FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Empower Clinics Inc. (the "Issuer").

Trading Symbol: CBDT

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

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

Unaudited condensed interim consolidated financial statements of the Issuer for the three and nine months ended September 30, 2020 and 2019, as filed with securities regulatory authorities, are attached to this Form 5 - Quarterly Listing Statement as Schedule “A”.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

The Issuer’s related parties include key management personnel and any transactions with such parties for goods and/or services that are made on regular commercial terms. During the three and nine months ended September 30, 2020 and 2019, the Company did not enter into any transactions with related parties outside of compensation to key management personnel as disclosed below.

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company. Salaries and benefits, bonuses, and termination benefits are included in operating expenses and share-based payments are recorded as share-based payment expense or share capital.

Key management compensation includes:

		Three months ended September 30,				Nine months ended September 30,		
		2020		2019		**2020**		2019
Salaries and benefits	**$**	**174,617**	$	143,767	**$**	**516,218**	$	465,113
Share-based payments		**1,738**		-		**12,156**		472,120
Directors fees		**3,750**		-		**11,250**		-
	$	**180,105**	$	143,767	**$**	**539,624**	$	937,233

Included in cost of goods sold for the three and nine months ended September 30, 2020 is $nil and $11,045, respectively (2019 - $5,921 and $18,611, respectively) in product purchases made from Sun Valley Science LLC, an entity controlled by the Senior Vice President Development and Director.

Included in salaries and benefits for the three and nine months ended September 30, 2020 is $61,846 and $129,902, respectively (2019 - $58,007 and $266,853, respectively) related to common shares awarded to the CEO during 2019 which vested during the nine months ended September 30, 2020.

As at September 30, 2020, $1,196 (December 31, 2019 - $28,827) is due to the CEO for advances made on behalf of the Company and $274,924 (December 31, 2019 - $133,444) is due to the CEO for salaries and benefits. The amounts are unsecured and due on demand.

As at September 30, 2020, $64,000 (December 31, 2019 - $140,000) is due to the Senior Vice Present Development and Director and his spouse for consideration related to the Sun Valley acquisition.

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

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
2020-07-15	Units [(1)]	Private Placement	14,417,334	$0.05	$720,866.70	Cash	Shareholders	$4,800.00
2020-07-15	Common Share Purchase Warrants	Private Placement	96,000	$0.12	N/A	N/A	Brokerage Firm	N/A
2020-09-22	Common Shares	Fee Payment	2,500,000	$0.10	N/A	N/A	These shares have been issued pursuant to Definite Partner Agreement signed on May 15, 2020.	N/A
2020-09-23	Common Shares	Fee Payment	3,000,000	$0.05	N/A	N/A	Brokerage Firm	N/A

[(1)] Each Unit was comprised of one common share of the Issuer and one full share purchase warrant exercisable into one common share of the Issuer at a price of $0.12 for a period of two years from issue.

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
There were no options granted during the three-month period ended September 30, 2020.						

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

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

<u>See attached Schedule “A”</u>

(b) number and recorded value for shares issued and outstanding,

<u>See attached Schedule “A”</u>

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

<u>See attached Schedule “A”</u>

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

<u>See attached Schedule “A”</u>

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 of Director/ Officer	Position with Issuer
Steven McAuley	Chief Executive Officer, Chairman
Kyle Appleby	Chief Financial Officer
Dustin Klein	Director, SVP Business Development
Andrejs Bunkse	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the three and nine months ended September 30, 2020 and 2019, as filed with securities regulatory authorities, is attached to this Form 5 - Quarterly Listing Statement as Schedule "C".

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 November 25th, 2020.

Steven McAuley
Name of Director or Senior Officer

"Steven McAuley"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer Empower Clinics Inc.	For Quarter Ended September 30, 2020	Date of Report YY/MM/DD 20/11/25
Issuer Address 918-1030 West Georgia Street		
City/Province/Postal Code Vancouver, BC V6E 2Y3	Issuer Fax No. N/A	Issuer Telephone No. 1-888-367-6937
Contact Name Steven McAuley	Contact Position CEO	Contact Telephone No. 604-789-2146
Contact Email Address s.mcauley@empowerclinics.com	Web Site Address www.empowerclinics.com	

SCHEDULE "A"

Empower Clinics Inc.

(Formerly Adira Energy Ltd.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended
September 30, 2020 and 2019

(Expressed in United States dollars – Unaudited)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2020 and 2019.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim 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 Empower Clinics Inc. ("the Company" or "Empower") for the interim period ended September 30, 2020 and 2019, have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, MNP LLP, have not performed a review of these condensed interim consolidated financial statements.

November 24, 2020

EMPOWER CLINICS INC.
(Formerly Adira Energy Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in United States dollars) - Unaudited

	Note	**September 30, 2020**	December 31, 2019
		$	$
ASSETS			
Current			
Cash		**112,539**	179,153
Accounts receivable		**65,191**	24,482
Prepaid expenses		**22,029**	38,382
Inventory		**62,666**	21,848
Promissory note	5	**128,198**	-
Total current assets		**390,623**	263,865
Promissory note	5	**-**	122,573
Property and equipment	6	**596,667**	797,423
Intangible assets	7	**342,396**	254,640
Goodwill	7	**117,218**	117,218
Total assets		**1,446,904**	1,555,719
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8,20	**1,915,514**	1,874,990
Current portion of notes payable	9	**891,874**	969,891
Convertible debentures payable	12	**-**	427,320
Convertible notes payable	10	**190,460**	192,717
Secured loan payable	11	**796,714**	761,711
Current portion of lease liability	13	**173,733**	219,800
Current portion of warrant liability		**186,144**	-
Conversion feature	12	**-**	2,795
Total current liabilities		**4,154,439**	4,449,224
Loan payable	14	**29,987**	-
Lease liability	13	**405,481**	515,096
Deferred revenue		**25,000**	-
Warrant liability	15	**14,452**	106,312
Total liabilities		**4,629,359**	5,070,632
EQUITY			
Issued capital	16(a)	**9,528,015**	7,827,310
Shares to be issued	16(a)	**-**	22,050
Contributed surplus		**1,613,233**	1,501,361
Warrant reserve		**68,932**	146,685
Deficit		**(14,392,635)**	(13,012,319)
Total shareholders' deficiency		**(3,182,455)**	(3,514,913)
Total liabilities and shareholders' deficiency		**1,446,904**	1,555,719

Nature of operations and going concern (note 1)
Events after the reporting period (note 22)

Approved and authorized by the Board of Directors on November 24, 2020:

"Steven McAuley" Director *""Dustin Klein"* Director

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

EMPOWER CLINICS INC.
(Formerly Adira Energy Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(in United States dollars, except number of shares outstanding) - Unaudited

	Note	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
		$	$	**$**	$
Revenues					
Clinic services	20	**629,854**	663,003	**2,306,111**	1,409,143
Product revenues		**12,890**	-	**49,644**	-
Total revenues		**642,744**	663,003	**2,355,755**	1,409,143
Direct clinic expenses					
Medical personnel costs		**221,016**	30,643	**662,950**	114,481
Travel clinic costs		**23,756**	24,754	**73,720**	63,079
Cost of goods sold		**1,545**	-	**21,952**	-
Total direct clinic expenses		**246,317**	55,397	**758,622**	177,560
Earnings from clinic operations		**396,427**	607,606	**1,597,133**	1,231,583
Operating expenses	17,20	**1,031,570**	1,042,785	**2,377,928**	2,343,660
Legal and professional fees	4	**127,774**	321,835	**349,970**	755,514
Depreciation and amortization expense	6,7	**79,702**	79,495	**240,446**	197,906
Share-based payments	16(c),20	**1,738**	7,388	**31,592**	479,508
Loss from operations		**(844,357)**	(843,897)	**(1,402,803)**	(2,545,005)
Other expenses (income)					
Accretion expense	9,12	**15,828**	91,432	**360,924**	207,031
Interest income	5	**(1,920)**	(1,905)	**(5,625)**	(4,771)
Interest expense	9-13	**37,292**	53,430	**138,948**	129,089
Loss on disposal of property, plant and equipment	6	**-**	-	**-**	114,516
Gain on debt settlement of accounts payable	8,16(c)	**(25,978)**	-	**(49,277)**	-
Gain on change in fair value of warrant liability	15	**(435,607)**	(512,415)	**(475,539)**	(673,289)
Gain on change in fair value of conversion feature	12	**-**	(126,542)	**(2,795)**	(190,968)
Restructuring		**-**	169,606	**-**	169,606
Other expense (income), net		**26,063**	(12,971)	**10,877**	61,089
		(384,322)	(339,365)	**(22,487)**	(187,697)
Net loss and comprehensive loss for the period		**(460,035)**	(504,532)	**(1,380,316)**	(2,359,579)
Loss per share					
Basic		**(0.00)**	(0.00)	**(0.01)**	(0.02)
Diluted		**(0.00)**	(0.00)	**(0.01)**	(0.02)
Weighted average number of shares outstanding					
Basic		**188,681,499**	135,255,379	**167,469,011**	110,411,923
Diluted		**188,681,499**	135,255,379	**167,469,011**	110,411,923

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

EMPOWER CLINICS INC.
(Formerly Adira Energy Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in United States dollars) - Unaudited

	Note	Nine months ended September 30, **2020**	2019
		$	$
Operating activities			
Net loss and comprehensive loss for the period		**(1,380,316)**	(2,359,579)
Items not involving cash:			
Depreciation and amortization expense	6,7	**240,446**	197,906
Share-based payments	16(c),20	**31,592**	479,508
Accretion expense	9,12	**360,924**	207,031
Interest expense	9-13	**138,948**	129,089
Loss on disposal of property, plant and equipment	6	**-**	114,516
Gain on change in fair value of warrant liability	15	**(475,539)**	(673,289)
Gain on change in fair value of conversion feature	12	**(2,795)**	(190,968)
Warrants issued for services		**-**	208,846
Common shares issued for services	16(a),20	**180,458**	134,635
Share-based compensation	16(a),20	**143,811**	287,784
Gain on debt settlement of accounts payable	12,16(a)	**(49,277)**	-
Unrealized foreign exchange (gain) loss		**(293,655)**	(18,357)
		(1,105,403)	(1,482,878)
Changes in working capital:			
Accounts receivable		**(40,709)**	(66,934)
Prepaid expenses		**259,453**	(22,439)
Inventory		**(40,818)**	-
Accounts payable and accrued liabilities		**370,983**	(247,419)
Deferred revenue		**25,000**	-
Net cash used in operating activities		**(531,494)**	(1,819,670)
Investing activities			
Acquisition of property and equipment		**-**	(3,828)
Investment in Sun Valley		**-**	(625,808)
Acquisition of intangible assets	7	**(127,446)**	-
Net cash used in investing activities		**(127,446)**	(629,636)
Financing activities			
Proceeds from issue of shares	16(a)	**751,579**	1,825,214
Advance of loan payable	14	**29,987**	-
Advance of convertible debentures payable		**-**	717,851
Advance of notes payable		**-**	33,842
Share issue costs	16(a)	**(3,998)**	(70,097)
Cash acquired in acquisition of Sun Valley		**-**	94,090
Proceeds on sale of assets held for sale		**-**	5,472
Lease payments	13	**(185,242)**	(136,156)
Net cash provided by financing activities		**592,326**	2,470,216
Increase in cash		**(66,614)**	20,910
Cash, beginning of period		**179,153**	157,668
Cash, end of period		**112,539**	178,578

Supplemental disclosure with respect to cash flows (note 18)

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

EMPOWER CLINICS INC.
(Formerly Adira Energy Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in United States dollars, except number of shares outstanding) - Unaudited

	Note	Shares	Issued capital	Shares to be issued	Warrant reserve	Contributed surplus	Deficit	Total
		#	$	$	$	$	$	$
Balance, December 31, 2018		**77,847,598**	**5,401,024**	**-**	**80,280**	**892,417**	**(9,369,941)**	**(2,996,220)**
Adjustment on application of IFRS 16		-	-	-	-	-	(4,997)	(4,997)
Adjusted balance, January 1, 2019		**77,847,598**	**5,401,024**	**-**	**80,280**	**892,417**	**(9,374,938)**	**(3,001,217)**
Shares issued for Sun Valley acquisition	4,11	22,409,425	3,047,682	-	-	-	-	3,047,682
Shares issued for cash	11	24,452,500	1,016,779	-	-	-	-	1,016,779
Shares issued for conversion of notes payable	7,11	2,500,000	118,330	-	-	-	-	118,330
Shares issued for conversion of convertible debentures	11	3,991,524	161,382	-	-	-	-	161,382
Shares issued for compensation	11,16	7,400,000	772,731	-	-	-	-	772,731
Shares held in escrow	11	-	(2,501,241)	-	-	2,000,000	-	(501,241)
Shares issued for services	11	3,186,861	480,323	-	-	-	-	480,323
Shares cancelled	11	(4,657,553)	(954,277)	-	-	-	954,277	-
Shares issued for exercise of warrants	10,11	431,075	80,033	-	-	-	-	80,033
Shares issued as finders fee	11	136,000	10,127	-	-	-	-	10,127
Share issue costs	11	-	(92,033)	-	21,936	-	-	(70,097)
Share-based payments	11,16	-	-	-	-	479,508	-	479,508
Purchase of Sun Valley non-controlling interest	4	-	-	-	-	-	(21,048)	(21,048)
Net loss and comprehensive loss for the period		-	-	-	-	-	(2,359,579)	(2,359,579)
Balance, September 30, 2019		**133,944,045**	**7,580,337**	**-**	**102,216**	**3,371,925**	**(10,801,288)**	**213,713**

	Note	Shares	Issued capital	Shares to be issued	Warrant reserve	Contributed surplus	Deficit	Total
		#	$	$	$	$	$	$
Balance, December 31, 2019		**137,697,430**	**7,827,310**	**22,050**	**146,685**	**1,501,361**	**(13,012,319)**	**(3,514,913)**
Shares issued to former CEO	16	651,875	15,239	(15,239)	-	-	-	-
Shares issued for cash	16	30,742,334	490,468	-	-	-	-	490,468
Shares issued to settle accounts payable	12,16	5,841,586	196,974	-	-	-	-	196,974
Vesting of escrow shares	16,20	-	143,811	-	-	-	-	143,811
Shares issued for services	16	9,500,000	270,292	-	-	-	-	270,292
Shares issued for conversion of debentures	8,16	11,659,984	583,635	-	-	-	-	583,635
Obligation to issue shares	16	150,000	6,811	(6,811)	-	-	-	-
Share issue costs	16	-	(6,525)	-	2,527	-	-	(3,998)
Reclassification of expired warrants		-	-	-	(80,280)	80,280	-	-
Share based payments	16	-	-	-	-	31,592	-	31,592
Net loss and comprehensive loss for the period		-	-	-	-	-	(1,380,316)	(1,380,316)
Balance, September 30, 2020		**196,243,209**	**9,528,015**	**-**	**68,932**	**1,613,233**	**(14,392,635)**	**(3,182,455)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Empower Clinics Inc. ("Empower" or the "Company") was incorporated under the laws of the Province of British Columbia on April 28, 2015. The Company is a leading owner and operator of medical cannabis clinics and developer of medical products in the US, focused on enabling individuals to improve and protect their health.

This business is conducted through Empower's wholly-owned Nevada, USA subsidiary, Empower Healthcare Corp. and on April 16, 2019, the Company incorporated a wholly-owned Delaware corporation, Empower Healthcare Assets Inc. ("EHA"). Through a series of transactions on April 30, 2019, EHA acquired all the outstanding membership interest of Sun Valley Certification Clinics Holdings, LLC and its subsidiaries Sun Valley Alternative Health Centers, LLC, Sun Valley Alternative Health Centers West, LLC, Sun Valley Alternative Health Centers NV, LLC, Sun Valley Alternative Health Centers Tucson, LLC, Sun Valley Alternative Health Centers Mesa, LLC, and Sun Valley Certification Clinics Franchising, LLC (collectively "Sun Valley") (note 4).

The registered office of the Company is located at Suite 918 - 1030 West Georgia Street, Vancouver, British Columbia, Canada, V6C 1G8. The Company's U.S. headquarters are at 105 SE 18th Avenue, Portland, Oregon.

Reverse takeover

On April 23, 2018, the Company completed its previously disclosed reverse takeover transaction ("RTO") of Adira Energy Ltd. ("Adira"). Following the RTO, on April 30, 2018 the Company listed on the Canadian Securities Exchange (the "CSE") under ticker symbol "EPW" then subsequently changed its ticker symbol on April 10, 2019 to "CBDT", on the OTC, part of the OTC Markets Group, under the ticker "EPWCF" and on the Frankfurt Stock Exchange under the ticker "8EC". On closing of the RTO, the Company's name was changed from Adira Energy Ltd to Empower Clinics Inc.

Share consolidation

On April 19, 2018, in anticipation of the completion of the RTO, Adira filed articles of amendment to complete an approved share consolidation of Adira's issued and outstanding common shares on the basis of 6.726254 pre-consolidated common shares for one post-consolidated common share. The share consolidation affects all issued and outstanding common shares, options and warrants. All information relating to basic and diluted earnings per share, issued and outstanding common shares (note 16(a)), share options (note 16(b)) and warrants (note 16(c)), and per share amounts in these condensed interim consolidated financial statements have been adjusted retrospectively to reflect the share consolidation.

Going concern

At September 30, 2020, the Company had a working capital deficiency of $3,818,968 (December 31, 2019 - $4,185,359), has not yet achieved profitable operations, and has accumulated deficit of $14,392,635 (December 31, 2019 - $13,012,319). The ability of the Company to ensure continuing operations is dependent on the Company's ability to raise sufficient funds to finance development activities and expand sales.

Further, the Arizona Marijuana Legalization Initiative appeared on the ballot in Arizona as an initiated state statute on November 3, 2020 and was approved. The ballot initiative legalizes the possession and use of recreational marijuana for adults (age 21 years or older). The ballot initiative allows people to grow no more than six marijuana plants for personal use in their residence, as long as the plants are within an enclosed area with a lock and beyond public view. The legalization in Arizona could have a material adverse affect on the Company's operations within the state. Management of the Company cannot be certain as to the impact that legalization of recreational adult use would have on their clinic operations; however, it is expected that it reasonably possible that it would result in a decline in patient visits and thus patient revenue, as was experienced in Oregon.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

These circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern.

These condensed interim consolidated financial statements ("financial statements") have been prepared using accounting principles applicable to a going concern and do not reflect adjustments, which could be material, to the carrying values of the assets and liabilities. See note 22 for events after the reporting period.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on November 24, 2020.

These financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. As such, these financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2019, 2018 and 2017 ("annual financial statements").

The Company has reclassified certain items on the comparative consolidated statements of loss and comprehensive loss and consolidated statements of cash flows to improve clarity.

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income and expense as set out in the accounting policies below.

c) Functional and presentation currency

These financial statements are presented in United States ("US") dollars, except as otherwise noted, which is the functional currency of the Company and each of the Company's subsidiaries. References to C$ are to Canadian dollars.

d) Basis of consolidation

On April 16, 2018, the Company completed a reverse takeover transaction with Adira Energy Ltd. The transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction. As a result of these reorganizations described above, the accompanying financial statements include the accounts of the Company and its wholly-owned subsidiaries.

Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

(in United States dollars, except where noted) - Unaudited

2. BASIS OF PREPARATION (continued)

All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation. These financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of subsidiary	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
S.M.A.A.R.T. Holdings Inc.	USA	100%	USD	Holding company
Empower Healthcare Corp.	Canada	100%	USD	Holding company
Empower Healthcare Corp.	USA	100%	USD	Clinic operations
SMAART, Inc.	USA	100%	USD	Holding company
The Hemp and Cannabis Co. (1)	USA	100%	USD	Holding company
THCF Access Point (1)	USA	100%	USD	Holding company
Empower Healthcare Assets Inc. (2)	USA	100%	USD	Holding company
Sun Valley Heath Holdings, LLC (3)	USA	100%	USD	Holding company
Sun Valley Health Franchising, LLC 3)	USA	100%	USD	Clinic operations
Sun Valley Health, LLC (3)	USA	100%	USD	Clinic operations
Sun Valley Health West, LLC (3)	USA	100%	USD	Clinic operations
Sun Valley Health Tucson, LLC (3)	USA	100%	USD	Clinic operations
Sun Valley Health Mesa, LLC (3)	USA	100%	USD	Clinic operations
Sun Valley Alternative Health Centres NV, LLC (3)	USA	100%	USD	Clinic operations
Empower Healthcare Facility Assets Inc. (4)	USA	100%	USD	Holding company
Empower Heritage Sandy Assets Corp. (4)	USA	100%	USD	Holding company
Dosed Wellness Ltd. (1)(5)	Canada	100%	USD	Holding company

(1) These companies were inactive during the period ended September 30, 2020.
(2) This Company was incorporated on April 27, 2019.
(3) These companies were acquired as part of the Sun Valley acquisition on April 30, 2019 (note 5).
(4) These companies were incorporated on March 4, 2020.
(5) This Company was incorporated on May 15, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in note 3 to the annual consolidated financial statements with exception of the following:

i. Amendments to IAS 1 – Presentation of financial statements ("IAS 1") and IAS 8 – Accounting policies, changes in accounting estimates and errors ("IAS 8").

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users have been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The Company adopted the amendments to IAS 1 effective January 1, 2020, which did not have a material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Franchise revenues

Franchise revenues consist primarily of royalties and initial franchise fees. Under franchise agreements, we provide franchisees with (i) a franchise license, which includes a license to use our intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials.

Royalties are calculated as a percentage of franchise clinic revenues over the term of the franchise agreement. The Company recognizes royalty revenue from the rendering of patient services in the accounting period in which the physician's services are rendered.

Initial franchise fees are payable by the franchisee upon execution of a franchise agreement. Initial franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. The term of the agreement commences upon opening of the clinic location.

Significant estimates and assumptions

The Company's management makes judgements in the process of applying the Company's accounting policies in the preparation of its interim financial statements. In addition, the preparation of the financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain.

Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The Company's interim results are not necessarily indicative of its results for a full year. The significant judgements and estimates applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 3 of the annual financial statements.

4. ACQUISITION OF SUN VALLEY

On April 30, 2019, the Company obtained control of Sun Valley for consideration with a fair value of $3,054,593 comprised of cash of $787,318, 22,409,425 common shares of the Company, and a promissory note of $125,000 bearing interest at a rate of 4% per annum and due July 31, 2019. The promissory note was fair valued at $123,709 using a discount rate of 6%. In addition, the Company paid a consultant finders fee equal to 5% of the aggregate purchase price which amounted to $188,750 (C$258,019). The finders fee is recorded within legal and professional fees on the consolidation statements of loss and comprehensive loss.

The transaction has been accounted for by the Company as a business combination under IFRS 3 - Business Combinations.

Initial cash payment of $637,318 was made on the Closing Date with remaining $150,000 held back as security for working capital adjustments recorded by Sun Valley. Accounts payable and accrued liabilities include the $150,000 holdback, of which $75,000 is expected to be released on the six-month anniversary of the Closing Date with the remaining $75,000 to be released on the one-year anniversary of the Closing Date. On January 23, 2020, the Company issued 2,000,000 common shares as settlement of the holdback in the amount of $100,000.

(in United States dollars, except where noted) - Unaudited

4. ACQUISITION OF SUN VALLEY (continued)

Common shares of the Company were issued on the Closing Date with 7,703,543 common shares valued at the closing price on April 30, 2019 of $0.13 (C$0.175) for fair value of $1,001,458 and 14,705,882 common shares being held in escrow ("Escrow Shares") with a fair value of $1,142,108. Fair value of the Escrow Shares was determined by discounting the fair value of the Escrow Shares using the closing share price on April 30, 2019 of $0.13 (C$0.175), volatility of 150% and escrow period of 3 to 36 months. The Escrow Shares will vest in quarterly instalments over 36 months from the Closing Date.

The following table summarizes the final purchase price allocation:

Assets Acquired	
	$
Cash and cash equivalents	94,090
Accounts receivable	366
Security deposits	19,753
Property and equipment	124,811
Right-of-use assets	431,544
Patient list	171,243
Brands	184,996
	1,026,803
Liabilities Assumed	
Accounts payable and accrued liabilities	35,281
Lease liabilities	431,544
Net assets at fair value, as at April 30, 2019	**559,978**
Consideration	
Fair value of 7,703,543 common shares issued	1,001,458
Fair value of 14,705,882 Escrow Shares issued	1,142,108
Cash	787,318
Promissory note	123,709
Total Consideration	**3,054,593**
Goodwill	**2,494,615**

During the year ended December 31, 2019, the business combination resulted in revenues of $1,526,383 and net loss and comprehensive loss of $503,235. Had the business combination been affected at January 1, 2019, revenue of the Company would have been $999,968 higher and the net loss and comprehensive loss of the Company would have decreased by $153,633 for the year ended December 31, 2019.

5. PROMISSORY NOTE

On January 11, 2019, the Company acquired a promissory note in the amount of $122,500. Interest revenue for the three and nine months ended September 30, 2020 was $1,920 and $5,625, respectively (2019 - $1,905 and $4,771, respectively). The promissory note accrues interest at a rate of 6% per annum and is due in full on February 1, 2021.

The maximum credit exposure related to the promissory note is $122,500. The land is being developed by the purchaser into a duplex which will be sold upon completion. The promissory note is secured by the land and building sold. Despite the negative impacts of COVID-19 on the global economy, the Oregon Real Estate Board sales figures show an eleven percent annual median sale price increase in September 2020 as compared to September 2019. Company has not provided for credit losses with respect to the promissory note as full recovery is anticipated and in the event of default, the value of the collateral has increased since the time of sale and therefore is anticipated to be sufficient to recover the principal and interest balances.

(in United States dollars, except where noted) - Unaudited

6. PROPERTY AND EQUIPMENT

A continuity of property and equipment for the nine months ended September 30, 2020 and the year ended December 31, 2019 is as follows:

	Right of use Empower clinics	Right of use Sun Valley clinics	Right of use CBD extraction facility	Furniture and equipment	Leasehold improvements	Total
	$	$	$	$	$	$
Cost						
Balance, December 31, 2018	-	-	-	28,360	118,465	146,825
Adoption of IFRS 16	324,972	-	-	-	-	324,972
Acquisition of Sun Valley	-	431,544	-	32,952	91,859	556,355
Additions	23,006	-	402,533	3,828	-	429,367
Impairment	(79,125)	-	-	(2,610)	(114,517)	(196,252)
Write off	(245,847)	-	-	(25,750)	(3,949)	(275,546)
Balance, December 31, 2019 and September 30, 2020	**23,006**	**431,544**	**402,533**	**36,780**	**91,858**	**985,721**
Accumulated amortization						
Balance, December 31, 2018	-	-	-	(19,765)	-	(19,765)
Adoption of IFRS 16	(196,479)	-	-	-	-	(196,479)
Amortization	(57,991)	(107,265)	(31,307)	(13,164)	(37,873)	(247,600)
Write off	245,847	-	-	25,750	3,949	275,546
Balance, December 31, 2019	(8,623)	(107,265)	(31,307)	(7,179)	(33,924)	(188,298)
Amortization	(8,631)	(120,681)	(40,257)	(8,589)	(22,598)	(200,756)
Balance, September 30, 2020	**(17,254)**	**(227,946)**	**(71,564)**	**(15,768)**	**(56,522)**	**(389,054)**
Carrying amount						
Balance, December 31, 2019	14,383	324,279	371,226	29,601	57,934	797,423
Balance, September 30, 2020	**5,752**	**203,598**	**330,969**	**21,012**	**35,336**	**596,667**

On May 9, 2019, the Company terminated the lease for the Chicago clinic. As a result of the lease termination, the Company derecognized the right-of-use asset with a cost of $255,859 and accumulated amortization of $184,787 and recorded an impairment loss $71,072 representing the undepreciated portion of the right-of-use asset above the lease liability which is included as impairment loss on write off of property and equipment on the consolidated statements of loss and comprehensive loss.

The Company also derecognized the associated lease liability of $76,626 and recorded a gain of $5,549 representing the excess of the right-of-use asset above the lease liability which is included as impairment loss on write off of property and equipment on the consolidated statements of loss and comprehensive loss. In addition, the Company recognized an impairment loss of $114,516 representing the carrying value of leasehold improvements written-off for the Chicago clinic on termination of the lease. This is included as impairment loss on write off of property and equipment on the consolidated statements of loss and comprehensive loss.

(in United States dollars, except where noted) - Unaudited

6. PROPERTY AND EQUIPMENT (continued)

The Company defaulted on the Spokane lease and as a result, lost access to the facility. As a result of this default, the Company derecognized the right-of-use asset with a cost of $69,113 and accumulated amortization of $61,060 and recorded a loss of $8,053 representing the carrying value of the right-of-use asset which is included as impairment loss on write off of property and equipment on the consolidated statements of loss and comprehensive loss. The lease liability of $9,700 has not been derecognized as the Company negotiates a settlement with the landlord of the facility. In addition, the Company recognized a loss on disposal of $2,610 representing the carrying value of the furniture and equipment.

Below are the details of leases terminated during the year ended December 31, 2019 (no leases were terminated during the nine months ended September 30, 2020) and related assets written off and impairment losses recognized on undepreciated amounts:

	As at December 31, 2019		
	Chicago lease	Spokane lease	Total
	$	$	$
Cost	255,859	69,113	324,972
Less: Accumulated depreciation	(184,787)	(61,060)	(245,847)
Impairment	**71,072**	**8,053**	**79,125**

7. INTANGIBLE ASSETS AND GOODWILL

A continuity of intangible assets for the nine months ended September 30, 2020 and the year ended December 31, 2019 is as follows:

	Patient records	Brands, trademarks and domain names	Management software	Total
	$	$	$	$
Cost				
Balance, December 31, 2018	292,093	98,700	51,100	441,893
Additions	171,243	184,996	-	356,239
Impairment	(73,756)	(20,001)	-	(93,757)
Balance, December 31, 2019	389,580	263,695	51,100	704,375
Additions	-	-	127,446	127,446
Balance, September 30, 2020	**389,580**	**263,695**	**178,546**	**831,821**
Accumulated amortization				
Balance, December 31, 2018	(220,476)	(98,700)	(51,100)	(370,276)
Amortization	(79,459)	-	-	(79,459)
Balance, December 31, 2019	(299,935)	(98,700)	(51,100)	(449,735)
Amortization	(39,690)	-	-	(39,690)
Balance, September 30, 2020	**(339,625)**	**(98,700)**	**(51,100)**	**(489,425)**
Carrying amount				
Balance, December 31, 2019	89,645	164,995	-	254,640
Balance, September 30, 2020	**49,955**	**164,995**	**127,446**	**342,396**

During the nine months ended September 30, 2020, the Company recognized an impairment loss of $nil (year ended December 31, 2019 - $93,757) in relation to patient records and brand.

(in United States dollars, except where noted) - Unaudited

7. INTANGIBLE ASSETS AND GOODWILL (continued)

A continuity of goodwill is as follows:

	Total
	$
Balance, December 31, 2018	-
Additions	2,494,615
Impairment	(2,377,397)
Balance, December 31, 2019 and September 30, 2020	**117,218**

At December 31, 2019, the estimated recoverable amount of the Sun Valley CGU was lower than the segment's carrying value. The Company recognized a goodwill impairment loss totalling $2,377,397 and an intangible asset impairment loss totalling $93,757 related to patient records and brands. The impairment loss on the Sun Valley CGU goodwill and intangible assets related to a change in expected future cash flows as a result of changes in the Arizona licensing regulations on June 7, 2019 which now requires certification on a two-year period whereas it was on a one-year basis prior to the change in regulation. The change in licensing regulations is expected to result in increased attrition and lower patient totals in Arizona as compared to that considered at the acquisition date which resulted in an impairment test being conducted on June 7, 2019. Further, management also considered the impact of potential legalization of recreational cannabis as an indicator of impairment.

The impairment was determined based on value in use calculation which uses cash flow projection covering a five-year period and a discount rate of 22% per annum. The cash flow beyond five-year period has been extrapolated using terminal growth rate of 1.5% per annum. Key assumptions used in the cash flow projection both as of acquisition date and as at June 7, 2019, the impairment trigger date, related to attrition of 59%. The new patient attraction rate was estimated to be 68% as of acquisition date and 24% post legalization

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
	$	$
Trade payables and accrued liabilities	**1,377,777**	1,367,253
Payroll liabilities	**537,737**	507,737
	1,915,514	1,874,990

On January 23, 2020, the Company issued 4,800,000 common shares as settlement for accounts payable in the amount of $182,607 (C$240,000). The Company recorded a gain on debt settlement of $18,261 representing the excess of the carrying value of the accounts payable above the fair value of common shares issued (note 16(a)(i)).

On May 7, 2020, the Company issued 347,142 common shares as settlement for accounts payable in the amount of $23,189 (C$32,500). The Company recorded a gain on debt settlement of $4,538 representing the excess of the carrying value of the accounts payable above the fair value of common shares issued (note 16(a)(vii)).

On May 20, 2020, the Company issued 694,444 common shares as settlement for accounts payable in the amount of $17,996 (C$25,000). The Company recorded a gain on debt settlement of $500 representing the excess of the carrying value of the accounts payable above the fair value of common shares issued (note 16(a)(x)).

On September 23, 2020, the Company issued 3,000,000 common shares as settlement for accounts payable in the amount of $112,292 (C$150,000). The Company recorded a gain on debt settlement of $22,458 representing the excess of the carrying value of the accounts payable above the fair value of common shares issued (note 16(a)(xiii)).

(in United States dollars, except where noted) - Unaudited

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

On July 30, 2019, the Company issued 1,686,861 common shares as settled for accounts payable in the amount of $223,283 (C$294,019). The Company recorded a gain on debt settlement of $15,130 representing the excess of the carrying value of the accounts payable above the fair value of common shares issued (note 16(a)(xxvii) and note 16(a)(xxix)).

9. NOTES PAYABLES

	September 30, 2020	December 31, 2019
	$	$
Balance, beginning of period	**969,891**	760,715
Issue of notes payable (c)(d)(e)	**-**	321,935
Converted to shares (c)(d)(e)	**(148,745)**	(186,942)
Realized foreign exchange gain	**-**	(2,267)
Unrealized foreign exchange gain	**(27,451)**	(10,916)
Accretion expense (e)	**42,298**	12,337
Interest expense	**55,881**	75,029
Balance, end of period	**891,874**	969,891
Less: non-current portion	**-**	-
Current portion	**891,874**	969,891

a) On September 15, 2017, the Company issued promissory notes payable that could be drawn down for up to $150,000 and $75,000 maturing on December 31, 2017. During the period ended December 31, 2017, $232,985 and $117,000 had been drawn respectively. Upon maturity, the promissory note payable will be repayable on demand and will bear interest at 6% per annum. On October 23, 2018, the Company converted $117,000 of the debt plus $7,389 of interest into shares.

b) On February 5, 2018 and March 12, 2018, the Company issued promissory notes payable in the amounts of $55,000 and $150,000 respectively. The promissory note payable is repayable on demand and bears interest at 6% per annum.

c) On January 21, 2019, the Company issued a promissory note payable in the amount of $33,842 (C$45,000). This promissory note payable is due December 31, 2020 and bears interest at 6% per annum. On April 2, 2019, the Company converted the promissory note plus $667 (C$892) of interest into 450,000 units of the Company consisting of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share at an exercise price equal to $0.14 (C$0.19) (note 16(a)(xviii)).

d) On April 30, 2019, the Company issued a promissory note payable in the amount of $125,000. The promissory note is due July 31, 2019 and bears interest at a rate of 4% per annum (note 4). The Company was in default and extended the maturity date to August 31, 2020. The default resulted in a penalty of $15,000 if the loan was not repaid in full by July 31, 2019 and an additional $15,000 in the loan was not paid in full by August 31, 2019. During the three and nine months ended September 30, 2020, the Company recorded interest expense of $950 and $2,887, respectively (three months and nine months ended September 30, 2019 - $1,260 and $1,685, respectively) with respect to the promissory note payable. On September 22, 2020, the Company converted the promissory note plus $667 (C$892) of interest into 2,500,000 common shares of the Company (note 16(a)(xii)).

(in United States dollars, except where noted) - Unaudited

9. NOTES PAYABLES (continued)

e) On October 1, 2019, the Company issued a promissory note payable in the amount of $188,765 (C$250,000). This promissory note payable is due April 1, 2020 and bears interest at 10% per annum. Pursuant to the issuance of the note payable the Company incurred transaction costs including an administrative charge of $18,876 (C$25,000) and an obligation to issue 150,000 common shares of the Company with a fair value of $6,811. The note payable has been recognized at amortized cost of $163,093 (C$216,000). During the three and nine months ended September 30, 2020, the Company recorded interest expense of $4,881 and $13,960, respectively (three and nine months ended September 30, 2019 - $nil and $nil, respectively) and accretion expense of $15,828 and $42,298, respectively (three and nine months ended September 30, 2019 - $nil and $nil, respectively) with respect to the promissory note payable.

On May 20, 2020, the Company issued a total of 844,444 common shares of which 694,444 were to settle the administrative charge of $18,876 (C$25,000) and the remaining 150,000 common shares were to settle the obligation to issues shares of the Company (note 16(a)(ix)) and note 16(a)(x)). As of the date of these financial statements, the note has not been repaid and the Company is in default.

10. CONVERTIBLE NOTES PAYABLE

	September 30, 2020	December 31, 2019
	$	$
Balance, beginning of period	**192,717**	-
Issue of notes payable	**-**	188,893
Unrealized foreign exchange (gain) loss	**(5,049)**	3,596
Interest expense	**2,792**	228
Balance, end of period	**190,460**	192,717
Less: non-current portion	**-**	-
Current portion	**190,460**	192,717

On December 9, 2019, the Company issued a convertible promissory note payable in the amount of $188,893 (C$250,000). The convertible promissory note payable is due December 9, 2021 and bears interest at 2% per annum. The convertible promissory note is convertible at a share price equal to the closing share price on the date prior to conversion for total shares equal to the face value of the note divided by the closing share price. As the settlement is fixed at the face value of the obligation the Company has determined that the conversion option has $nil value.

11. SECURED LOAN PAYABLE

On June 12, 2015, the Company, through its wholly owned subsidiary EHC, acquired all of the assets of Presto in consideration for the assumption by the Company of Presto’s liability to Bayview Equities Ltd (the “Secured Party”) in the amount of $550,000 plus accrued interest of $35,893. The liability is secured by a grant to the Secured Party of a security interest in all the assets of EHC. The liability bears interest at 6% per annum and is due upon demand.

	September 30, 2020	December 31, 2019
	$	$
Balance, beginning of period	**761,711**	717,460
Interest	**35,003**	44,251
Balance, end of period	**796,714**	761,711

(in United States dollars, except where noted) - Unaudited

12. CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

	September 30, 2020	December 31, 2019
	$	$
Balance, beginning of period	**427,320**	274,466
Proceeds from Issuance of convertible debentures (a)(b)(c)	**-**	753,491
Amount allocated to conversion option (a)(b)(c)	**-**	(753,491)
Amount converted to units(a)(b)(c)	**(734,028)**	-
Unrealized foreign exchange (gain) loss	**(27,630)**	5,564
Interest expense	**15,712**	45,112
Accretion expense	**318,626**	102,178
Balance, end of period	**-**	427,320

Conversion feature consists of the following:

	September 30, 2020	December 31, 2019
	$	$
Balance, beginning of period	**2,795**	22,565
Amount allocated to conversion option (b)(c)	**-**	753,491
Amount converted to units (b)	**-**	(189,735)
Gain on change in fair value of conversion feature	**(2,795)**	(583,526)
Balance, end of period	**-**	2,795

Fair value of the conversion feature is based on the following assumptions for the Black-Scholes option pricing on the respective grant dates:

Grant Date	Expected Life (years)	Unit Price	Expected Volatility	Risk-Free Rate	Grant Date Fair Value
March 1, 2017	1	$0.0056 (C$0.0075)	100.0%	0.76%	$ 662,061
June 26, 2017	1	$0.0056 (C$0.0075)	100.0%	0.76%	$ 82,332
July 31, 2017	1	$0.0056 (C$0.0075)	100.0%	0.76%	$ 72,831
July 31, 2017	1	$0.0056 (C$0.0075)	100.0%	0.76%	$ 169,959
July 31, 2017	1	$0.0056 (C$0.0075)	100.0%	0.76%	$ 34,832
August 22, 2017	1	$0.0056 (C$0.0075)	100.0%	0.76%	$ 25,332
September 27, 2018	1	$0.14 (C$0.18)	100.0%	1.85%	$ 172,386
April 2, 2019	1	$0.20 (C$0.27)	100.0%	1.57%	$ 599,460
May 3, 2019	1	$0.24 (C$0.32)	100.0%	1.67%	$ 154,031

Fair value of the conversion feature is based on the following assumptions for the Black-Scholes option pricing on the respective revaluation dates:

Reporting Date	Expected Life (years)	Unit Price	Expected Volatility	Risk-Free Rate	Reporting Date Fair Value
December 31, 2019	0.25-0.34	$0.03 (C$0.04)	100.0%	1.71%	$ 2,795

Expected dividend yield is 0% for all measurement dates.

12. CONVERTIBLE DEBENTURES (continued)

a) On September 27, 2018, the Company raised $442,437 (C$575,060) through the issue of convertible debentures, expiring on September 27, 2019. The holder may at any time during the term of the convertible debenture convert all or part into units of the Company consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price equal to $0.14 (C$0.19). The fair value of the conversion feature at the grant date was estimated at $172,386 using the Black-Scholes option pricing model. A total of $57,791 (C$75,060) was converted to 422,678 units on December 14, 2018. The fair value assigned to the conversion feature was at $nil and the fair value assigned to the debt component was $18,990 on the conversion date.

   A total of $356,720 (C$500,000) and accrued interest of $42,180 (C$56,376) was converted to 6,129,030 units on May 7, 2020. The fair value assigned to the conversion feature was at $nil and the fair value assigned to the debt and interest component was $406,233 on the conversion date (note 16(a)(vii)).

b) On April 2, 2019, the Company raised $599,460 (C$799,500) through the issue of convertible debentures, expiring on April 2, 2020. The Company incurred transaction costs of $55,669 (C$74,285) comprised of 40,000 common shares issued to agents with a fair value of $0.14 (C$0.20), based on share price on the date of issuance, for consideration of $5,995 (C$8,000) (Note 18(a)), 295,590 share purchase warrants issued to agents with an exercise price of $0.12 (C$0.16) and a fair value of $21,305 (Note 18(c)) and cash of $28,369 (C$37,855). As part of the debenture financing, the Company also issued 295,590 share purchase warrants to agents. The share purchase warrants have an exercise price of $0.12 (C$0.16) and expire on April 2, 2021 (note 18(c)). The holder may at any time during the term of the convertible debenture convert all or part into units of the Company consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price equal to $0.16 (C$0.21). The fair value of the conversion feature at the grant date was estimated at $599,460 using the Black-Scholes option pricing model.

   During the year ended December 31, 2019, $326,210 (C$432,000) was converted into 3,991,524 units of the Company consisting of one common share and one share purchase warrant (Note 17(a)). The cumulative fair value assigned to the conversion feature was at $189,735 and the fair value assigned to the debt component was $nil on the respective conversion dates (note 16(a)(xxx - xxxiv)).

   On April 7, 2020, pursuant to the conversion of convertible debentures with a face value of $268,554 (C$367,500) and accrued interest of $16,113 (C$22,050), the Company issued 3,541,366 units. Each unit is comprised of one common share and one common share purchase warrant. The cumulative fair value assigned to the conversion feature was at $nil and the fair value assigned to the debt and interest component was $258,839 on the conversion date (note 16(a)(iv)).

c) On May 3, 2019, the Company raised $154,031 (C$207,270) through the issue of convertible debentures, expiring on September 27, 2019. The holder may at any time during the term of the convertible debenture convert all or part into units of the Company consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price equal to $0.16 (C$0.21). The fair value of the conversion feature at the grant date was estimated at $154,031 using the Black-Scholes option pricing model.

   On April 8, 2020, pursuant to the conversion of convertible debentures with a face value of $147,691 (C$207,270) and accrued interest of $8,254 (C$11,584), the Company issued 1,989,588 units. Each unit is comprised of one common share and one common share purchase warrant. The cumulative fair value assigned to the conversion feature was at $nil and the fair value assigned to the debt and interest component was $62,301 on the conversion date (note 16(a)(v)).

(in United States dollars, except where noted) - Unaudited

13. LEASE LIABILITY

The lease liability consists of the following:

	Empower clinics	Sun Valley clinics	CBD extraction facility	Total
	$	$	$	$
Balance, December 31, 2018	-	-	-	-
Adoption of IFRS 16	138,444	-	-	138,444
Additions	23,006	431,544	406,263	860,813
Interest expense	4,318	13,404	7,955	25,677
Payments	(64,681)	(112,798)	(26,233)	(203,712)
Termination of leases	(86,326)	-	-	(86,326)
Balance, December 31, 2019	14,761	332,150	387,985	734,896
Interest expense	493	12,639	16,428	29,560
Payments	(9,180)	(129,333)	(46,729)	(185,242)
Balance, September 30, 2020	6,074	215,456	357,684	579,214
Less: non-current portion	-	91,792	313,689	405,481
Current portion	**6,074**	**123,664**	**43,995**	**173,733**

During the nine months ended September 30, 2020, the Company recognized an expense of $35,043 with respect to short-term and low value leases.

14. LOAN PAYABLE

On May 27, 2020, the Company received a Canadian Emergency Business Account loan in the amount of $29,987 (C$40,000). The loan bears no interest and matures on December 31, 2022.

15. WARRANT LIABILITY

The warrants are classified as a financial instrument under the principles of IFRS 9, as the exercise price is in Canadian dollars while the functional currency of the Company is the US dollar. Accordingly, warrants are remeasured to fair value at each reporting date with the change in fair value charged to change in fair value of warrant liability.

Issuance	Expiry Date	Exercise Price	Warrants Outstanding	Warrant Liability
			#	$
As at December 31, 2018		C$0.36 $0.28	14,894,898	106,172
Expiry	October 22, 2019	C$0.36 $0.28	(2,000,000)	-
Expiry	October 22, 2019	C$0.36 $0.28	(517,132)	-
Expiry	December 14, 2020	C$0.19 $0.14	(312,903)	-
Exercise (1)	June 11, 2019	C$0.36 $0.28	(422,678)	(18,847)
Shares issued (2)	April 2, 2021	C$0.16 $0.12	21,115,000	1,521,921
Shares issued (3)	May 3, 2021	C$0.16 $0.12	5,762,500	429,109
Convertible Debt Conversion (4)	July 22, 2021	C$0.16 $0.12	1,018,245	42,749
Convertible Debt Conversion (5)	August 12, 2021	C$0.16 $0.12	928,817	33,745
Convertible Debt Conversion (6)	August 19, 2021	C$0.16 $0.12	929,864	28,973
Convertible Debt Conversion (7)	August 26, 2021	C$0.16 $0.12	909,090	23,992
Convertible Debt Conversion (8)	September 13, 2021	C$0.16 $0.12	102,696	1,800
Convertible Debt Conversion (9)	September 20, 2021	C$0.16 $0.12	102,812	2,479
Marketing services agreement (10)	September 22, 2022	C$0.31 $0.24	3,746,080	-
Change in fair value of warrant liability				(2,065,781)
As at December 31, 2019			46,257,289	106,312
Expiry	April 23, 2020	C$0.39 $0.29	(11,642,183)	-
Convertible Debt Conversion (11)	April 7, 2022	C$0.16 $0.12	3,541,366	54,189
Convertible Debt Conversion (12)	April 8, 2022	C$0.16 $0.12	1,989,588	30,433
Convertible Debt Conversion (13)	May 7, 2021	C$0.19 $0.14	6,129,030	42,429
Shares issued (14)	April 16, 2022	C$0.10 $0.07	16,325,000	249,370
Shares issued (15)	July 15, 2022	C$0.12 $0.09	14,417,334	227,402
Change in fair value of warrant liability				(475,539)
As at September 30, 2020			**77,017,424**	**200,596**

15. WARRANT LIABILITY (continued)

(1) On December 14, 2018, the Company issued 422,678 units; consisting of 422,678 common shares and 422,678 common share purchase warrants.

(2) On April 2, 2019, the Company issued 21,115,000 units; each consists of one common share and one common share purchase warrant (note 16(a)(xviii)). The warrants expire April 2, 2021.

(3) On May 3, 2019, the Company issued 5,762,500 units; each consists of one common share and one common share purchase warrant (note 16(a)(xx)). The warrants expire May 3, 2021.

(4) On July 22, 2019, pursuant to the conversion of convertible debentures, the Company issued 1,018,245 units; consisting of 1,018,245 common shares and 1,018,245 common share purchase warrant (note 16(a)(xxvi)). The warrants expire July 22, 2021.

(5) On August 12, 2019, pursuant to the conversion of convertible debentures, the Company issued 928,817 units; consisting of 928,817 common shares and 928,817 common share purchase warrant (note 16(a)(xxx)). The warrants expire August 12, 2021.

(6) On August 19, 2019, pursuant to the conversion of convertible debentures, the Company issued 949,864 units; consisting of 949,864 common shares and 949,864 common share purchase warrant (note 16(a)(xxxi)). The warrants expire August 19, 2021.

(7) On August 26, 2019, pursuant to the conversion of convertible debentures, the Company issued 909,090 units; consisting of 909,090 common shares and 909,090 common share purchase warrant (note 16(a)(xxxii). The warrants expire August 26, 2021.

(8) On September 13, 2019, pursuant to the conversion of convertible debentures, the Company issued 102,696 units; consisting of 102,696 common shares and 102,696 common share purchase warrant (note 16(a)(xxxiii)). The warrants expire September 13, 2021.

(9) On September 30, 2019, pursuant to the conversion of convertible debentures, the Company issued 102,812 units; consisting of 102,812 common shares and 102,812 common share purchase warrant (note 16(a)(xxxiv). The warrants expire September 20, 2021.

(10) On July 30, 2019, pursuant to a prior marketing services agreement entered into on September 10, 2017, the Company issued 3,746,080 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of C$0.31 ($0.24) for a period of thirty-seven months following the date of issuance.

(11) On April 7, 2020, pursuant to the conversion of convertible debentures, the Company issued 3,541,366 units; consisting of 3,541,366 common shares and 3,541,366 common share purchase warrant (note 16(a)(iv)). The warrants expire April 7, 2022.

(12) On April 8, 2020, pursuant to the conversion of convertible debentures, the Company issued 1,989,588 units; consisting of 1,989,588 common shares and 1,989,588 common share purchase warrant (note 16(a)(v)). The warrants expire April 8, 2022.

(13) On May 7, 2020, pursuant to the conversion of convertible debentures, the Company issued 6,129,030 units; consisting of 6,129,030 common shares and 6,129,030 common share purchase warrant (note 16(a)(vii)). The warrants expire May 7, 2021.

(14) On April 16, 2020, the Company issued 16,325,000 units; each consists of one common share and one common share purchase warrant (note 16(a)(vi)). The warrants expire April 16, 2022.

(15) On July 15, 2020, the Company issued 14,417,334 units; each consists of one common share and one common share purchase warrant (note 16(a)(xi). The warrants expire on July 15, 2022.

16. EQUITY

a) Authorized share capital

Unlimited number of common shares without nominal or par value.

At September 30, 2020, there were 196,243,209 issued and outstanding common shares (December 31, 2019 – 137,697,430). The Company does not currently pay dividends and entitlement will only arise upon declaration.

(in United States dollars, except where noted) - Unaudited

16. EQUITY (continued)

A continuity of share capital is as follows:

Issuance	Note	Number of Common Shares	Total Consideration	Warrant Liability	Share Capital
		#	$	$	$
Balance, December 31, 2018		77,847,598			5,401,024
Share issued for Sun Valley acquisition	(xix)	22,409,425	2,143,566	-	2,143,566
Share issued for cash	(xviii)(xx)(xxvii)	24,452,500	1,829,866	1,773,993	55,873
Share issued for conversion of notes payable	(xviii)	2,500,000	184,291	177,037	7,254
Shares issued for convertible debentures	(xxvi)(xxx)(xxxi)(xxxii)(xxxiii) (xxxiv)	3,991,524	189,735	133,738	55,997
Shares issued for compensation	(xxiii)(xxiv)	7,400,000	304,721	-	304,721
Shares issued for services	(xvi)	1,500,000	257,041	-	257,041
Shares issued for settlement of accounts payable	(xxviii)(xxix)	1,686,861	208,153	-	208,153
Shares cancelled	(xiv)(xv)(xxv)	(4,657,553)	-	-	(669,236)
Shares cancelled and to be reissued	(xv)	-	(15,239)	-	(15,239)
Shares issued for exercise of warrants	(xvii)	431,075	42,440	(18,847)	61,287
Shares issued to agents	(xx)(xxi)	136,000	20,255	-	20,255
Share issue costs		-	-	-	(3,386)
Balance, December 31, 2019		137,697,430			7,827,310
Shares issued to former CEO	(iii)	651,875	15,239	-	15,239
Shares issued to settle accounts payable	(i)(viii)(x)	5,841,586	196,974	-	196,974
Shares issued for compensation		-	143,811	-	143,811
Shares issued for services	(ii)(xii)(xiii)	9,500,000	270,292	-	270,292
Shares issued for cash	(vi)(xi)	30,742,334	947,912	(457,444)	490,468
Shares issued for conversion of debentures	(iv)(v)(vii)	11,659,984	696,016	(112,381)	583,635
Obligation to issue shares	(ix)	150,000	6,811	-	6,811
Share issue costs		-	(6,525)	-	(6,525)
Balance, September 30, 2020		196,243,209			9,528,015

The Company had the following common share transactions during the nine months ended September 30, 2020:

i. On January 23, 2020, the Company issued 4,800,000 common shares for $0.03 (C$0.045) per common share for total fair value consideration of $164,346 (C$216,000) as settlement of accounts payable in the amount of $182,607 (C$240,000) resulting in a gain on debt settlement of $18,261 (note 8).

ii. On February 11, 2020, the Company issued 4,000,000 common shares for $0.03 (C$0.035) per common share for total fair value consideration of $105,327 (C$140,000) for marketing services.

16. EQUITY (continued)

iii. On March 11, 2020, pursuant to the incorrect cancellation of common shares of the former CEO, the Company issued 651,875 common shares.

iv. On April 7, 2020, pursuant to the conversion of convertible debentures with a face value of $268,554 (C$367,500) and accrued interest of $16,113 (C$22,050), the Company issued 3,541,366 common shares and 3,541,366 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.07 (C$0.10) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $nil and the debt was valued at $258,839. Consideration of $54,189 was recorded to warrant liability and the residual amount of $204,650 was recorded to issued capital.

v. On April 8, 2020, pursuant to the conversion of convertible debentures with a face value of $147,691 (C$207,270) and accrued interest of $8,254 (C$11,584), the Company issued 1,989,588 common shares and 1,989,588 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.07 (C$0.10) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $nil and the debt was valued at $62,301. Consideration of $30,431 was recorded to warrant liability and the residual amount of $31,870 was recorded to issued capital.

vi. On April 16, 2020, pursuant to a private placement financing, the Company issued 16,325,000 units for $0.03 (C$0.04) per unit for gross proceeds of $462,400 (C$653,000) comprised of cash of $219,300 (C$313,000) and the settlement of accounts payable in the amount of $243,100 (C$340,000). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.07 (C$0.10) per share for a period of twenty-four months following the closing date of the financing (note 13). Share issue costs included cash payments of $1,714 (C$2,400) and the issuance of 60,000 share purchase warrants valued at $1,082 using the Black-Scholes option pricing model with the following assumptions: a two year expected average life, share price of $0.04 (C$0.05); 100% volatility; risk-free interest rate of 0.34%; and an expected dividend yield of 0%. Consideration of $249,370 was recorded to warrant liability and the residual amount of $213,029 was recorded to issued capital.

vii. On May 7, 2020, pursuant to the conversion of convertible debentures with a face value of $356,720 (C$500,000) and accrued interest of $42,180 (C$56,376), the Company issued 3,064,515 common shares and 3,064,515 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.09 (C$0.12) for a period of one year following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $nil and the debt was valued at $406,233. Consideration of $42,433 was recorded to warrant liability and the residual amount of $363,802 was recorded to issued capital.

viii. On May 7, 2020, the Company issued 347,142 common shares for $0.06 (C$0.09) per common share for total fair value consideration of $18,651 (C$27,767) as settlement of accounts payable in the amount of $23,189 (C$32,500) resulting in a gain on debt settlement of $4,538 (note 8).

ix. On May 20, 2020, pursuant to the issuance of a promissory note payable in the amount of $188,765 (C$250,000) (note 9(c)), the Company settled its obligation to issues 150,000 common shares.

x. On May 20, 2020, the Company issued 694,444 common shares for $0.03 (C$0.04) per common share for total fair value consideration of $17,496 (C$25,000) as settlement of accounts payable in the amount of $17,996 (C$25,000) resulting in a gain on debt settlement of $500 (note 8).

16. EQUITY (continued)

xi. On July 15, 2020, pursuant to a private placement financing, the Company issued 14,417,334 units for $0.04 (C$0.05) per unit for gross proceeds of $532,280 (C$720,867) comprised of cash of $335,352 (C$454,167) and the settlement of accounts payable in the amount of $196,928 (C$266,700). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.09 (C$0.12) per share for a period of twenty-four months following the closing date of the financing (note 13). Share issue costs included cash payments of $3,553 (C$4,800) and the issuance of 96,000 share purchase warrants valued at $1,509 using the Black-Scholes option pricing model with the following assumptions: a two year expected average life, share price of $0.04 (C$0.06); 100% volatility; risk-free interest rate of 0.24%; and an expected dividend yield of 0%. Consideration of $227,402 was recorded to warrant liability and the residual amount of $304,878 was recorded to issued capital.

xii. On September 22, 2020, the Company issued 2,500,000 common shares for $0.03 (C$0.04) per common share for total fair value consideration of $75,131 (C$100,000) for marketing services.

xiii. On September 23, 2020, the Company issued 3,000,000 common shares for $0.03 (C$0.04) per common share for total fair value consideration of $89,834 (C$120,000) as settlement of accounts payable in the amount of $112,292 (C$150,000) resulting in a gain on debt settlement of $22,458 (note 8).

The Company had the following common share transactions during the year ended December 31, 2019:

xiv. On January 17, 2019, the Company cancelled 422,678 common shares, which had been issued for $0.14 (C$0.18) per common share and issued 417,000 common shares at a deemed price of $0.14 (C$0.18) per common share.

xv. On March 3, 2019, pursuant to the termination agreement with the former CEO, the Company cancelled 2,000,000 common shares. An additional 651,875 common shares were cancelled in error and reissued on March 11, 2020.

xvi. On March 8, 2019, pursuant to a service agreement, the Company issued 1,500,000 common shares at a deemed price of $0.17 (C$0.23) per common share for total fair value consideration of $257,041 as settlement of accounts payable in the amount of $257,041 (C$347,500).

xvii. On March 22, 2019, pursuant to the exercise of 422,678 common share purchase warrants and late charges, the Company issued 431,075 common shares for $0.14 (C$0.19) per common share.

xviii. On April 2, 2019, pursuant to a private placement financing, the Company issued 21,115,000 units for $0.07 (C$0.10) per unit for gross proceeds of $1,583,189 (C$2,115,000) comprised of cash of $1,396,105 (C$1,865,000) and the settlement of notes payable in the amount of $184,291 (C$250,000) (Note 11(g)(h)).Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.12 (C$0.16) per share for a period of twelve months following the closing date of the financing (note 17). Share issue costs included cash payments of $63,324 (C$84,499) and the issuance of 363,900 share purchase warrants valued at $26,229 using the Black-Scholes option pricing model with the following assumptions: a one year expected average life, share price of $0.13 (C$0.175); 100% volatility; risk-free interest rate of 1.57%; and an expected dividend yield of 0%. Consideration of $1,951,030 was recorded to warrant liability and the residual amount of $63,127 was recorded to issued capital.

xix. On April 30, 2019, pursuant to the acquisition of Sun Valley, the Company issued 22,409,425 common shares at a fair value of $0.136 (C$0.18) per common share. Of the common shares issued 14,705,882 were Escrow Shares of which 2,450,978 were release during the year ended December 31, 2019. As at December 31, 2019, there were 12,254,904 Escrow shares remaining.

16. EQUITY (continued)

xx. On May 3, 2019, pursuant to a private placement financing, the Company issued 5,762,500 units for $0.07 (C$0.10) per unit for gross proceeds of $429,109 (C$576,250).Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.12 (C$0.16) per share for a period of twelve months following the closing date of the financing (note 16). Share issue costs included cash payments of $24,928 (C$33,428) and the issuance of 217,950 share purchase warrants valued at $18,870 using the Black-Scholes option pricing model with the following assumptions: a one year expected average life, share price of $0.15 (C$0.20); 100% volatility; risk-free interest rate of 1.67%; and an expected dividend yield of 0%.

xxi. On May 3, 2019, pursuant to the terms on the private placement financing, the Company issued 96,000 common shares to agents for a fair value of $0.15 (C$0.20) per common share for consideration of $14,298 (C$19,200). The amount is included issued capital.

xxii. On May 3, 2019, pursuant to the terms on the debenture financing, the Company issued 40,000 common shares to agents for a fair value of $0.15 (C$0.20) per common share, based on share price on the issuance date, for consideration of $5,957 (C$8,000). The amount is included in issued capital.

xxiii. On June 17, 2019, pursuant to obligations under an employment contract, the Company issued 7,000,000 common shares to the CEO, for a deemed value of $0.10 (C$0.14) per common share for total consideration paid to the CEO of $730,982 (C$980,000). Of the 7,000,000 common shares, 2,000,000 common shares vested immediately, and the remaining 5,000,000 common shares are held in escrow and vest quarterly with 416,666 common shares vesting each quarter commencing on September 17, 2019. The common shares are subject to a four-month holding period from the date of vesting. As at December 31, 2019 a total of 324,852 common shares had vested,

xxiv. On June 17, 2019, pursuant to obligations under a consulting agreement, the Company issued 400,000 common shares to the CIO, for a fair value of $0.10 (C$0.14) per common share for total consideration paid to the CIO of $41,770 (C$56,000). The 400,000 common shares are held in escrow and vest quarterly with 44,400 common shares vesting each quarter commencing September 17, 2019. The Company will record a quarterly expense of $47,937 to operating expenses on the consolidated statements loss and comprehensive loss as the shares vest.

xxv. On July 3, 2019, the Company cancelled 2,000,000 common shares with a fair value of $0.09 ($0.12) per common share. The common shares were reacquired and cancelled as the Company cancelled the marketing services agreement, pursuant to which the common shares and warrants were originally issued, due to non-performance of services by the marketing company.

xxvi. On July 22, 2019, pursuant to the conversion of convertible debentures with a face value of $83,063 (C$110,000) and accrued interest of C$1,529 (C$2,025), the Company issued 1,018,245 common shares and 1,018,245 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of C$0.16 ($0.12) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $48,657 and the debt was valued at $nil. Consideration of $42,749 was recorded to warrant liability and the residual amount of $5,908 was recorded to issued capital.

xxvii. On July 30, 2019, the Company issued 75,000 common shares at a fair value of $0.02 (C$0.03) per common share for consideration received from a June 16, 2016 subscription agreement.

xxviii. On July 30, 2019, the Company issued 1,409,938 common shares at a fair value of $0.13 (C$0.175) per common share for services received for total fair value consideration of $186,466 (C$246,700) as settlement of accounts payable in the amount of $198,591 (C$258,019) resulting in a gain on debt settlement of $12,125.

16. EQUITY (continued)

xxix. On July 30, 2019, the Company issued 276,923 common shares at a fair value of $0.10 (C$0.13) per common share for services received for total fair value consideration of $27,697 (C$36,471) as settlement of accounts payable in the amount of $24,692 (C$36,000) resulting in a gain on debt settlement of $3,005.

xxx. On August 12, 2019, pursuant to the conversion of convertible debentures with a face value of $75,512 (C$100,000) and accrued interest of $1,651 (C$2,186), the Company issued 928,817 common shares and 928,817 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.16 (C$0.12) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $44,898 and the debt was valued at $nil. Consideration of $33,745 was recorded to warrant liability and the residual amount of $11,153 was recorded to issued capital.

xxxi. On August 19, 2019, pursuant to the conversion of convertible debentures with a face value of $75,512 (C$100,000) and accrued interest of $1,738 (C$2,301), the Company issued 929,864 common shares and 929,864 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.16 (C$0.12) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $51,413 and the debt was valued at $nil. Consideration of $28,973 was recorded to warrant liability and the residual amount of $22,440 was recorded to issued capital.

xxxii. On August 26, 2019, pursuant to the conversion of convertible debentures with a face value of $75,512 (C$100,000), the Company issued 909,090 common shares and 909,090 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.16 (C$0.12) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $39,892 and the debt was valued at $nil. Consideration of $23,992 was recorded to warrant liability and the residual amount of $15,900 was recorded to issued capital.

xxxiii. On September 13, 2019, pursuant to the conversion of convertible debentures with a face value of $8,306 (C$11,000) and accrued interest of C$225 ($298), the Company issued 102,696 common shares and 102,696 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.16 (C$0.12) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $2,206 and the debt was valued at $nil. Consideration of $1,800 was recorded to warrant liability and the residual amount of $406 was recorded to issued capital.

xxxiv. On September 30, 2019, pursuant to the conversion of convertible debentures with a face value of $8,306 (C$11,000) and accrued interest of $249 (C$329), the Company issued 102,812 common shares and 102,812 common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of C$0.16 ($0.12) for a period of two years following the closing date of the conversion. At the date of the conversion, the conversion feature was valued at $2,669 and the debt was valued at $nil. Consideration of $2,479 was recorded to warrant liability and the residual amount of $190 was recorded to issued capital.

b) Share options

The Company has an incentive share option plan (“the plan”) in place under which it is authorized to grant share options to executive officers, directors, employees and consultants. The plan allows the Company to grant share options up to a maximum of 10.0% of the number of issued shares of the Company.

(in United States dollars, except where noted) - Unaudited

16. EQUITY (continued)

Share option transactions and the number of share options outstanding during the nine months ended September 30, 2020 and the year ended December 31, 2019, are summarized as follows:

	Number of share options	Weighted average exercise price (C$)
Outstanding, December 31, 2018	7,600,000	0.25
Cancelled	(4,850,000)	0.27
Granted	7,700,000	0.14
Outstanding, December 31, 2019	10,450,000	0.16
Granted	1,470,000	0.05
Outstanding, September 30, 2020	**11,920,000**	**0.15**
Exercisable, September 30, 2020	**11,920,000**	**0.15**

Share options outstanding and exercisable at September 30, 2020, are as follows:

Exercise price (C$)	Number of options outstanding	Weighted average exercise price (C$)	Weighted average life of options (years)	Number of options exercisable	Weighted average exercise price (C$)	Weighted average life of options (years)
0.05	1,470,000	0.05	2.39	1,470,000	0.05	2.39
0.10	1,400,000	0.10	1.28	1,400,000	0.10	1.28
0.14	7,700,000	0.14	3.53	7,700,000	0.14	3.53
0.26	450,000	0.26	3.05	450,000	0.26	3.05
0.38	900,000	0.38	2.65	900,000	0.38	2.65
	11,920,000	**0.15**	**3.04**	**11,620,000**	**0.15**	**3.04**

The fair value of share options recognized as an expense during the three and nine months ended September 30, 2020, was $1,738 and $31,592, respectively (three and nine months ended September 30, 2019 - $7,388 and $479,508, respectively). The following are the assumptions used for the Black Scholes option pricing model valuation of share options granted during the nine months ended September 30, 2020 and 2019:

	Nine months ended September 30,	
	2020	2019
Risk-free interest rate	**0.47%-1.57%**	1.34%
Expected life	**3 years**	3–5 years
Expected volatility	**100.0%**	100.0%
Forfeiture rate	**0.0%**	0.0%
Dividend rate	**0.0%**	0.0%

The risk-free rate of periods within the expected life of the share options is based on the Canadian government bond rate. The annualized volatility and forfeiture rate assumptions are based on historical results.

(in United States dollars, except where noted) - Unaudited

16. EQUITY (continued)

c) Agent share purchase warrants

Agent share purchase warrant transactions and the number of agent share purchase warrants outstanding during the nine months ended September 30, 2020 and year ended December 31, 2019, are summarized as follows:

	Number of agent share purchase warrants	Weighted average exercise price
Outstanding, December 31, 2018	627,378	$0.31
Granted (1)(2)(3)	877,440	$0.16
Outstanding, December 31, 2019	1,504,818	$0.24
Granted (4)(5)	156,000	$0.10
Exercisable, September 30, 2020	**1,564,818**	**$0.24**

(1) On April 2, 2019, as part of a private placement financing, the Company issued 363,900 share purchase warrants to agents. The share purchase warrants have an exercise price of $0.12 (C$0.16) and expire on April 2, 2021.

(2) On April 2, 2019, as part of a debenture financing, the Company issued 659,490 share purchase warrants to agents. The share purchase warrants have an exercise price of $0.12 (C$0.16) and expire on April 2, 2021.

(3) On May 3, 2019, as part of a private placement financing, the Company issued 217,950 share purchase warrants to agents. The share purchase warrants have an exercise price of $0.12 (C$0.16) and expire on May 3, 2021.

(4) On April 16, 2020, as part of a private placement financing, the Company issued 60,000 share purchase warrants to agents. The share purchase warrants have an exercise price of $0.07 (C$0.10) and expire on April 16, 2022 (note 16(a)(vi)).

(5) On July 15, 2020, as part of a private placement financing, the Company issued 96,000 share purchase warrants to agents. The share purchase warrants have an exercise price of $0.09 (C$0.12) and expire on July 15, 2022 (note 16(a)(xi).

17. OPERATING EXPENSES

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2020**	2019	**2020**	2019
		$	$	**$**	$
Salaries and benefits	20	**456,487**	720,829	**1,397,438**	1,713,074
Rent		**3,381**	5,634	**35,043**	78,325
Advertising and promotion		**308,280**	258,137	**543,075**	349,417
Telephone and internet		**30,265**	40,389	**80,512**	93,189
Other		**233,157**	17,796	**321,860**	109,655
		1,031,570	1,042,785	**2,377,928**	2,343,660

(in United States dollars, except where noted) - Unaudited

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions were as follows:

		Nine months ended September 30,	
	Note	**2020**	2019
		$	$
Vesting of escrow shares	16(a),20	**143,811**	287,784
Shares issued for acquisition of Sun Valley	4,16(a)	**-**	3,047,682
Warrants issued for services	20	**-**	208,846
Shares returned to treasury (1)	16(a),20	**-**	(480,017)
Shares returned to treasury (2)	16(a)	**-**	(474,260)
Shares issued for settlement of note payable	9,16(a)	**-**	187,084
Shares issued to agents	16(a)	**-**	21,936
Shares issued as settlement of convertible debentures payable	12,16(a)	**583,635**	161,382
Shares issued as settlement of accounts payable	8,16(a)	**196,974**	-
Shares issued for services	16(a)	**270,292**	134,635
Shares issued to former CEO (1)	16(a),20	**15,239**	-

(1) Pursuant to the termination agreement with the former CEO, the Company cancelled 2,651,875 common shares of which 651,875 were incorrectly cancelled and reissued on March 11, 2020 (note 16(a)(xv)).

(2) The common shares were reacquired and cancelled as the Company cancelled the marketing services agreement, pursuant to which the common shares and warrants were originally issued, due to non-performance of services by the marketing company.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value measurement of financial assets and liabilities

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows:

Level 1 – quoted prices 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. from derived prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The carrying values of cash, accounts receivable, due from related parties, promissory note receivable, accounts payable and accrued liabilities, share subscriptions and amounts due to related parties approximate their carrying values due to their short-term nature.

The secured loan payable, notes payable, convertible note payable and convertible debentures are categorized as Level 2 and have been recorded at amortized cost. The carrying value approximates their carrying values due to their relatively short-term nature.

As at September 30, 2020 and December 31, 2019, there were no financial assets or liabilities measured and recognized in the consolidated statements of financial position at fair value that would be categorized as Level 3 in the fair value hierarchy above with the exception of the conversion feature liability (note 12) and warrant liability (note 15), which are a Level 3 fair value measurement.

(in United States dollars, except where noted) - Unaudited

20. RELATED PARTY TRANSACTIONS

The Company's related parties include subsidiaries, associates, joint ventures, affiliated entities and key management personnel and any transactions with such parties for goods and/or services that are made on regular commercial terms. During the nine months ended September 30, 2020 and 2019, the Company did not enter into any transactions with related parties outside of compensation to key management personnel as disclosed below.

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company. Salaries and benefits, bonuses, and termination benefits are included in operating expenses and share-based payments are recorded as share-based payment expense or share capital.

Key management compensation includes:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Salaries and benefits	**174,617**	143,767	**516,218**	465,113
Share-based payments	**1,738**	-	**12,156**	472,120
Directors fees	**3,750**	-	**11,250**	-
	180,105	143,767	**539,624**	937,233

Included in cost of goods sold for the three and nine months ended September 30, 2020 is $nil and $11,045, respectively (three and nine months ended September 30, 2019 - $5,921 and $18,611, respectively) in product purchases made from Sun Valley Science LLC, an entity controlled by the Senior Vice President Development and Director.

Included in salaries and benefits for the three and nine months ended September 30, 2020 is $61,846 and $129,902, respectively (2019 - $58,007 and $266,853, respectively) related to common shares awarded to the CEO during 2019 which vested during the nine months ended September 30, 2020 (note 16(a)(xxiii)).

As at September 30, 2020, $1,196 (December 31, 2019 - $28,827) is due to the CEO for advances made on behalf of the Company and $274,924 (December 31, 2019 - $133,444) is due to the CEO for salaries and benefits. The amounts are unsecured and due on demand.

As at September 30, 2020, $64,000 (December 31, 2019 - $140,000) is due to the Senior Vice Present Development and Director and his spouse for consideration related to the Sun Valley acquisition.

21. MANAGEMENT OF CAPITAL

The Company's objectives of capital management are intended to safeguard the Company's normal operating requirements on an ongoing basis. At September 30, 2020, the capital of the Company consists of consolidated equity, notes payable, convertible debentures payable, convertible notes payable, and secured loan payable, net of cash.

	September 30, 2020	December 31, 2019
	$	$
Equity	**(3,182,455)**	(3,514,913)
Notes payable	**891,874**	969,891
Convertible debentures payable	**-**	427,320
Convertible notes payable	**190,460**	192,717
Secured loan payable	**796,714**	761,711
	(1,303,407)	(1,163,274)
Less: Cash	**(112,539)**	(179,153)
	(1,415,946)	(1,342,427)

21. MANAGEMENT OF CAPITAL (continued)

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company also has in place a planning, budgeting and forecasting process which is used to identify the amount of funds required to ensure the Company has appropriate liquidity to meet short and long-term operating objectives.

The Company is dependent on cash flows generated from its clinical operations and from external financing to fund its activities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt.

At September 30, 2020 and December 31, 2019, the Company was not subject to any externally imposed capital requirements.

22. EVENTS AFTER THE REPORTING PERIOD

On October 5, 2020, the Company issued 375,000 stock options. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.03 (C$0.04) for a period of three years from the date of issuance.

On October 9, 2020, the Company issued 704,666 stock options. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.04 (C$0.06) for a period of three years from the date of issuance.

On October 13, 2020, the Company issued 1,500,000 stock options. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.05 (C$0.07) for a period of three years from the date of issuance.

On November 3, 2020, the CEO of the Company exercised 7,000,000 stock options with an exercise price of $0.11 (C$0.14). The Company recorded an amount receivable from the CEO of the Company of $745,531 (C$980,000). Pursuant to the exercise, the Company issued 7,000,000 common shares.

On November 6, 2020, the Company closed a private placement of units of the Company (the "Units"), pursuant to which the Company issued 24,567,131 Units at a price of ($0.04) C$0.05 per Unit (the "Offering Price") for aggregate gross proceeds of $934,467 (C$1,228,357) (the "Offering") comprised of cash of $920,502 (C$1,210,000) and the settlement of accounts payable in the amount of $13,965 (C$18,357). Each Unit is comprised of one common share of the Company and one Common Share purchase warrant (a "Warrant"), with each Warrant exercisable to acquire one common share at a price of $0.09 (C$0.12) per Warrant for a period of 24 months from the closing of the Offering. In connection with the Offering, the Company paid share issue costs of $66,946 (C$88,000) and granted agent compensation options exercisable for 1,760,000 Units at an exercise price equal to the Offering Price for a period of 24 months following the closing of the Offering.

SCHEDULE "C"

EMPOWER

CLINICS

MANAGEMENT DISCUSSIONS AND ANALYSIS

For the three and nine months ended September 30, 2020 and 2019

The following amended Management's Discussion and Analysis ("MD&A") for Empower Clinics Inc., formerly, Adira Energy Ltd., together with its wholly owned subsidiaries ("Empower" or "the Company") is prepared as of November 24, 2020, and relates to the financial condition and results of operations for the three and nine months ended September 30, 2020 and 2019. Past performance may not be indicative of future performance. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements ("consolidated financial statements") and related notes for the three and nine months ended September 30, 2020 and 2019, which have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS" or "GAAP").

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2019, 2018 and 2017, are also referred to as "fiscal 2019", "fiscal 2018" and "fiscal 2017", respectively. All amounts are presented in United States dollars, the Company's presentation currency, unless otherwise stated. References to "C$" are to Canadian dollars.

Statements are subject to the risks and uncertainties identified in the "Risks and Uncertainties", and "Cautionary Note Regarding Forward-Looking Statements" sections of this document.

We are publicly traded on the Canadian Securities Exchange ("Exchange") under the symbol CBDT, quoted on the OTCQB under the symbol "EPWCF" and quoted on the Frankfurt Stock Exchange under the symbol "8EC.F 8EC.MU, 8EC.SG". Continuous disclosure materials are available on our website at www.empowerclinics.com, and on SEDAR at www.sedar.com.

Nature of Operations and Going Concern

As at September 30, 2020, the Company has an accumulated deficit of $14,392.635 (December 31, 2019 - $13,012,319). The Company's operations are mainly funded with equity and debt financing, which is dependent upon many external factors, and thus funds may be difficult to raise when required. Management continues to evaluate the need for additional financing and is of the opinion that additional financing will be available to continue its planned activities in the normal course. Nonetheless, there is no assurance that the Company will be able to raise sufficient funds in the future to complete its planned activities. The foregoing indicates the existence of a material uncertainty that may cast substantial doubt as to whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

The Company's consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business. The consolidated financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern. Such adjustments could be material.

Q3 2020 CONSOLIDATED FINANCIAL HIGHLIGHTS

- 5,044 patient visits generating revenue of $629,854, compared to 5,807 patient visits generating $663,003 for Q3 2019.
- Net loss of $460,035 or $0.00 per share, compared to $504,532 or $0.00 per share for Q3 2019.
- Cash used in operating activities was $534,141, compared to cash used in operating activities of $487,720 for Q3 2019.
- Cash at September 30, 2020 of $112,539.
- Working capital deficit at September 30, 2020 of $3,763,816

Q3 2020 KEY DEVELOPMENTS

COVID-19 Testing

In April 2020, the Company launched its COVID-19 antibody testing pilot program starting in Phoenix, AZ and is based on a four-phase rollout plan as below. In May 2020, the Company proceeded into Phase Three which began a new revenue stream for the company.

Phase One Testing began in clinics in Arizona, utilizing a patient blood draw by clinic phlebotomists, samples of which are sent to our laboratory test partner for analysis, with test results expected within 48 hours. This program is active and appointment rates are expanding rapidly.

Phase Two Offering consists of a Rapid COVID-19 antibody test with results in 1-15 minutes. The service will be offered in-clinics using a drive-up service, conducted by Company clinic staff. In addition, an outbound door-step service, to support a variety of consumer, patient and community needs will be offered using certified mobile technicians. The online portal is open to book appointments.

Phase Three Business Employee Testing programs, consists of offering Rapid COVID-19 testing to businesses on a one-time basis, repeat basis and/or subscription basis, to assist businesses to get back to work safely.

Phase Four U.S. nationwide roll-out, offering all phases of Company services, that can be accessed online at Company websites and call centers, to purchase Rapid COVID-19 test kits. The Company commenced Phase Four in Q3 2020 with the addition of RT-PCR testing supported by Kai Medical Laboratory, LLC a wholly owned subsidiary of the Company.

Intention to Launch CBD Extraction Facility

The Company intends to open a fully functioning hemp-based CBD extraction facility in greater Portland, Oregon in 2020, with the first extraction system expected to have the capacity to produce 6,000 kilograms of extracted product per year. The 5,000 sq. ft. facility in Sandy, Oregon has been secured through a 5-year lease agreement and preparations are underway to begin licensing and permit requirements to commence operations. The Company received its hemp-handlers license from the Oregon Department of Agriculture on

August 6, 2019 allowing the new next phase of build-out, architectural design and building permit applications to commence.

The Company has entered into a Letter of Intent ("LOI") to form a Joint Venture Partnership ("JV") with Heritage Cannabis Holdings Corp (CSE: CANN) ("Heritage"). Terms of the LOI have Empower and Heritage each with a 50% ownership of the JV. Heritage will install extraction units and related downstream extraction equipment inside Empower's existing licensed hemp processing facility in Sandy, Oregon. In addition, Heritage will train and supervise the staff on the proprietary methods of extraction and oil production that it produces in Canada. The JV will be equally funded by both companies with Heritage investing an initial $500,000 for start-up funds, as the build out completes and the JV secures high quality hemp supply from local growers.

Once operational, the JV will begin producing proprietary branded products for Empower's corporately owned physician staffed health clinics in Washington State, Oregon, and Arizona. These clinics include Sun Valley Certification Clinics Holdings LLC ("Sun Valley"), a subsidiary of Empower, which has direct marketing access to over 165,000 patients and growing as Sun Valley expands its franchised network nationwide. The JV intends to promote and potentially produce products and formulations as a result of partnerships that Heritage brings. We intend to manufacture the propriety Sollievo branded products and any new formulations the Company creates in the Sandy, Oregon facility.

The development of the CBD extraction facility has been delayed due to the impacts of the COVID-19 pandemic and significant limitations of travel that have prevented further work from taking place.

Franchise Program

As part of the Sun Valley acquisition, the Company is launching a nationwide Sun Valley Health franchise model allowing for easy and fast nationwide scalability that will increase the distribution of Sollievo and Sun Valley CBD products, to access many more patients and consumers in new and developing markets for the Company. Franchisees will retain rights to specific territories to open and operate Sun Valley Health clinics and sell CBD products in clinics and to local sales regions. Empower receives upfront franchise fees, ongoing clinic royalties, product royalties and ownership of patient database information.

During 2019, the Company launched the nationwide Sun Valley Health franchise program and has received numerous franchise applications and has sent out preliminary Franchise Disclosure Documents (FDD) to perspective franchise applicants. During Q1 2020, the Company sold its first franchise agreement whereby the franchisee will pay an upfront franchise fee to the Company, an ongoing monthly royalty based on revenue, a variable monthly technology and marketing support fee, and are required to purchase Sun Valley Health CBD product lines for their clinic location. The new franchise is currently going through setup and training.

The development of the franchise program has been delayed due to the impacts of the COVID-19 pandemic and significant limitations of travel that have prevented further work from taking place.

CBD Product Sales

Empower has commenced selling its proprietary line of cannabidiol ("CBD") based products called SOLLIEVO, *Italian for Relief*, and the Sun Valley Science brand through its network of company-owned clinics in the United States. Empower's patient base and customers are able to purchase high margin derivative products, including CBD lotion, tinctures, spectrum oils, capsules, lozenges, patches, e-drinks, topical lotions, gel caps, hemp extract drops and pet elixir hemp extract drops. Patients and customers are able to access Empower's home delivery and e-commerce platform through its e-commerce store at https://www.sunvalleyhealth.com/shop/.

Increased Patient Access

With a rapidly expanding company-owned clinic network and significant expansion opportunity with the successful acquisition of Sun Valley Clinics and the potential acquisition roll-up of additional clinics in North America, Empower anticipates it will grow its total patient list in the years ahead. The objective is to utilize the current 165,000 patients and data associated with their consultations with our physicians, to potentially begin to determine measurable and quantifiable data on medical treatment efficacy.

Market Leading Technology

Empower utilizes a market-leading patient electronic management and POS system that is HIPAA compliant and provides insight to patient care. The Company supports remote patients using its tele-medicine portal, enabling patients who are unable to come to a location to benefit from a doctor consultation.

RECENT DEVELOPMENTS

Acquisition of Kai Medical Laboratory, LLC

On October 6, 2020, the Company completed the acquisition of Kai Medical Laboratory, LLC ("KAI") for consideration having an aggregate value of US$1,971,857 (CAD$2,613,478), effective as of October 5, 2020. KAI Medical Laboratory operates a high-complexity CLIA and COLA accredited laboratory that provides reliable and accurate testing solutions to hospitals, medical clinics, pharmacies, and employer groups. KAI has taken an active role in COVID-19 testing, battling the pandemic through RT-PCR testing and serology testing with the capacity to process 4,000 RT-PCR test specimens per day. While the RT-PCR test identifies if a patient has an active virus, the serology or antibody test detects if a patient has previously been exposed to the virus. Both of these test results are vital to managing outbreaks and the potential spread of coronavirus.

As a result of this capability, Empower is now able to expand phase four of its COVID-19 testing rollout which was first announced on April 27, 2020 beginning with testing in-clinic testing (Phase 1) and culminating with a nationwide roll-out across the United States (Phase 4). Phase 4 allows Empower to service enterprise level clients, including movie and television studios that require reliable, accurate, fast and mass batch testing capabilities in order to resume production in a safe and compliant manner.

Subsequent Share, Warrant and Share Option Transactions

On October 5, 2020, the Company issued 375,000 stock options. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.03 (C$0.04) for a period of three years from the date of issuance.

On October 9, 2020, the Company issued 704,666 stock options. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.04 (C$0.06) for a period of three years from the date of issuance.

On October 13, 2020, the Company issued 1,500,000 stock options. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of $0.05 (C$0.07) for a period of three years from the date of issuance.

On November 3, 2020, the CEO of the Company exercised 7,000,000 stock options with an exercise price of $0.11 (C$0.14). The Company recorded an amount receivable from the CEO of the Company of $745,531 (C$980,000). Pursuant to the exercise, the Company issued 7,000,000 common shares.

On November 6, 2020, the Company closed a private placement of units of the Company (the "Units"), pursuant to which the Company issued 24,567,131 Units at a price of ($0.04) C$0.05 per Unit (the "Offering Price") for aggregate gross proceeds of $934,467 (C$1,228,357) (the "Offering") comprised of cash of $920,502 (C$1,210,000) and the settlement of accounts payable in the amount of $13,965 (C$18,357). Each Unit is comprised of one common share of the Company and one Common Share purchase warrant (a "Warrant"), with each Warrant exercisable to acquire one common share at a price of $0.09 (C$0.12) per Warrant for a period of 24 months from the closing of the Offering. In connection with the Offering, the Company paid share issue costs of $66,946 (C$88,000) and granted agent compensation options exercisable for 1,760,000 Units at an exercise price equal to the Offering Price for a period of 24 months following the closing of the Offering.

OVERVIEW OF THE BUSINESS

The Company is a federally incorporated Canadian company that is creating a network of physicians and practitioners who integrate to serve patient needs, in-clinic, through telemedicine, and with decentralized mobile delivery. A simplified, streamlined care model bringing key attributes of the healthcare supply chain together, always focused on patient experience. The Company provides COVID-19 testing services to consumers and businesses as part of a four-phased nationwide testing initiative in the United States.

Empower recently acquired Kai Medical Laboratory, LLC in Dallas, TX as a wholly owned subsidiary with large-scale testing capability to support specimen testing demand from Sun Valley Health clinics in Arizona, enterprise level customers with a focus on key industries such as film & television production, tourism, hospitality, care homes, medical clinics and facilities in the United States.

The Company business strategy includes Health and Wellness through our six clinics in the U.S. and telemedicine platform, Empower offers a simplified healthcare model offering preventative, diagnostic, and treatment services that always focuses on patient experience. Empower is reshaping the model for patient-first integrated healthcare and wellness by leveraging our experience with clinic management, technology, quality products, and paramedical expertise.

The Company strategy also includes Diagnostics and Technology as Empower launched an innovative COVID-19 testing initiative in early 2020 and is ready to adapt to future and growing demands. Leveraging Kai Medical Laboratory, LLC the Company is involved in novel COVID-19 test validation and submissions to the U.S. Food and Drug Administration and Health Canada to advance opportunities for anticipated long term testing demand.

It is expected that Empower's proprietary product line "Sollievo" will offer patients a variety of delivery methods of doctor recommended CBD based products in its clinics and online. With over 165,000 patients in its database, an expanding clinic footprint, a focus on new technologies, including tele-medicine, and an expanded product development strategy.

The Company currently operates six physical clinic locations in the states of Oregon and Arizona, and in January 2020, sold its first franchise location in the state of Oklahoma which is currently in the process of setup and training. In addition, the Company operates a tele-medicine platform supporting virtual doctor consultation in each of its clinic markets and for Washington State.

The Company operates software platform to manage patients through the medical consultation process that is a HIPAA compliant Electronic Health Record system and patient management portal. It provides improved management of patients while improving the ability of our doctors, admins and staff to treat and serve patients needs. The tele-medicine platform allows patients to register and select an appointment time to conduct a private consultation with one of the physicians remotely through a secure video link, thereby extending the reach of our clinic operations beyond the physical clinic locations. We believe going forward, greater demand for professional consultations will evolve the service offering for Company owned clinics and for franchisees throughout our network.

E-commerce platforms for Sollievo and Sun Valley CBD product lines present a developing opportunity for the Company and our network of future franchise partners. The passing in the United States of the US$867 billion *Agriculture Improvement Act* has legalized hemp and hemp-based products. This has created an opportunity for the production and sale of a variety of CBD-based products that can provide genuine help and effective relief to millions of people suffering from a variety of qualifying conditions.

Empower secured its first CBD extraction facility in greater Portland, Oregon taking possession June 1, 2019 and plans to commence the build-out of a new 5,000 square foot leased building to contain the first operating extraction systems capable of producing up to 20kg per day of high quality spectrum oil, isolate and/or distillate. The facility is strategically located in the agricultural plains of Mt. Hood, Oregon with over 200 licenced hemp farms in the neighbouring counties. Over time, the facility has the potential to be scaled to add multiple extraction, post-production and product manufacturing systems.

OUTLOOK

The Company will continue to be active and opportunistic with respect to mergers and acquisitions opportunities, with the goal of advancing its business plan and to increase shareholder value where possible. Additionally, the Company may seek to acquire third party channel partners to increase its patient base, margin per patient, and to increase shareholder value through the accretion of these operations and/or assets.

REVIEW OF QUARTERLY AND ANNUAL RESULTS

Amounts presented in thousands except per share amounts:

	Q3 2020	**Q2 2020**	**Q1 2020**	**Q4 2019**	Q3 2019	Q2 2019	Q1 2019	Q4 2018	**YTD 2020**	YTD 2019
FINANCIAL RESULTS:										
Net revenues	**643**	**924**	**789**	**625**	663	593	153	197	**2,356**	1,409
Income (loss)	**(460)**	**(401)**	**(521)**	**(1,942)**	(504)	(1,457)	(399)	1,343	**(1,380)**	(2,360)
Income (loss) per share:										
- Basic	**(0.00)**	**(0.00)**	**(0.00)**	**(0.02)**	(0.00)	(0.01)	(0.01)	0.01	**(0.01)**	(0.02)
- Diluted	**(0.00)**	**(0.00)**	**(0.00)**	**(0.02)**	(0.00)	(0.01)	(0.01)	0.01	**(0.01)**	(0.02)
Cash dividends declared	**-**	**-**	**-**	**-**	-	-	-	-	**-**	-
Total assets	**1,447**	**1,800**	**1,392**	**1,556**	4,943	5,760	2,417	514	**1,447**	4,943
OPERATING RESULTS:										
Patient visits	**5,044**	**6,696**	**5,717**	**4,616**	5,807	4,299	1,198	1,314	**17,457**	12,618

The Company has a limited operating history, which can make it difficult for investors to evaluate the Company's operations. As a result, the prior periods shown in the above table are not necessarily comparable and should not be relied upon as an indication of future performance.

The Company is expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions.

(In United States dollars, except where noted)

Review of Consolidated Financial Information for Q3 2020 compared to Q3 2019

		Q3 2020		Q3 2019
Clinic revenues	$	**629,854**	$	663,003
Product revenues		**12,890**		-
		642,744		663,003
Direct clinic expenses		**244,772**		55,397
Cost of goods sold (changes in finished goods inventory)		**1,545**		-
Earnings from clinic operations		**396,427**		607,606
Operating expenses		**1,031,570**		1,042,785
Legal and professional fees		**127,774**		321,835
Depreciation and amortization expense		**79,702**		79,495
Share-based payments expense		**1,738**		7,388
Loss from operations		**(844,357)**		(843,897)
Accretion expense		**15,828**		91,432
Interest income		**(1,920)**		(1,905)
Interest expense		**37,292**		53,430
Gain on debt settlement of accounts payable		**(25,978)**		-
Gain on change in fair value of warrant liability		**(435,607)**		(512,415)
Gain on change in fair value of conversion features		**-**		(126,542)
Restructuring		**-**		169,606
Other expense (income), net		**26,063**		(12,971)
Net loss and comprehensive loss income for the period	**$**	**(460,035)**		(504,532)

Clinic revenues

Clinics revenues were $629,854 compared to $663,003 during Q3 2019 as the Company received 5,044 patients spending on average approximately $125, compared to 5,807 patients spending on average approximately $114 during Q3 2019. The Company receives revenue streams from patient visits to existing clinics throughout the network. The decrease in clinic revenues and patient count is primarily due to the impact of COVID-19.

Product revenues

Product revenues were $12,890 compared to $nil during Q3 2019 as the Company has expanded into CBD product sales and the sale of premium wellness products. The Company expects to expand its revenue streams as the Company patient base grows, as branded CBD products are further rolled out and, the CBD extraction and product production facility becomes fully operational.

Direct clinic expenses

Direct clinic expenses were $244,772, compared to $55,397 during Q3 2019. These costs represent physician and clinic support staff expenses that are required to operate the clinics and provide patient consulting services. These expenses increased due to the increase in revenues and a reclassification of physician costs from operating expenses. The Company continues to monitor and improve its operational controls to align labor cost with direct patient consultations. The Company employs a diverse mix of physicians and practitioners.

Cost of goods sold

Cost of goods sold (changes in finished goods inventory) was $1,545, compared to $nil during Q3 2019 as the Company has expanded into CBD product sales and the sale of premium wellness products.

Operating expenses

Operating expenses were $1,031,570, which decreased from Q3 2019 of $1,042,785. The decrease is primarily related to:

- Decrease in salaries and benefits due to an overall reduction in executive compensation; and
- This decrease was partially offset by an increase in advertising and promotion due to the launch of a marketing program.

Legal and professional fees

Legal and professional fees were $127,774, compared to $321,835 during Q3 2019. The decrease is primarily related to financial advisory services which were incurred in Q3 2019 and did not recur in Q3 2020.

Depreciation and amortization expense

Depreciation and amortization expense were $79,702, compared to $79,495 during Q3 2019. The balance has remained consistent year over year.

Share-based payments

Share-based payments expense was $1,738, compared to $7,388 during Q3 2019. The share-based payments expense is the fair value of share options recognized as an expense during the period based on the fair valued determined by the Black-Scholes option pricing model valuation.

Accretion expense

Accretion expense was $15,828, compared to $91,432 during Q3 2019, in connection with the Company's convertible debentures and convertible notes payable.

Interest income

Interest income increased to $1,920, compared to $1,905 during Q3 2019, owing to the promissory note receivable.

Interest expense

Interest expense decreased to $37,292, compared to $53,430 during Q3 2019, owing to the conversion of convertible debentures April and May 2020.

Gain on debt settlement or accounts payable

The Company recorded a gain on debt settlement of $25,978, compared to $nil during YTD 2019, owing to the settlement of accounts payable through the issuance of 5,841,586 common shares of the Company. The fair value of the common share, determined as the share price on the date of agreement to settle, was less than the carrying value of the accounts payable of $112,292 (C$150,000) and thus the Company recorded a gain on debt settlement.

Gain on change in fair value of warrant liability

The Company recorded a gain on the change in the fair value of the warrant liability of $435,607 compared to a $512,415 gain on the change in the fair value of the warrant liability during Q3 2019.The share purchase warrants are required to be revalued at every quarter end and the gain resulted from the decrease in the Company's share price during Q3 2020, which is a variable in determining the fair value of the warrant liability per the Black-Scholes valuation model.

Gain on change in fair value of conversion feature

The Company recorded a gain on the change in the fair value of the conversion feature of $nil, compared to $126,542 during Q3 2019. The conversion feature is required to be revalued at every quarter end and the gain resulted from the increase in the Company's share price during Q3 2019, which is a variable in determining the fair value of the conversion feature.

Restructuring

The Company recorded restructuring expense of $nil, compared to $169,606 during Q3 2019. The amount relates to a final termination settlement reached with the former CEO and other outgoing employees.

Other expense, net

The Company recorded other expense of $26,063, compared to other expense of $12,972 during Q3 2019. The amount relates primarily to foreign exchange gains due to the decrease in the US dollar relative to the Canadian dollar during Q3 2020.

(In United States dollars, except where noted)

Review of Consolidated Financial Information for YTD 2020 compared to YTD 2019

		YTD 2020		YTD 2019
Clinic revenues	$	**2,306,111**	$	1,409,143
Product revenues		**49,644**		-
		2,355,755		1,409,143
Direct clinic expenses		**736,670**		177,560
Cost of goods sold (changes in finished goods inventory)		**21,952**		-
Earnings from clinic operations		**1,597,133**		1,231,583
Operating expenses		**2,377,928**		2,343,660
Legal and professional fees		**349,970**		755,514
Depreciation and amortization expense		**240,446**		197,906
Share-based payments expense		**31,592**		479,508
Loss from operations		**(1,402,803)**		(2,545,005)
Accretion expense		**360,924**		207,031
Interest income		**(5,625)**		(4,771)
Interest expense		**138,948**		129,089
Loss on disposal of property, plant and equipment		**-**		114,516
Gain on debt settlement of accounts payable		**(49,277)**		-
Gain on change in fair value of warrant liability		**(475,539)**		(673,289)
Gain on change in fair value of conversion features		**(2,795)**		(190,968)
Restructuring		**-**		169,606
Other expense, net		**10,877**		61,089
Net loss and comprehensive loss income for the period	**$**	**(1,380,316)**	$	(2,359,579)

Clinic revenues

Clinics revenues were $2,306,111 compared to $1,409,143 during YTD 2019 as the Company received 17,457 patients spending on average approximately $132, compared to 12,618 patients spending on average approximately $111 during YTD 2019. The Company receives revenue streams from patient visits to existing clinics throughout the network. The increase in clinic revenues and patient count is primarily due to the addition of the Sun Valley clinics, beginning May 1, 2019.

Product revenues

Product revenues were $49,644 compared to $nil during YTD 2019 as the Company has expanded into CBD product sales and the sale of premium wellness products. The Company expects to expand its revenue streams as the Company patient base grows, as branded CBD products are further rolled out and, the CBD extraction and product production facility becomes fully operational.

Direct clinic expenses

Direct clinic expenses were $736,670, compared to $177,560 during YTD 2019. These costs represent physician and clinic support staff expenses that are required to operate the clinics and provide patient consulting services. These expenses increased due to the increase in revenues and a reclassification of physician costs from operating expenses. The Company continues to monitor and improve its operational controls to align labor cost with direct patient consultations. The Company employs a diverse mix of physicians and practitioners.

Cost of goods sold

Cost of goods sold (changes in finished goods inventory) was $21,952, compared to $nil during Q3 2019 as the Company has expanded into CBD product sales and the sale of premium wellness products.

Operating expenses

Operating expenses were $2,377,928, which increased from YTD 2019 of $2,343,660. The increase is primarily related to an increase in advertising and promotion due to the launch of a marketing program.

Legal and professional fees

Legal and professional fees were $349,970, compared to $755,514 during YTD 2019. The decrease is primarily related to financial advisory services which were incurred in YTD 2019 and did not recur in YTD 2020.

Depreciation and amortization expense

Depreciation and amortization expense were $240,446, compared to $197,906 during YTD 2019. The balance increased due to the acquisition of Sun Valley in May 2019.

Share-based payments

Share-based payments expense was $31,592, compared to $479,508 during YTD 2019. The share-based payments expense is the fair value of share options recognized as an expense during the period based on the fair valued determined by the Black-Scholes option pricing model valuation.

Accretion expense

Accretion expense was $360,924, compared to $207,031 during YTD 2019, in connection with the Company's convertible debentures and convertible notes payable. Using the effective interest rate method, the accretion is lower at issuance and increases as maturity approaches.

Interest income

Interest income increased to $5,625, compared to $4,771 during YTD 2019, owing to the promissory note receivable.

Interest expense

Interest expense increased to $138,948, compared to $129,089 during YTD 2019, owing to the issuance of convertible debentures during April and May 2019 and convertible notes payable in October and December 2019.

Loss on disposal of property and equipment

The Company recorded a loss of $nil, compared to $114,516 during YTD 2019, related to leasehold improvements for the Chicago clinic when the lease was terminated in May 2019.

Gain on debt settlement or accounts payable

The Company recorded a gain on debt settlement of $49,277, compared to $nil during YTD 2019, owing to the settlement of accounts payable through the issuance of 5,841,586 common shares of the Company. The fair value of the common share, determined as the share price on the date of agreement to settle, was less than the carrying value of the accounts payable of $336,084 (C$447,500) and thus the Company recorded a gain on debt settlement.

Gain on change in fair value of warrant liability

The Company recorded a gain on the change in the fair value of the warrant liability of $475,539 compared to $673,289 during YTD 2019.The share purchase warrants are required to be revalued at every quarter end and the gain resulted from the decrease in the Company's share price during YTD 2020, which is a variable in determining the fair value of the warrant liability per the Black-Scholes valuation model.

Gain on change in fair value of conversion feature

The Company recorded a gain on the change in the fair value of the conversion feature of $2,795, compared to a gain on the change in the fair value of the conversion feature of $190,986 during YTD 2019. The conversion feature is required to be revalued at every quarter end and the gain resulted from the decrease in the Company's share price during YTD 2020, which is a variable in determining the fair value of the conversion feature.

Restructuring

The Company recorded restructuring expense of $nil, compared to $169,606 during YTD 2019. The amount relates to a final termination settlement reached with the former CEO and other outgoing employees.

Other income, net

The Company recorded other income of $10,877, compared to other expense of $61,089 during YTD 2019. The amount relates primarily to foreign exchange gains due to the increase in the US dollar relative to the Canadian dollar during YTD 2020.

(In United States dollars, except where noted)

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

Liquidity

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities and other contractual obligations. The Company's strategy for managing liquidity is based on achieving positive cash flows from operations to internally fund operating and capital requirements.

Factors that may affect the Company's liquidity are continuously monitored. These factors include the number of patient visits, average patient spend per visit, operating costs, capital costs, income tax refunds, foreign currency fluctuations, seasonality, market immaturity and a highly fluid environment related to state and federal law passage and regulations.

In the event that the Company is adversely affected by any of these factors and, as a result, the operating cash flows are not sufficient to meet the Company's working capital requirements there is no guarantee that the Company would be able to raise additional capital on acceptable terms to fund a potential cash shortfall. Consequently, the Company is subject to liquidity risk.

The Company will need to procure additional financing in order to fund its ongoing operation. The Company intends to obtain such financing through equity financing, and there can be no assurance that the Company can raise the required capital it needs to build and expand as expected, nor that the capital markets will fund the business of the Company. Without this additional financing, the Company may be unable to achieve positive cash flow and earnings as quickly as anticipated, these uncertainties cast a significant doubt about the Company's ability to continue as a going concern.

At September 30, 2020, the Company had a working capital deficit of $3,763,816, as follows:

		September 30, 2020		December 31, 2019
Cash	**$**	**112,539**	$	179,153
Accounts receivable		**65,191**		24,482
Prepaid expenses		**22,029**		38,382
Inventory		**62,666**		21,848
Promissory note receivable		**128,198**		-
Total Current Assets		**390,623**		263,865
Accounts payable and accrued liabilities		**1,915,514**		1,874,990
Notes Payable		**891,874**		969,891
Convertible debentures payable		**-**		427,320
Conversion feature		**-**		2,795
Convertible notes payable		**190,460**		192,717
Secured loan payable		**796,714**		761,711
Lease liability		**173,733**		219,800
Warrant liability		**186,144**		-
Total Current Liabilities		**4,154,439**		4,449,224
Working Capital	**$**	**(3,763,816)**	$	(4,185,359)

(In United States dollars, except where noted)

Subsequent to quarter end, the Company issued 24,567,131 Units for aggregate gross proceeds of $934,467 (C$1,228,357) comprised of cash of $920,502 (C$1,210,000) and the settlement of accounts payable in the amount of $13,965 (C$18,357).

Cash Flow

		Q3 2020		**Q3 2019**
Net cash used in operating activities	**$**	**(534,141)**	$	(487,720)
Net cash used in investing activities		**(127,446)**		(86,063)
Net cash provided (used) by financing activities		**468,191**		(64,807)
Increase (decrease) in cash	**$**	**(193,396)**	$	(638,590)

Review of cash flow Q3 2020 compared to Q3 2019:

Cash used in operating activities was $534,141, compared to cash used in operating activities of $487,720 during Q3 2019:

- Loss for the period was $460,035 compared $504,532 during Q3 2019.
- Movements in non-cash items decreased cash by $427,621 compared to $6,987 during Q3 2019.
- Movements in accounts receivables decreased cash by $37,551 compared to $13,361 during Q3 2019.
- Movements in prepaid expenses increased cash by $246,946, compared to $41,855 during Q3 2019.
- Movements in accounts payable and accrued liabilities increased cash by $144,120 compared to decreasing cash by $4,695 during Q3 2019.

Cash used in investing activities was $127,446 compared to $86,063 during Q3 2019 as a result of cash spend on the acquisition of intangible assets.

Cash provided by financing activities was $468,191 compared to cash used by $64,807 during Q3 2019. Cash provided by financing activities during Q3 2020 related to proceeds from the issuance of common shares for cash and advance of loan payable which was partially offset by cash spend on lease payments and share issue costs whereas cash used by financial activities during Q3 2019 related to share issuance costs and cash acquired in the acquisition of Sun Valley which was partially offset by lease payments and share issue costs.

		YTD 2020		YTD 2019
Net cash provided by (used in) operating activities	**$**	**(531,494)**	$	(1,819,670)
Net cash used in investing activities		**(127,446)**		(629,636)
Net cash provided by financing activities		**592,326**		2,470,216
Increase (decrease) in cash	**$**	**(66,614)**	$	20,910

(In United States dollars, except where noted)

Review of cash flow YTD 2020 compared to YTD 2019:

Cash used by operating activities was $531,494, compared to cash used in operating activities of $1,819,670 during YTD 2019:

- Loss for the period was $1,380,316 compared to $2,359,579 during YTD 2019.
- Movements in non-cash items increased cash by $274,913 compared to $876,701 during YTD 2019.
- Movements in accounts receivables decreased cash by $40,709 compared to $66,934 during YTD 2019.
- Movements in prepaid expenses increased cash by $259,453 compared to decreasing cash by $22,439 during YTD 2019.
- Movements in inventory decreased cash by $40,818 compared to $nil during YTD 2019.
- Movements in accounts payable and accrued liabilities increased cash by $370,983 compared to decreasing cash by $247,419 during YTD 2019.
- Movements in deferred revenue increased cash by $25,000 compared to $nil during YTD 2019.

Cash used in investing activities was $127,446 compared to $629,636 during YTD 2019 as a result of cash spend on the acquisition of intangible assets during Q3 2020 as compared to cash spend on the acquisition of Sun Valley in Q3 2019.

Cash provided by financing activities was $592,326 compared to $2,470,216 during YTD 2019. Cash provided by financing activities during YTD 2020 related to proceeds from the issuance of common shares for cash and advance of loan payable which was partially offset by cash spend on lease payments and share issue costs whereas cash provided by financial activities during YTD 2019 related to proceeds from the issuance of common shares for cash, advance of convertible debentures, advance of notes payable and cash acquired in the acquisition of Sun Valley which was partially offset by lease payments and share issue costs.

Capital Resources

The capital of the Company consists of consolidated equity, notes payable, convertible debentures, secured loan payable, and convertible note payable, net of cash.

		September 30, 2020		December 31, 2019
Equity	**$**	**(3,182,455)**	$	(3,514,913)
Notes payable		**891,874**		969,891
Convertible debentures		**-**		427,320
Secured loan payable		**796,714**		761,711
Convertible notes payable		**190,460**		192,717
		(1,303,407)		(1,163,274)
Less: cash		**(112,539)**		(179,153)
	$	**(1,415,946)**	$	(1,342,427)

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management policies on an annual basis. The Company's board of directors identifies and evaluates the Company's financial risks and is charged with the responsibility of establishing controls and procedures to ensure financial risks are mitigated.

(In United States dollars, except where noted)

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new common shares or adjust the amount of cash.

The Company's investment policy is to invest excess cash in investment instruments at high credit, quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations or arrangements with respect to any obligations under a variable interest equity arrangement.

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and any transactions with such parties for goods and/or services that are made on regular commercial terms. During the three and nine months ended September 30, 2020 and 2019, the Company did not enter into any transactions with related parties outside of compensation to key management personnel as disclosed below.

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company. Salaries and benefits, bonuses, and termination benefits are included in operating expenses and share-based payments are recorded as share-based payment expense or share capital.

Key management compensation includes:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Salaries and benefits	**$ 174,617**	$ 143,767	**$ 516,218**	$ 465,113
Share-based payments	**1,738**	-	**12,156**	472,120
Directors fees	**3,750**	-	**11,250**	-
	$ 180,105	$ 143,767	**$ 539,624**	$ 937,233

Included in cost of goods sold for the three and nine months ended September 30, 2020 is $nil and $11,045, respectively (2019 - $5,921 and $18,611, respectively) in product purchases made from Sun Valley Science LLC, an entity controlled by the Senior Vice President Development and Director.

Included in salaries and benefits for the three and nine months ended September 30, 2020 is $61,846 and $129,902, respectively (2019 - $58,007 and $266,853, respectively) related to common shares awarded to the CEO during 2019 which vested during the nine months ended September 30, 2020 (note 16(a)(xviii)).

As at September 30, 2020, $1,196 (December 31, 2019 - $28,827) is due to the CEO for advances made on behalf of the Company and $274,924 (December 31, 2019 - $133,444) is due to the CEO for salaries and benefits. The amounts are unsecured and due on demand.

As at September 30, 2020, $64,000 (December 31, 2019 - $140,000) is due to the Senior Vice Present Development and Director and his spouse for consideration related to the Sun Valley acquisition.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB, effective as of September 30, 2020. The Company's significant accounting policies are described in note 3 of the Company's consolidated financial statements for the years ended December 31, 2019 and 2018 and note 3 to the September 30, 2020 unaudited condensed interim consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised. Management has made the following critical judgements and estimates:

Critical judgements in applying accounting policies

Critical judgements made by management in applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates; the Company has determined the functional currency of each entity to be the US dollar. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Assessment of Cash Generating Units

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit (“CGU”). The Company applies judgement in assesses the smallest group of assets that comprise a single CGU. The CGU’s were determined to be the Empower Clinics, the Sun Valley Clinics and the CBD extraction facility.

Assessment of useful lives of property and equipment and intangible assets

Management reviews its estimate of the useful life of property and equipment and intangible assets annually and accounts for any changes in estimates prospectively. The Company applied judgment in determining the useful lives of trademarks and patient records with less than an indefinite life. In addition, the Company applied judgment in determining the useful lives of the right of use assets and leasehold improvements for purposes of assessing the shorter of the useful life or lease term.

Assessment of indicators of impairment

At the end of each reporting period, the Company assesses whether there are any indicators, from external and internal sources of information, that an asset or CGU may be impaired, thereby requiring adjustment to the carrying value. The Company identified the sustained decrease in market capitalization and change in Arizona licensing regulations as an indicator of impairment during the year ended December 31, 2019. As a result of these impairment indicators, the Company assessed the intangible assets and goodwill for impairment and concluded the recoverable value of each CGU was less than its carrying value and an impairment loss was recognized on intangible assets and goodwill.

Revenue recognition

Determination of performance obligations

The Company applied judgement to determine if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is the delivery of the medical services or sale of product, each representing a single performance obligation with consideration allocated accordingly.

Transfer of control

Judgement is required to determine when transfer of control occurs relating to the medical services to its customers. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, whether delivery of medical services has occurred and whether the physical possession of the goods, significant risks and rewards and legal title have been transferred to the customer.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

Estimates are made as to the fair value of assets and liabilities acquired. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuators. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, and discount rates.

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values.

Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Consideration paid for business combinations is measured at fair value.

Key sources of estimation uncertainty

Significant assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period that may result in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Current and deferred taxes
The Company's provision for income taxes is estimated based on the expected annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current and deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on patient visits, which are internally developed and reviewed by management.

Weight is attached to tax planning opportunities that are within the Company's control and are feasible and implementable without significant obstacles.

The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

Equity-settled share-based payments
Share-based payments are measured at fair value. Options and warrants are measured using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to the consolidated statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Warrant liability and conversion feature
Warrant liability and conversion feature are measured at fair value using the Black-Scholes option pricing model based on estimated fair values at the date of grant and revalued at period end to the consolidated statement of loss and comprehensive loss over the life of the instruments. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Contingencies
Due to the nature of the Company's operations, various legal and tax matters can arise from time to time. In the event that management's estimate of the future resolution of these matters' changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

Leases as a result of adopting IFRS 16

Identifying whether a contract includes a lease
IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. The Company had to apply judgment on certain factors, including whether the supplier has substantive substitution rights, does the Company obtain substantially all of the economic benefits and who has the right to direct the use of that asset.

Incremental borrowing rate
When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statement of loss and comprehensive loss.

Estimate of lease term
When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and determines whether it will extend the lease at the end of the lease contract or exercise an early termination option. As it is not reasonably certain that the extension or early termination options will be exercised, the Company determined that the term of its leases are the lesser of original lease term or the life of the leased asset. This significant estimate could affect future results if the Company extends the lease or exercises an early termination option.

CHANGES IN ACCOUNTING STANDARDS

The accounting policies applied in the preparation of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 and 2019, are consistent with those applied and disclosed in note 3 to the Company's annual consolidated financial statements with exception of the following:

Amendments to IAS 1 – Presentation of financial statements ("IAS 1") and IAS 8 – Accounting policies, chanes in accounting estimates and errors ("IAS 8").

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users have been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The Company adopted the amendments to IAS 1 effective January 1, 2020, which did not have a material impact on the Company's financial statements.

Franchise Revenues

Franchise revenues consist primarily of royalties and initial franchise fees. Under franchise agreements, we provide franchisees with (i) a franchise license, which includes a license to use our intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials

Royalties are calculated as a percentage of franchise clinic revenues over the term of the franchise agreement. The Company recognizes royalty revenues from the rendering of patient services in the accounting period in which the physician's services are rendered.

Initial franchise fees are payable by the franchisee upon execution of a franchise agreement. Initial franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. The term of the agreement commences upon opening of the clinic location.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares without par value. The Company had the following securities outstanding as at the date of this MD&A:

Type of Security	Number Outstanding
Common Shares	220,810,340
Stock Options	7,499,666
Warrants	104,909,373

RISKS AND UNCERTAINTIES

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the year ended December 31, 2019.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain information that may constitute “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking statements**”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect," “likely”, "may," "will," "should," "intend," or "anticipate", “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- licensing risks;
- regulatory risks;
- change in laws, regulations and guidelines;
- market risks;
- expansion of facilities;
- history of net losses; and
- competition.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the medical cannabis industry and the general expectations of the Company concerning the medical cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believe to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the medical cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third party information.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company’s forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this MD&A under “*Business Overview*” as well as statements regarding the Company’s objectives, plans and goals, including future operating results, economic performance and patient acquisition efforts may make reference to or involve forward- looking statements. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. See “Risk Factors” for further details. The purpose of forward- looking statements is to provide the reader with a description of management’s expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward- looking statements contained in this MD&A.

The Company undertakes no obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.