with a lease term of twelve months or less; accordingly, there is no adjustment to opening equity at the date of initial application.

On transition to IFRS 16, at August 1, 2019, the Company recognized $373,779 of right-of-use assets and $346,727 of lease liabilities with a nil impact on the deficit. The transition to IFRS 16 did not have a material impact on the Company's statement of comprehensive income or liquidity.

When measuring the lease liabilities, the Company used the implicit interest rate stated in the leases. The weighted-average rate applied was 7.79%.

The right-of-use assets are recognized in property and equipment and lease liabilities are recognized in other current liabilities and other long-term liabilities.

(Expressed in Canadian Dollars)

CAPITAL RESOURCES

Common shares

	Issued Number		Amount
Balance, July 31, 2018	118,291,190	$	20,120,026
Shares issued for cash	17,283,674		6,090,000
Share issue costs	-		(44,528)
Stock options exercised	162,500		62,563
Fair value of stock options exercised	-		38,904
Shares issued for debt	3,055,554		550,000
Earn out shares issued	14,074,486		3,377,877
Balance, July 31, 2019	152,867,404		30,194,842
Shares issued for cash	1,342,319		201,348
Shares issued for debt	5,333,333		800,000
Stock options exercised	50,000		7,500
Fair value of stock options exercised	-		5,796
Shares cancelled under Normal Course Issuer Bid	(1,217,000)		(163,444)
Balance, June 25, 2020	**158,376,056**	**$**	**31,046,042**

Escrow Shares

Currently 690 shares (July 31, 2019 – 690) are held in escrow.

Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2018	8,348,753	$	1.4073
Warrants issued	20,339,228		0.5332
Balance, July 31, 2019	28,687,981		0.7875
Warrants issued	6,675,652		0.2500
Balance, June 25, 2020	**35,363,633**	**$**	**0.6861**

(Expressed in Canadian Dollars)

Expiry Date	Remaining Life (Years)	Number of Warrants		Exercise Price
August 9, 2020	0.13	120,967	$	0.3875
October 2, 2020	0.27	403,226		0.9600
October 5, 2020	0.28	359,196		1.0875
October 12, 2020	0.30	355,115		1.1000
October 20, 2020	0.12	333,333		0.9400
October 23, 2020	0.33	333,333		0.9400
October 31, 2020	0.35	362,318		0.8625
November 8, 2020	0.37	513,698		0.9125
November 14, 2020	0.39	666,666		0.9375
November 23, 2020	0.42	1,488,095		1.0500
January 15, 2021	0.56	314,070		2.4900
January 24, 2021	0.58	631,313		2.4800
February 8, 2021	0.63	1,002,673		2.0800
March 2, 2021	0.69	932,835		1.6800
March 15, 2021	0.82	531,915		1.7630
September 25, 2021	1.25	1,344,086		1.1625
October 2, 2021	1.27	1,428,572		1.0875
December 10, 2021	1.46	1,449,275		0.5750
January 13, 2022	1.55	6,675,652		0.1800
January 18, 2022	1.57	1,479,289		0.5630
January 30, 2022	1.60	1,552,795		0.5380
February 8, 2022	1.62	1,449,275		0.5750
February 28, 2022	1.68	1,623,377		0.5120
March 14, 2022	1.73	1,623,377		0.5120
March 29, 2022	1.76	1,901,141		0.4380
July 15, 2022	2.06	5,222,219		0.3000
July 22, 2022	2.08	1,265,822		0.2620
		35,363,633	$	0.6861

Agent Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2018 and 2019, and June 25, 2020	**5,385,000**	**$**	**1.20**

Expiry Date	Remaining Life (Years)	Number of Warrants		Exercise Price
March 13, 2022	1.65	5,385,000	$	1.20

(Expressed in Canadian Dollars)

Options

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2018	4,338,750	$ 0.550
Options granted	12,250,000	0.633
Options exercised	(162,500)	0.385
Options cancelled	(1,250,000)	0.857
Options expired	(3,176,250)	0.385
Balance, July 31, 2019	12,000,000	0.654
Options granted	3,100,000	0.150
Options exercised	(50,000)	0.150
Options cancelled	(3,600,000)	0.497
Balance, June 25, 2020	**11,450,000**	**$ 0.526**

Date of Grant	Expiry Date	Remaining Life (Years)	Number of Options Vested	Number of Options Outstanding	Exercise Price
September 25, 2018	September 25, 2020	0.25	4,000,000	4,000,000	$ 0.890
March 8, 2019	March 8, 2021	0.70	5,000,000	5,000,000	0.420
December 12, 2019	December 12, 2021	1.46	1,025,000	2,050,000	0.150
March 9, 2020	March 9, 2022	1.71	25,000	50,000	0.150
May 26, 2020	May 26, 2022	1.93	87,500	350,000	0.150
			10,137,500	11,450,000	$ 0.526

DIRECTORS AND OFFICERS

The Company's directors and officers as of the date of this MD&A are:

John Miller	President, Chief Executive Officer, Director
Hee Jung Chun	Chief Financial Officer, Director
Dr. Ashish Dave	Independent Director
Penelope Laine	Independent Director

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.