FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **Canntab Therapeutics Limited (the "Issuer")**.

Trading Symbol: **PILL**

SCHEDULE A: FINANCIAL STATEMENTS

A copy of the interim financial statements of the Issuer for the three and six months ended November 30, 2020 and 2019 is attached hereto as Schedule "A" (the "Financial Statements").

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

See Note 12 on pages 15 and 16 of the Financial Statements for related party transaction disclosure.

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:

See Note 11 on pages 14 and 15 and the chart outlined on page 3 of the Financial Statements for a summary of securities issued during the period.

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) See Note 11 on pages 14 and 15 and the chart outlined on page 3 of the Financial Statements for a summary of the securities issued during the period.

(b) See Note 11 on pages 14 and 15 and the chart outlined on page 3 of the Financial Statements for a summary of securities issued during the period and the recorded value for shares issued and outstanding;

(c) **See Note 11 on pages 14 and 15 and the chart outlined on page 3 of the Financial Statements for the description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and**

(d) **There are no shares subject to escrow of pooling agreements or any other restriction on transfer.**

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

Larry Latowsky – Chief Executive Officer;
Richard Goldstein – Director and Chief Financial Officer;
Jeff Renwick – Director;
Vitor Fonseca – Director; and
Barry Polisuk – Director.

SCHEDULE C: MANAGEMENT'S DISCUSSION AND ANALYSIS

A copy of the Issuer's management's discussion and analysis for the three and six months ended November 30, 2020 and 2019 is attached hereto as Schedule "B".

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 Certificate of Compliance.
2. As of the date hereof there were 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 7 Monthly Progress Report is true.

Dated: January 29, 2020.

Richard Goldstein

Signed "Richard Goldstein"
Signature

Chief Financial Officer

Issuer Details Name of Issuer **Canntab Therapeutics Limited**	For Quarter Ended: **November 30, 2020**	Date of Report YY/MM/DD **2021/01/29**
Issuer Address **1 Adelaide Street East, Suite 801**		
City/Province/Postal Code **Toronto, ON M5C 2V9**	Issuer Fax No. **Not Applicable**	Issuer Telephone No. **(416) 957-6303**
Contact Name **Richard Goldstein**	Contact Position **Chief Financial Officer**	Contact Telephone No. **(416) 957-6303**
Contact Email Address **richard@firstrepubliccapital.com**	Web Site Address www.canntab.ca	

Schedule “A”

Financial Statements

(*Please see attached.*)

CANNTAB THERAPEUTICS LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019

(Stated in $CAD)

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

CANNTAB THERAPEUTICS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2020 AND MAY 31, 2020
(Stated in $CAD)
(Unaudited - Prepared by Management)

	November 30 2020	May 31 2020
ASSETS		
Current:		
Cash and cash equivalents (Note 5)	**$ 397,536**	$ 2,090,438
Accounts receivable (Note 6)	**587,030**	161,339
Inventories (Note 7)	**1,150,985**	905,765
Prepaid expenses and deposits	**67,079**	160,728
Advance to supplier	**166,667**	166,667
	2,369,297	3,484,937
Long term:		
Plant and equipment (Note 9)	**2,386,983**	1,095,820
Right-of-use assets	**583,789**	676,646
Intangible assets	**290,333**	251,711
	$ 5,630,402	$ 5,509,114
LIABILITIES		
Current:		
Accounts payable and accrued liabilities (Note 10)	**$ 1,220,207**	$ 1,253,953
Current portion of lease liabilities	**174,952**	161,975
	1,395,159	1,415,928
Long term:		
Lease liabilities	**448,227**	524,444
Term loan payable	**40,000**	40,000
	1,883,386	1,980,372
SHAREHOLDERS' EQUITY		
Common shares (Note 11)	**11,244,999**	9,843,783
Contributed surplus	**2,603,265**	2,275,446
Accumulated deficit	**(10,101,248)**	(8,590,487)
	3,747,016	3,528,742
	$ 5,630,402	$ 5,509,114

Going concern (Note 2(f))

Subsequent events (Note 14)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

Approved on behalf of the Board:

"Richard Goldstein" Director *"Vitor Fonseca"* Director

CANNTAB THERAPEUTICS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
THREE AND SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in $CAD)
(Unaudited - Prepared by Management)

	Three months ended November 30 2020	**Six months ended November 30 2020**	Three months ended November 30 219	Six months ended November 30 2019
Revenue				
Tablet sales	**$ 378,000**	**$ 378,000**	$ -	$ -
License fees	**-**	-	-	133,334
	378,000	**378,000**	-	133,334
Cost of sales				
Change in fair value of inventory sold	**286,356**	**286,356**	-	-
Gross profit	**91,644**	**91,644**	-	133,334
Expenses				
Employee compensation and benefits	**209,679**	**371,879**	191,833	394,909
Consulting fees	**129,579**	**337,176**	132,807	248,329
Professional fees	**59,904**	**117,973**	58,729	105,617
General and administrative	**53,002**	**96,745**	75,180	148,595
Marketing and regulatory expenses	**38,531**	**84,394**	19,379	45,076
Research and development	**54,215**	**69,513**	41,032	72,486
Share based compensation	**72,324**	**356,274**	49,346	74,019
Depreciation of plant and equipment and right-of-use assets	**77,064**	**153,197**	50,712	99,021
Amortization of intangible assets	**7,115**	**15,254**	4,084	8,262
	701,413	**1,602,405**	623,102	1,196,314
Net loss and comprehensive loss	**$ (609,769)**	**$ (1,510,761)**	$ (623,102)	$ (1,062,980)
Basic and diluted loss per share (Note 11(d))	**$ (0.02)**	**$ (0.05)**	$ (0.02)	$ (0.04)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

CANNTAB THERAPEUTICS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
PERIOD FROM JUNE 1, 2019 TO NOVEMBER 30, 2020
(Stated in $CAD)
(Unaudited - Prepared by Management)

	Note	Common shares Number	Common shares Amount	Contributed surplus	Accumulated deficit	Total
As at May 31, 2019		**25,306,601**	**$ 6,554,281**	**$ 1,696,819**	**$ (5,983,243)**	**$ 2,267,857**
Net loss and comprehensive loss		-	-	-	(1,062,980)	(1,062,980)
Share based compensation	**11(e)**	-	-	74,019	-	74,019
As at November 30, 2019		**25,306,601**	**6,554,281**	**1,770,838**	**(7,046,223)**	**1,278,896**
Net loss and comprehensive loss		-	-	-	(1,544,264)	(1,544,264)
Share based compensation		-	-	340,732	-	340,732
Private placement		7,287,000	3,589,420	54,080	-	3,643,500
Shares issued in exchange for services		164,000	82,000	-	-	82,000
Share issue costs		-	(272,122)	-	-	(272,122)
Broker warrants		-	(109,796)	109,796	-	-
As at May 30, 2020		**32,757,601**	**9,843,783**	**2,275,446**	**(8,590,487)**	**3,528,742**
Net loss and comprehensive loss		-	-	-	(1,510,761)	(1,510,761)
Share based compensation	**11(e)**	-	-	356,274	-	356,274
Exercise of broker warrants	**11(a)**	109,523	83,216	(28,455)	-	54,761
Shares issued on purchase of equipment from CMAX Technologies	**11(c)**	1,996,078	1,018,000	-	-	1,018,000
Shares issued on purchase of equipment from Pharmageneric Solutions	**11(c)**	588,235	300,000	-	-	300,000
As at November 30, 2020		**35,451,437**	**$ 11,244,999**	**$ 2,603,265**	**$ (10,101,248)**	**$ 3,747,016**

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

CANNTAB THERAPEUTICS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019
(Stated in $CAD)
(Unaudited - Prepared by Management)

	2020	2019
Operating activities		
Net loss and comprehensive loss	**$ (1,510,761)**	$ (1,062,980)
Add (deduct) items not affecting cash:		
Share based compensation	**356,274**	74,019
Depreciation of plant and equipment and right-of-use assets	**153,197**	99,021
Amortization of contract liability	**-**	(133,334)
Amortization of intangible assets	**15,254**	8,262
	(986,036)	(1,015,012)
Change in non-cash working capital items		
Accounts receivable	**(425,691)**	175,815
Inventories	**(149,743)**	-
Prepaid expenses and deposits	**83,649**	26,668
Accounts payable and accrued liabilities	**(33,748)**	142,764
	(1,511,569)	(669,765)
Investing activities		
Purchase of intangible assets	**(53,875)**	(79,029)
Purchase of plant and equipment	**(128,979)**	(614,106)
Short term investment	**-**	1,175,000
	(182,854)	481,865
Financing activities		
Proceeds on exercise of broker compensation warrants	**54,761**	-
Repayment of lease liabilities	**(53,240)**	(43,234)
	1,521	(43,234)
Change in cash and cash equivalents	**(1,692,902)**	(231,134)
Cash and cash equivalents, beginning of period	**2,090,438**	413,978
Cash and cash equivalents, end of period	**$ 397,536**	$ 182,844
Non-cash transactions:		
Shares issued on asset purchase from CMAX Technologies (Note 8(a)	**$ 1,018,000**	$ -
Shares issued on asset purchase from Pharmageneric Solutions (Note 8(b))	**300,000**	-
Depreciation capitalized into inventory	**95,477**	-
Prepaid rent deposit applied against lease liability	**10,000**	-
	$ 1,423,477	$ -

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

1. NATURE OF OPERATIONS

(a) Nature of operations

Canntab Therapeutics Limited ("Canntab" or the "Company") was incorporated on April 20, 2016 under the Canada Business Corporations Act. The Company, with its head office located at 223 Riviera Drive, Markham, Ontario, L3R 5J6, is a Canadian biopharmaceutical company focused on the manufacturing and distribution of a suite of hard pill cannabinoid formulations in multiple doses and timed-release combinations. Canntab's proprietary hard pill cannabinoid formulations provide doctors, patients and consumers with medical grade solutions which incorporate all the features one would expect from any prescription or over the counter medication sold in Canadian pharmacies, including once a day and extended release formulations, both providing an accurate dose and improved shelf stability.

Canntab holds a Cannabis Standard Processing and Sales for Medical Purposes Licence, a Cannabis Research Licence and an Industrial Hemp Licence from Health Canada.

Canntab trades on the Canadian Securities Exchange under the symbol "PILL", the OTCQX Best Market under the symbol "CTABF" and the Frankfurt Stock Exchange under the symbol "TBF1"

(b) COVID-19 pandemic

In March 2020, the World Health Organization characterized the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, as a global pandemic. This has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business, resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and the governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The ultimate duration and magnitude of the impact and the efficacy of government and Bank of Canada interventions on the economy and the financial effect on the Company is not known at this time. The extent of such impact will depend on future developments, which are highly uncertain and not in the Company's control, including new information which may emerge concerning the spread and severity of COVID-19 and actions taken to address its impact, among others. The repercussions of this health crisis could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

1. NATURE OF OPERATIONS, CONTINUED

The Company has been deemed an "essential service" by the Ontario government, and therefore is permitted to continue full operations. In response to COVID-19, the Company has implemented working practices to address potential impacts to its operations, employees and customers, and will take further measures in the future if and as required. At present, the Company has not identified any material continuity-risks specifically associated with COVID-19.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), and accordingly do not include all the information required for full annual financial statements by International Financial Reporting Standards ("IFRS"). They have been prepared using the same accounting policies, except as detailed below, that were described in note 3 to the Company's annual consolidated financial statements for the year ended May 30, 2020 which were prepared in accordance with IFRS as issued by the IASB.

The unaudited interim condensed consolidated financial statements have not been reviewed by the Company's external auditors. They were authorized for issuance by the Board of Directors on January 29, 2021.

(b) Basis of presentation

The unaudited interim condensed consolidated financial statements are prepared on a going concern basis under the historical cost convention. Unless otherwise stated, the unaudited interim condensed consolidated financial statements are presented in Canadian dollars. That is the Company's functional and presentation currency as (i) the Company is based in Canada, (ii) the majority of its operating costs are denominated in Canadian dollars, and (iii) all its financing is obtained through Canadian dollar private placements.

(c) Revenue

The Company generates revenue primarily from the sale of tablets of hard pill cannabinoid formulations. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

(i) Identify the contract with a customer;
(ii) Identify the performance obligation(s) in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligation(s) in the contract; and
(v) Recognize revenue when or as the Company satisfies the performance obligation(s).

2. BASIS OF PRESENTATION, CONTINUED

Revenue from the sale of tablets is generally recognized when control over the goods has been transferred to the customer. Payment is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled, net of any estimated product returns.

(d) Accounts receivable

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period. Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date.

Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the AFDA provision are recognized in the statement of net loss and comprehensive loss. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off.

(e) Inventory

Inventory consists of raw materials, supplies and consumables used in the inventory process, finished goods and work-in-progress. Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost method. Costs are capitalized to inventory, until substantially ready for sale. Costs include direct and indirect labor, consumables, materials, packaging supplies, utilities, facility costs, quality and testing costs, production related depreciation and other overhead costs. The Company records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of the specific identification method. When assessing net realizable value, the Company considers the impact of price fluctuation, inventory spoilage, inventory excess, age and damage.

2. BASIS OF PRESENTATION, CONTINUED

(f) Going concern

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future, continue to convert its sales orders into revenue, realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the unaudited interim condensed consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these unaudited interim condensed consolidated financial statements. Such adjustments could be material.

As at November 30, 2020, the Company had an accumulated deficit of $10,101,248 (May 30, 2020 - $8,590,487). Working capital as at November 30, 2020 was $974,138 compared to $2,069,009 as at May 30, 2020. Net loss and comprehensive loss for the six month period ended November 30, 2020 was $1,510,761 (2019 - $1,062,980). Other than some initial licensing fees received and the first commercial sale being recognized this quarter *(see note 13(b))*, operations since inception have been funded from the issuance of share capital and exercise of stock options and warrants.

As evidenced by its accumulated deficit, the Company has, during its start-up phase, made significant capital and operational investments from the funds raised from its initial seed capital, the go-public process and the closing of the private placement in March, 2020. These funds have been used to build out the legal and operating infrastructure, the intellectual property portfolio and to obtain the production and dales licences necessary to capitalize on the opportunities within the cannabis marketplace in Canada and internationally.

As well as recognizing its first commercial sale, the Company closed a convertible debenture offering of $1,575,000 on December 31, 2020 *(see note 14(a))*. The Company anticipates that, upon taking these transactions into account, it will have sufficient cash on hand to service its liabilities and fund operating costs for the immediate future, but there is uncertainty as to how long these funds will last. The Company believes that, based on its revenue forecasts, expected opportunities in the marketplace and the ability to reduce expenditures, if required, it could continue as a going concern for the foreseeable future. To achieve that, the Company will need to (i) finalize delivery on existing purchase orders and continue to develop its marketing opportunities into further revenue generating transactions, and (ii) arrange future financing that will largely depend upon prevailing capital market conditions and the continued support of its shareholder base. Management will need to continue assessing its financing options to raise the funds required to continue its strategy of expanding its product line, manufacturing facilities, research and development and geographic coverage. However, there can be no assurance that management's fund raising plans will be successful. As a result, these factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

3. Recently Adopted Accounting Pronouncements

(a) IFRS 3 "Business Combinations"

This standard has been amended to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributions to the ability to create outputs. The amendment is effective for annual periods beginning on or after January I, 2020. The adoption of this amendment did not have a significant impact on the unaudited interim condensed consolidated financial statements.

(b) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

These standards have been amended to use a consistent definition of materiality throughout all accounting standards, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments are effective for annual periods beginning on or after January I, 2020. The adoption of these amendments did not have a significant impact on the unaudited interim condensed consolidated financial statements.

4. Recently Issued Accounting Pronouncements

As at the date of authorization of these unaudited interim condensed consolidated financial statements, the IASB has issued the following new or revised standards which are not yet effective:

(a) IFRS 16, "Leases"

This standard has been amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. This amendment is effective for annual periods beginning on or after June 1, 2020. At this time, the Company has not received rent concessions related to COVID-19 and therefore, this amendment is not expected to have a significant impact on the unaudited interim condensed consolidated financial statements.

(b) IAS 16 "Property, Plant and Equipment"

This standard has been amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset and requires certain related disclosures. The amendments are effective for annual periods beginning on or after January l, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

4. Recently Issued Accounting Pronouncements, continued

(c) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

This standard has been amended to clarify the classification of liabilities as current or non-current. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

(d) IAS 37 "Provisions"

This standard has been amended to clarify that, before a separate provision for an onerous contract is established, an entity recognizes an impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract and to clarify the meaning of costs to fulfil a contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

(e) IFRS 9 "Financial Instruments"

This standard has been amended to address which fees should be included in the 10% test for derecognition of financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

5. CASH AND CASH EQUIVALENTS

	November 30 2020	May 31 2020
Cash	**$ 372,085**	$ 563,112
Guaranteed investment certificates	**-**	1,500,000
Cash in Company lawyer's trust account	**25,451**	27,326
	$ 397,536	$ 2,090,438

The cash in the Company lawyer's trust account is unrestricted. The balance as at November 30, 2020 represents remaining undisbursed proceeds received under a private placement that closed in March, 2020.

6. ACCOUNTS RECEIVABLE

	November 30 2020	May 31 2020
Trade accounts receivable	**$ 391,980**	$ -
HST recoverable	**169,911**	123,134
Non-trade accounts receivable	**25,139**	38,205
	$ 587,030	$ 161,339

7. INVENTORY

	November 30 2021	May 31 2020
Finished goods	**$ 90,378**	$ -
Work-in-progress	**832,420**	-
Cannabis oil raw materials	**178,423**	797,170
Non-cannabis raw materials	**49,764**	108,595
	$ 1,150,985	$ 905,765

The Company started commercial production during 2021 Q1, and made its first commercial sale towards the end of 2021 Q2. Inventory has been valued as follows:

(a) raw materials: initial cost on acquisition

(b) work in progress: raw material cost plus capitalized costs such as direct labor and production overhead. Production overhead includes depreciation of production equipment, maintenance of production buildings and equipment and production management. Total costs capitalized to inventory in the period totalled $259,919, including $94,586 of direct labor and $95,477 of depreciation.

8. Asset Purchase Agreements

In October, 2020, the Company closed binding asset purchase agreements to acquire certain cannabis-processing equipment and leasehold improvements as detailed below:

(a) CMAX asset purchase

The Company agreed to a binding asset purchase agreement to acquire certain cannabis-processing equipment and leasehold improvements located at its 223 Riviera Drive, Markham, Ontario facility from CMAX Technologies Inc. ("CMAX"), a related party to the Company, for a purchase price of $1,018,000. The purchase price was based upon third-party valuations, and was satisfied through the issuance of 1,996,078 common shares of the Company at a deemed price of $0.51 per share *(see note 11(c))*.

The CMAX purchase is considered a related party transaction as three of the Company's four directors are also officers, directors and/or shareholders of CMAX. The CMAX purchase has been approved by the independent director of the Company.

(b) Pharmagenerics asset purchase

The Company entered into a binding asset purchase agreement with Pharmagenerics Solutions Inc. ("Pharma") to purchase certain cannabis-processing equipment owned by Pharma for a purchase price of $300,000. The purchase price of the Pharma assets was satisfied through the issuance of 588,235 common shares of the Company at a deemed price of $0.51 per share *(see note 11(c))*.

The Pharma purchase is considered a related party transaction as the sole officer, director and shareholder of Pharma is the Chief Scientific Officer of the Company. The CMAX purchase has been approved by the Board of Directors of the Company.

9. PLANT AND EQUIPMENT

	Production equipment	Furniture and fixtures	Computer hardware	Leasehold improvements	Security equipment	Construction in progress	Total
Cost							
As at May 31, 2019	**$ 306,625**	**$ 12,012**	**$ 11,058**	**$ -**	**$ -**	**$ 126,009**	**$ 455,704**
Additions	327,646	15,619	1,891	200,847	365,375	-	911,378
Construction in process completed	-	-	-	126,009	-	(126,009)	-
As at May 30, 2020	**634,271**	**27,631**	**12,949**	**326,856**	**365,375**	**-**	**1,367,082**
Additions	58,827	1,047	4,885	64,220	-	-	128,979
Asset purchase from CMAX Technologies *(see note 8(a))*.	583,000	-	-	435,000	-	-	1,018,000
Asset purchase from Pharmageneric Solutions *(see note 8(b))*.	300,000	-	-	-	-	-	300,000
As at November 30, 2020	**$ 1,576,098**	**$ 28,678**	**$ 17,834**	**$ 826,076**	**$ 365,375**	**$ -**	**$ 2,814,061**
Accumulated depreciation							
As at May 31, 2019	**$ 107,067**	**$ 2,269**	**$ 3,509**	**$ -**	**$ -**	**$ -**	**$ 112,845**
Depreciation	108,219	3,511	2,548	16,736	27,403	-	158,417
As at May 30, 2020	**215,286**	**5,780**	**6,057**	**16,736**	**27,403**	**-**	**271,262**
Depreciation	67,258	2,238	1,401	34,223	50,696	-	155,816
As at November 30, 2020	**$ 282,544**	**$ 8,018**	**$ 7,458**	**$ 50,959**	**$ 78,099**	**$ -**	**$ 427,078**
Net book value							
As at May 30, 2020	**$ 418,985**	**$ 21,851**	**$ 6,892**	**$ 310,120**	**$ 337,972**	**$ -**	**$ 1,095,820**
As at November 30, 2020	**$ 1,293,554**	**$ 20,660**	**$ 10,376**	**$ 775,117**	**$ 287,276**	**$ -**	**$ 2,386,983**

10. Accounts Payable And Accrued Liabilities

	November 30 2020	May 31 2020
Trade accounts payable	**$ 979,849**	$ 942,434
Accrued liabilities	**171,029**	256,090
Accounts payable - related company	**69,329**	55,429
	$ 1,220,207	$ 1,253,953

Certain operating costs of the Company were paid on its behalf by CMAX Technologies Inc., a company related by common ownership and management *(see note 12(c))*.

11. Share Capital

Continuity schedules for each component of the Company's share capital and other equity instruments are disclosed in the unaudited interim condensed consolidated statements of changes in shareholders' equity for the period from June 1, 2019 to November 30, 2020. Descriptions of the changes in shareholders' equity are as follows:

(a) Exercise of broker compensation warrants

In July, 2020, $109,523 broker compensation warrants were exercised for cash proceeds of $54,761, resulting in the issuance of $109,523 common shares.

(b) Stock options

(i) On June 8, 2020, the Company granted 150,000 options to certain employees and consultants. Each option entitles the holder thereof to purchase one common share of the Company at a price of $1.00 per share expiring in 2 years and vested immediately.

The fair value of these stock options was calculated using the Black-Scholes option pricing model. Under the assumptions of: (1) risk free interest rate of 0.32%, (2) expected volatility of 116%, (3) expected life of 2 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was $0.58.

(ii) On July 13, 2020, the Company granted 275,000 options to certain employees and a director. Each option entitles the holder thereof to purchase one common share of the Company at a price of $0.80 per share expiring in 2 years and vested immediately.

The fair value of these stock options was calculated using the Black-Scholes option pricing model. Under the assumptions of: (1) risk free interest rate of 0.28%, (2) expected volatility of 117%, (3) expected life of 2 years, and (4) dividend yield of 0.0%, the fair value attributed to each option was $0.45.

11 SHARE CAPITAL, CONTINUED

(c) Asset purchases

CMAX Technologies Inc. ("CMAX")

In August, 2020, the Company agreed to an asset purchase agreement with CMAX, a related party to the Company, for a purchase price of $1,018,000 *(see note 8(a))*. At the time, $102,000 was paid as a deposit on the transaction through the issuance of 200,000 common shares at a deemed price of $0.51 per share. In October, 2020, the balance of the purchase price of $916,000 was satisfied through the issuance of a further 1,796,078 common shares of the Company at a deemed price of $0.51 per share. In total, 1,996,078 common shares were issued with respect to this purchase.

Pharmagenerics Solutions Inc. ("Pharma")

In October, 2020, the Company issued 588,235 common shares of the Company at a deemed price of $0.51 per share for a total of $300,000 to close an asset purchase agreement with Pharma (*see note 8(b)*).

(d) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the three and six month periods ended November 30, 2020 were 34,272,382 and 33,551,497 respectively (three and six month periods ended November 30, 2019 - 25,306,601 and 25,306,601 respectively).

(e) Share based compensation

Total share based compensation of $356,274 was recognized during the six month period ended November 30, 2020 (2019 - $74,019) based on currently issued and previously granted options and special warrants expected to vest in the reporting period.

12. RELATED PARTY TRANSACTIONS

During the six month periods ended November 30, 2020 and 2019, the Company had the following related party transactions, including (i) compensation of key management personnel and directors, and (ii) transactions with entities related to or controlled by directors, as follows:

(a) Under the terms of a consulting contract effective January, 2017, fees of $60,000 were recorded during the six month period ended November 30, 2020 (2019 - $60,000) by an entity controlled by an individual who is both an officer and director of the Company for his services as CFO.

The Company recognized a car allowance credited to this individual of $4,800 during the six month period ended November 30, 2020 (2019 - $3,816).

12. Related Party Transactions, continued

(b) Under the terms of a consulting contract effective January, 2017, fees of $37,500 were recorded during the six month period ended November 30, 2020 (2019 - $Nil) by an entity controlled by an individual who is both an officer and director of the Company for his services as CEO. Salary paid to this individual during the six month period ended November 30, 2020 totalled $37,500 (2019 - $75,000).

The Company recognized a car allowance credited to this individual of $4,800 during the six month period ended November 30, 2020 (2019 - $3,816).

(c) The Company is related to CMAX Technologies Inc. by virtue of common ownership and management. The Company entered into a lease renewal agreement with CMAX in fiscal 2020 under which it is obligated to make monthly rental payments of $10,000 until expiry on December 31, 2022. During the six month period ended November 30, 2020, the Company made payments of $60,000 (2019 - $60,000) which were applied against the operating lease now capitalized under IFRS 16.

(d) For the six month period ended November 30, 2020, compensation to other officers and directors, other than separately disclosed above, includes:

- share based compensation of $44,980 (2019 - $Nil)
- consulting fees and salary of $143,167 (2019 - $Nil)

(e) Accounts payable and accrued liabilities as at November 30, 2020 includes $118,526 (May 30, 2020 - $106,490) with respect to balances owing to related parties for the transactions disclosed above.

13. Financial Instruments And Risk Factors

Fair value of financial instruments

The fair values of cash and cash equivalents, short term investments, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term or demand nature of these balances. The Company's financial instruments are exposed to certain financial risks, as summarized below.

13. Financial Instruments And Risk Factors, continued

(a) Classification of financial instruments

The classification and measurement of the financial assets and liabilities, as well as their carrying amounts and fair values, are as follows:

			November 30, 2020		May 30, 2020	
Assets/liabilities	**Category**	**Measurement**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
			$	**$**	$	$
Cash and cash equivalents	FVTPL	Amortized cost	**397,536**	**397,536**	2,090,438	2,090,438
Accounts receivable	Loans and receivables	Amortized cost	**587,030**	**587,030**	161,339	161,339
Advance to supplier	Loans and receivables	Amortized cost	**166,667**	**166,667**	166,667	166,667
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost	**1,220,207**	**1,220,207**	1,253,953	1,253,953
Term loan payable	Financial liabilities	Amortized cost	**40,000**	**40,000**	40,000	40,000

(b) Credit risk

The Company's credit risk is attributable to its accounts receivable, which is comprised of trade receivables, refundable HST ITC's and the advance to a supplier. Management believes that credit risk with respect to (i) accounts receivable is minimal, as HST refunds are now received within one month of filing, and (ii) the advance to a supplier is minimal as the amount is secured and is expected to offset against future purchases of hemp.

The Company made its first commercial sale towards the end of 2021 Q2. All of the balance in trade accounts receivable of $391,980 relate to this one sale made to one customer. The credit quality of the Company's customer is considered high, and is monitored on an on-going basis and allowances are provided for potential losses that have been incurred at the period end date.

Cash and cash equivalents consists of bank deposits, guaranteed investment certificates and unrestricted funds held in the Company lawyer's trust account. All of the above have been invested with a Canadian chartered bank, from which management believes the risk of loss to be remote. The Company has no material concentration of credit risk arising from operations.

13. Financial Instruments And Risk Factors, continued

(c) Liquidity risk

The business of the Company necessitates the management of liquidity risk. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due in the short-term due to a shortfall of working capital. The Company's objective is to mitigate short-term liquidity risk by maintaining adequate working capital reserves and its long-term liquidity risk through good relations with external capital markets. The Company closed on a private placement in March, 2020 for net proceeds of $3,643,500 to continue its strategy of expanding its manufacturing facilities, its research and development and geographic coverage. As at November 30, 2020, the Company had working capital of $974,138 (May 30, 2020 - $2,069,009), and therefore believes its exposure to liquidity risk is limited.

14. Subsequent events

(a) Convertible debentures

On December 31, 2020, the Company announced the closing of a non-brokered private placement (the "Offering") of secured convertible debentures for gross proceeds of $1,575,000. The proceeds will be used to fund working capital for the Company, and for general corporate purposes. The major terms of the convertible debenture are as follows:

(i) The convertible debentures are convertible into common shares of the Company at a conversion price of $0.80 per share, and will mature two years from the date of issuance (the "Maturity Date"). Beginning on the date that is four months and one day following the closing date of the Offering (the "Closing Date"), the Company will have the right to prepay or redeem a part or the entire principal amount of the convertible debentures plus any accrued and unpaid interest at any time by providing a minimum of 20 days and a maximum 60 days of redemption notice prior to the redemption date. The conversion price will be subject to customary adjustments in certain events.

(ii) The Company also has the right to force the conversion of all of the principal amount of the then outstanding convertible debentures at the conversion price upon giving the debenture holders not less than 30 days advance written notice, should the volume weighted average trading price of the shares on the Canadian Securities Exchange be greater than $1.20 per share for the preceding 15 consecutive trading days.

(iii) The convertible debentures shall bear interest at a rate of 10.0% per annum from the Closing Date, paid upfront in cash for the initial 6 months, thereafter payable quarterly in cash on the last business day of each calendar quarter. Any accrued but unpaid interest is convertible into shares at the option of the holder at the Conversion Price at any time following the Closing Date.

14. SUBSEQUENT EVENTS, continued

(iv) The convertible debentures are secured by way of an agency and interlender security agreement made in favor of a collateral agent acting as agent for all of the holders of the debentures, granting a security interest in substantially all of the Company's assets. The Company will have the right to prepay any or part of the convertible debentures at any time prior to the Maturity Date by paying the principal amount of the convertible debentures.

(v) On closing, the Company issued to the purchasers of the convertible debentures one share purchase warrant for each share underlying the convertible debenture purchased. The warrants are exercisable for a period of three (3) years from issuance into shares of the Company with each warrant entitling the holder thereof to acquire one share at an exercise price of $1.00 per Share (the "Exercise Price"). The warrants are subject to an acceleration right exercisable by the Company at its option if, for the preceding 15 consecutive trading days, the volume weighted average trading price of the shares is greater than $2.00 per share. If the Company provides notice that it intends to exercise its acceleration right, the accelerated expiry date of the warrants will be the 30th calendar day following the date of such notice of exercise.

(vi) If at any time during the term of the warrants and the convertible debentures, the Company issues securities at a price deemed lower than the Conversion Price or Exercise Price then in effect or issues any warrants or options with an exercise price at a lower price than the Conversion Price or Exercise Price then in effect (but exclusive of options or other forms of equity issued under the Company's stock option plan or warrants to employees or contractors of the Company, up to a maximum limit of 10% of the issued and outstanding shares as of the Closing Date), then the Exercise Price and the Conversion Price, as the case may be, will be adjusted downward to such lower exercise price if warrants or options were issued, or 125% of the deemed issuance price of the securities if no warrants or options were issued.

In connection with the offering, the Company paid fees to three arm's-length third parties comprised of cash fees of $17,000 and issued 47,813 finder's warrants, which entitle the holder thereof to purchase one share at a price of $0.80 for a period of 24 months.

The Company also issued 50,000 warrants to an arm's-length consultant at an exercise price of $0.80 for a period of 2 years from the date of grant.

(b) Stock options

On December 31, 2020, the Company granted 150,000 stock options to the individual described in note 12(a) in accordance with the Company's incentive stock option plan. Each option is exercisable into one share at a price of $0.82 per share for a period of 3 years from the date of grant.

Schedule "B"

Management's Discussion and Analysis

(*Please see attached.*)

CANNTAB THERAPEUTICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

THREE AND SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019

CANNTAB THERAPEUTICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

THREE AND SIX MONTHS ENDED NOVEMBER 30, 2020 AND 2019

The following management discussion and analysis ("MD&A") of Canntab Therapeutics Limited ("Canntab" or "the Company") provides a review of corporate developments, results of operations and financial position for the three and six months ended November 30, 2020 and 2019 ("2021 Q2 YTD and "2020 Q2 YTD" respectively). This discussion is prepared as of January 29, 2021 and should be read in conjunction with (i) the unaudited interim condensed consolidated financial statements and the accompanying notes for the three and six months ended November 30, 2020 and 2019, and (ii) both the audited consolidated financial statements and MD&A for the fiscal years ended May 31, 2020 and 2019. Additional information relating to the Company is available on Canntab's SEDAR profile at www.sedar.com and the Company's website at www.canntab.ca. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares, (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

COMPANY OVERVIEW

Canntab Therapeutics Limited ("Canntab" or the "Company") was incorporated on April 20, 2016 under the Canada Business Corporations Act. The Company, with its head office located at 223 Riviera Drive, Markham, Ontario, L3R 5J6, is a Canadian biopharmaceutical company focused on the manufacturing and distribution of a suite of hard pill cannabinoid formulations in multiple doses and timed-release combinations. Canntab's proprietary hard pill cannabinoid formulations provide doctors, patients and consumers with medical grade solutions which incorporate all the features one would expect from any prescription or over the counter medication sold in Canadian pharmacies, including once a day and extended release formulations, both providing an accurate dose and improved shelf stability.

Canntab trades on the Canadian Securities Exchange under the symbol "PILL", the OTCQX Best Market under the symbol "CTABF" and the Frankfurt Stock Exchange under the symbol "TBF1".

The Extended Release Tablet ("XR" or the "XR Tablet") is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems. These challenges include, but are not limited to, accuracy of dosing, onset times, duration of action, bioavailability, discreetness of consumption, ease of spoilage and the reduction of side effects, and are all directly addressed by the unique formulation of the XR Tablet. The XR Tablet is designed to contain either THC, CBD or a combination of THC/CBD (depending on the composition of the medicine), permitting it to meet the demands of a broader patient base than the current synthetic-THC based pills in the market today.

Intellectual property underpins the value of XR Tablets in the form of four international patent applications already filed. Canntab is rapidly moving toward the commercialization phase by partnering with a best-in-class licensed producer of medicinal cannabis in Canada and gearing up for its first series of pre-clinical trials.

CURRENT HIGHLIGHTS

- Closing of convertible debenture issue for gross proceeds of $1,575,000
- First commercial shipment to MediPharm
- Impending launch of its suite of hard pill cannabinoid formulations in Australia and participation in Australia's largest cannabis research study
- Closed on related party purchases of cannabis-processing equipment and leasehold improvements totalling $1,318,000
- Pursuant to a filing made in March 2017, the U.S. Patent and Trademark Office has issued U.S. Patent No. 10,772,837 to Canntab, titled "Modified Release Multi-Layer Tablet Cannabinoid Formulations, the term of which expires on March 15, 2038.

RECENT EVENTS

Convertible Debentures

On December 31, 2020, the Company announced the closing of a non-brokered private placement (the "Offering") of secured convertible debentures for gross proceeds of $1,575,000. The proceeds will be used to fund working capital for the Company, and for general corporate purposes. Some of the major terms of the issuance are as follows:

(i) The convertible debentures are convertible into common shares of the Company at a conversion price of $0.80 per share, and will mature two years from the date of issuance (the "Maturity Date"). Beginning on the date that is four months and one day following the closing date of the Offering (the "Closing Date"), the Company will have the right to prepay or redeem a part or the entire principal amount of the convertible debentures plus any accrued and unpaid interest at any time by providing a minimum of 20 days and a maximum 60 days of redemption notice prior to the redemption date. The conversion price will be subject to customary adjustments in certain events.

(ii) The convertible debentures shall bear interest at a rate of 10.0% per annum from the Closing Date, paid upfront in cash for the initial 6 months, thereafter payable quarterly in cash on the last business day of each calendar quarter. Any accrued but unpaid interest is convertible into shares at the option of the holder at the Conversion Price at any time following the Closing Date.

(iii) On closing, the Company issued to the purchasers of the convertible debentures one share purchase warrant for each share underlying the convertible debenture purchased. The warrants are exercisable for a period of three (3) years from issuance into shares of the Company with each warrant entitling the holder thereof to acquire one share at an exercise price of $1.00 per Share (the "Exercise Price"). The warrants are subject to an acceleration right exercisable by the Company at its option if, for the preceding 15 consecutive trading days, the volume weighted average trading price of the shares is greater than $2.00 per share. If the Company provides notice that it intends to exercise its acceleration right, the accelerated expiry date of the warrants will be the 30th calendar day following the date of such notice of exercise.

(iv) There are numerous other conditions with respect to conversion features and/or redemption privileges.

MediPharm Order

The Company completed its first delivery of 2 of 5 SKU's ordered by MediPharm Labs Corp. near the end of 2021 Q2 on which net revenue of $378,000 was recognized. As previously announced on June 2, 2020, the total purchase order is approximately $1.3 million. Canntab intends to complete and deliver the entire order by the end of FY2021. Orders under the agreement will be composed of a mix of Canntab's proprietary instant release tablets delivering THC, CBD and a combination of THC/CBD in 12 different strengths. MediPharm will purchase and distribute Canntab's cannabis products on a non-exclusive basis across Canada through licensed provincial dispensaries.

Australian Launch

On October 26, 2020, the Company announced the impending launch of its suite of hard pill cannabinoid formulations in Australia with its partner CANN Global Ltd. (ASX: CGB) ("CANN Global") and participation in Australia's largest cannabis research study.

Applied Cannabis Research ("ACR"), a leading Australian contract research organization focused exclusively on medical cannabis treatments, has launched Australia's largest observational study ever undertaken for medical cannabis. Canntab, through the products it supplies to CANN Global Ltd., which is a direct participant in the study, will be participating in this clinical collaboration with major Australian clinics and hospitals to complete the Cannabinoid Medicine Observational Study ("CMOS") that will collect data from 20,000 patients nationwide over 5 years. CMOS aims to assess the safety and efficacy of medicinal cannabis products for a range of refractory conditions including fibromyalgia, chronic pain syndromes, PTSD, epilepsy and other mental health and neurological conditions using cannabis, including Canntab's hard pill cannabinoid formulations.

CANN Global, through its management partnership with Medcan Australia Pty Ltd ("Medcan Australia"), received an import permit and have placed an initial order for Canntab's products in the amount of approximately $400,000. Canntab has applied for an export permit with Health Canada, which will allow it to fulfill this purchase order. The Company intends to ship its suite of patented and patent pending products, including THC, CBD and THC/CBD combination hard pill formulations to CANN Global before the end of fiscal 2021.

Asset Purchases

On October 19, 2020, the Company closed on a previously announced asset purchase agreement to acquire certain cannabis-processing equipment and leasehold improvements located at its 223 Riviera Drive, Markham, Ontario facility from CMAX Technologies Inc. ("CMAX"), a related party to the Company (as three of the Company's four directors also officers, directors and/or shareholders of CMAX) for a purchase price of $1,018,000. The purchase price was based upon third-party valuations, and was satisfied through the issuance of 1,996,078 common shares of the Company at a deemed price of $0.51 per share. On August 19, 2020, 200,000 common shares were issued to CMAX as a deposit on this transaction. The balance of the consideration was paid on October 19, 2020 through the issuance of 1,796,078 common shares of the Company.

Concurrently, the Company closed on a previously announced asset purchase agreement with Pharmagenerics Solutions Inc. ("Pharma") to purchase cannabis-processing equipment owned by Pharma for a purchase price of $300,000. The Pharma purchase is considered a related party transaction as the sole officer, director and shareholder of Pharma is the Chief Scientific Officer of the Company. The purchase price of the Pharma assets was satisfied through the issuance of 588,235 common shares of the Company at a deemed price of $0.51 per share on October 19, 2020.

Issuance of US Patent

On September 21, 2020, the Company announced that, pursuant to a filing made in March 2017, the U.S. Patent and Trademark Office has issued U.S. Patent No. 10,772,837 to Canntab, titled "Modified Release Multi-Layer Tablet Cannabinoid Formulations", the term of which expires on March 15, 2038. The Company considers this a major milestone that confirms its proprietary formulations are unique and differentiated from other product offerings in the global marketplace which will support a faster revenue stream as production and distribution begin in the immediate future. The patent is the first patent out of the various other patents that the Company has applied for, and will be leveraged to solidify Canntab's position as the leader in solid dose (hard pill) formulations of medicinal cannabinoids.

The patent granted is for Canntab's bi-layer or multi- layer tablets consisting of both Instant Release ("IR") and Extended Release ("XR") formulations with THC, CBD and a variety of terpenes and other cannabinoids found in full spectrum cannabis and hemp oil resin. The Company believes that its hard pill formulations are superior to all other CBD and THC delivery systems since they are true pharmaceutical grade delivery systems which provide for superior ingredient stability, enhanced bioavailability, and provide customizable and precise dosing. Canntab believes and intends to prove greater bioavailability through a blood level study at a 3rd party Clinical Research Organization ("CRO"). In addition, whether it is for medical, recreational or nutraceutical purposes, Canntab will be able to provide extended release formulations making it the clear delivery choice for doctors, patients or the average consumer.

COVID-19 PANDEMIC

In March 2020, the World Health Organization characterized the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, as a global pandemic. This has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business, resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and the governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The ultimate duration and magnitude of the impact and the efficacy of government and Bank of Canada interventions on the economy and the financial effect on the Company is not known at this time. The extent of such impact will depend on future developments, which are highly uncertain and not in the Company's control, including new information which may emerge concerning the spread and severity of COVID-19 and actions taken to address its impact, among others. The repercussions of this health crisis could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company has been deemed an "essential service" by the Ontario government, and therefore is permitted to continue full operations. In response to COVID-19, the Company has implemented working practices to address potential impacts to its operations, employees and customers, and will take further measures in the future if and as required. At present, the Company has not identified any material continuity-risks specifically associated with COVID-19.

GOING CONCERN

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future, continue to convert its sales orders into revenue, realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the unaudited interim condensed consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these unaudited interim condensed consolidated financial statements. Such adjustments could be material.

As at November 30, 2020, the Company had an accumulated deficit of $10,101,248 (May 30, 2020 - $8,590,487). Working capital as at November 30, 2020 was $974,138 compared to $2,069,009 as at May 30, 2020. For the six month period ended November 30, 2020, net loss and comprehensive loss was $1,510,761 (2019 - $1,062,980), and the Company had no current sources of operating cash flow. Other than some initial licensing fees received and the first commercial sale being recognized this quarter, operations since inception have been funded from the issuance of share capital and exercise of stock options and warrants.

As evidenced by its accumulated deficit, the Company has, during its start-up phase, made significant capital and operational investments from the funds raised from its initial seed capital, the go-public process and the closing of the private placement in March, 2020. These funds have been used to build out the legal and operating infrastructure, the intellectual property portfolio and to obtain the production and dales licences necessary to capitalize on the opportunities within the cannabis marketplace in Canada and internationally.

As well as recognizing its first commercial sale, the Company closed a convertible debenture offering of $1,575,000 on December 31, 2020. The Company anticipates that, upon taking these transactions into account, it will have sufficient cash on hand to service its liabilities and fund operating costs for the immediate future, but there is uncertainty as to how long these funds will last. The Company believes that, based on its revenue forecasts, expected opportunities in the marketplace and the ability to reduce expenditures, if required, it could continue as a going concern for the foreseeable future. To achieve that, the Company will need to (i) finalize delivery on existing purchase orders described above and continue to develop its marketing opportunities into further revenue generating transactions, and (ii) arrange future financing that will largely depend upon prevailing capital market conditions and the continued support of its shareholder base. Management will need to continue assessing its financing options to raise the funds required to continue its strategy of expanding its product line, manufacturing facilities, research and development and geographic coverage. However, there can be no assurance that management's fund raising plans will be successful. As a result, these factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

PRODUCTS

The Company has developed the formulation and prototype for its first product, the Extended Release Tablet ("XR Tablet"), which delivers standardized medical cannabis extract from selective strains in a solid, extended release pharmaceutical dosage. The XR Tablet is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems, including, but not limited to, accuracy of dosing, onset times, duration of action, bioavailability, ease of spoilage, and the reduction of side effects. The Company is rapidly moving toward the commercialization phase and gearing up for its first series of pre-clinical trials. The Company plans to manufacture and distribute the XR Tablet in legal medical cannabis jurisdictions including Canada, select states within the United States, Australia, and Germany.

Canntab holds a Cannabis Standard Processing and Sales for Medical Purposes Licence, a Cannabis Research Licence and an Industrial Hemp Licence from Health Canada. As part of its overall business plan and strategy, the Company will continue to seek Health Canada approval for its formulations of cannabinoid medications. The Company has plans to apply to Health Canada to add the XR Tablet to the approved list under the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). The XR Tablets use pharmaceutical grade excipients, all approved by Health Canada, and, in order to facilitate the approval process, the Company intends to present to Health Canada the similarities of the XR Tablet to existing room temperature oils inside gel capsules which have been approved under the ACMPR.

The Company also plans to apply for a Health Canada Dealer's License ("Dealer's License") under the Controlled Drugs and Substances Act (the "CDSA") in the very near future. A Dealer's License will enable the Company to have cannabis in its possession and to engage in various research and development activities not currently covered under the ACMPR, subject to obtaining any additional licenses or permits.

INTELLECTUAL PROPERTY

The success of the Company's business depends in part on its ability to protect its technology and formulations related to pharmaceutical preparations containing natural or synthetic cannabinoids. In recognition of this, the Company continues to expand its intellectual property portfolio, which includes patent and trademark applications in the United States and Canada. On September 21, 2020, the Company announced it had been awarded a US patent titled "Modified Release Multi-Layer Tablet Cannabinoid Formulations" *(see discussion under "Recent Events" section above)*. The Company's intellectual property portfolio includes numerous patent applications in Canada, the United States and internationally.

The Canadian patents/patent applications that were filed pertain to a variety of Canntab's innovative technologies related to oral dosage formulations of pharmaceutical cannabis, including Sustained Release Cannabinoid Formulations and Sustained Release Cannabinoid Pellets, Immediate Release Cannabidiol Formulations; Modified-Release Multi-Layer Cannabinoid Formulations; Flash-Melt Cannabinoid Formulations; and Bi-layer Cannabinoid Tablets.

These patent applications are part of Canntab's continuing strategy to develop a comprehensive intellectual property portfolio which covers the company's technology and formulations related to pharmaceutical preparations which contain natural or synthetic cannabinoids. Canntab is currently developing a number of products which utilize this technology, including a variety of extended released tablets containing a mixture of THC (Tetrahydrocannabinol) and CBD (Cannabidiol) that may be helpful in the treatment of a number of ailments, such as sleep disorders, post-traumatic stress disorder (PTSD), social anxiety, addiction, arthritis, general pain, pain management and appetite loss associated with cancer treatments, and addiction treatment therapy of opioids and other painkillers.

In addition to patents, the Company also has numerous trademark applications in the United States and Canada that cover four potential trade names for the XR Tablet.

QUARTERLY PERFORMANCE

The following table highlights certain key quarterly financial highlights. Commentary on the selected highlights is included under "Results of Operations" and "Liquidity and Capital Resources".

	Nov-2020 2021 Q2	Aug-2020 2021 Q1	May-2020 2020 Q4	Feb-2020 2020 Q3	Nov-2019 2020 Q2	Aug-2019 2020 Q1	May-2019 2019 Q4	Feb-2019 2019 Q3
	$	$	$	$	$	$	$	$
Balance sheet								
Cash and cash equivalents and short term investment	397,536	1,058,809	2,090,438	1,496,723	182,844	612,564	1,588,978	2,428,193
Working capital	974,141	1,605,550	2,069,009	2,348,962	34,770	737,707	1,671,878	2,492,135
Shareholders' equity	3,747,016	3,068,459	3,528,742	3,585,731	1,278,896	1,852,652	2,267,855	2,690,341
Income statement								
Sales revenue	378,000	-	-	-	-	-	-	-
Operating expenses	544,910	532,774	447,292	567,910	518,960	496,051	582,633	630,484
Share based compensation	72,324	283,950	294,731	46,001	49,346	24,673	125,841	48,388
Net loss and comprehensive loss	(609,769)	(900,992)	(873,359)	(670,906)	(623,102)	(439,877)	(548,329)	(675,996)

RESULTS OF OPERATIONS

Six months ended November 30, 2020 compared to November 30, 2019

The Company had a net loss of $1,510,761 for 2021 Q2 YTD compared to $1,062,980 for 2020 Q2 YTD.

The Company made its first commercial sale towards the end of 2021 Q2 on which net revenue of $378,000 was recognized. During 2020 Q2 YTD, the Company recognized as revenue the remainder of the balance in contract liability of $133,334 following the termination on June 24, 2019 of the agreement with Aleafia Health Inc., parent company of Emblem Corp., for non-performance.

As the Company has become more active operationally, it has increased its level of operating expenses in 2021 Q2 YTD to $1,077,680 compared to 2020 Q2 YTD of $1,015,012, an increase of $62,668. The major components of the operating expenses (defined as total expenses less share based compensation, depreciation and amortization) are as follows:

- Personnel costs, including employee compensation and benefits and consulting fees, in 2021 Q2 YTD were $709,055 compared to $643,238 in 2020 Q2 YTD, an increase of $65,817. The headcount increased as the Company hired a new Chief Executive Officer, a new Chief Scientific Officer and higher level staffing as commercial production has now started. Labor costs of $94,586 have been capitalized into inventory during FY2021.

- Marketing and regulatory expenses in 2021 Q2 YTD were $84,394 compared to $45,076 in 2020 Q2 YTD, an increase of $39,318, largely attributable to the start of development of a new branding and marketing campaign.
- Professional fees in 2021 Q2 YTD remained relatively consistent at $117,973 compared to $105,620 in 2020 Q2 YTD.
- General and administrative expenses in 2021 Q2 YTD of $96,744 compared to $148,592 in 2020 Q2 YTD, a decrease of $51,848. The major components of the change were (i) capitalization of certain inventory costs into inventory totalling $69,857, and (ii) lower costs for travel, insurance and maintenance.

Share based compensation totalled $356,274 in 2021 Q2 YTD compared to $74,019 in 2020 Q2 YTD, largely related to the issuance of 425,000 stock options in Q1 2021, all of which vested immediately *(see details in "Capitalization" section below).*

LIQUIDITY AND CAPITAL RESOURCES

The Company has just begun commercial sales of certain of its products and accordingly, The Company has historically serviced its operating expenses, product development and research activities by raising capital from equity markets. During this quarter, the Company realized its first commercial sale and has not previously generated cash from operations.

Cash and cash equivalents decreased by $1,692,902 to $397,536 as at November 30, 2020 from $2,090,438 as at May 30, 2020. Working capital as at November 30, 2020 was $974,138 compared $2,069,009 as at May 30, 2020, a decrease of $1,094,871. The major components of the decrease in cash and cash equivalents were the net of the following major transaction flows, which total $1,696,633:

(2) operating expenses in 2021 Q2 YTD of $1,077,680 *(see "Results of Operations" section above)*,
(3) net inventory additions of $436,099, and
(4) the purchase of plant and equipment and intangible assets in 2021 Q2 YTD for $182,854.

Accounts receivable is comprised mostly of trade accounts receivable of $391,980 and net recoverable HST of $169,911, representing amounts due for quarterly filings for May, 2020 and August, 2020. Over $141,000 of this HST balance was refunded in December, 2020.

Inventory as at November 30, 2020 increased by $245,220 to $1,150,985, compared to $905,765 at May 30, 2020. The Company started commercial production during 2021 Q1, and made its first commercial sale towards the end of 2021 Q2. Inventory has been valued as follows:

(a) raw materials: initial cost on acquisition
(b) work in progress: raw material cost plus capitalized costs such as direct labor and production overhead. Production overhead includes depreciation of production equipment, maintenance of production buildings and equipment and production management. Total costs capitalized to inventory in the period totalled $259,919, including $94,586 of direct labor and $95,477 of depreciation.

Additions to plant and equipment in 2021 Q2 YTD funded from working capital totalled $128,979, consisting mostly of production equipment purchases and leasehold improvements. The Company also closed on non-cash related party asset purchase agreements during 2021 Q2 YTD totalling $1,318,000 *(see details under "Asset Purchases" section above).*

Accounts payable as at November 30, 2020 nominally increased by $33,746 to $1,220,207, compared to $1,253,953 at May 30, 2020. The major reason for the increase related to inventory purchases and consulting fee accruals.

CAPITALIZATION

The Company has common shares and other equity instruments outstanding at each reporting date as follows:

	November 30, 2020	May 30, 2020	Change in reporting period
Common shares	35,451,437	32,757,601	2,693,836
Common share purchase warrants	7,451,000	7,451,000	-
Stock options	1,920,000	1,495,000	425,000
Special warrants	2,847,500	2,847,500	-
Broker compensation warrants	360,667	470,190	(109,523)
Total equity instruments	48,030,604	45,021,291	3,009,313

The details of the major changes in each equity category over 2021 Q2 YTD are as follows:

Common shares

- In July, 2020, 109,523 broker compensation warrants were exercised for cash proceeds of $54,761, resulting in the issuance of 109,523 common shares.
- On October 19, 2020, a total of 2,584,313 common shares were issued to CMAX and Pharmagenerics to close on previously announced related party asset acquisitions*(see details under "Asset Purchases" section above).* On August 19, 2020, 200,000 common shares had been issued as a deposit on the CMAX asset purchase. In total, 2,384,313 common shares were issued at a deemed price of $0.51 per share amounting to $1,318,000 of consideration to close these two transactions.

Stock options

- On June 8, 2020, the Company granted 150,000 options to certain employees and consultants. Each option entitles the holder thereof to purchase one common share of the Company at a price of $1.00 per share expiring in 2 years and vested immediately.

- On July 13, 2020, the Company granted 275,000 options to certain employees and a director Each option entitles the holder thereof to purchase one common share of the Company at a price of $0.80 per share expiring in 2 years and vested immediately.

RELATED PARTY TRANSACTIONS AND BALANCES

During the six month periods ended November 30, 2020 and 2019, the Company had the following related party transactions:

(a) Under the terms of a consulting contract effective January, 2017, fees of $60,000 were recorded during the six month period ended November 30, 2020 (2019 - $60,000) by an entity controlled by an individual who is both an officer and director of the Company for his services as CFO. The Company recognized a car allowance credited to this individual of $4,800 during the six month period ended November 30, 2020 (2019 - $3,816).

(b) Under the terms of a consulting contract effective January, 2017, fees of $37,500 were recorded during the six month period ended November 30, 2020 (2019 - $Nil) by an entity controlled by an individual who is both an officer and director of the Company for his services as CEO. Salary paid to this individual during the six month period ended November 30, 2020 totalled $37,500 (2019 - $75,000). The Company recognized a car allowance credited to this individual of $4,800 during the six month period ended November 30, 2020 (2019 - $3,816).

(c) The Company is related to CMAX Technologies Inc. by virtue of common control. The Company entered into a lease renewal agreement with CMAX in fiscal 2020 for the premises at 223 Riviera Drive, Markham, Ontario. During the six month period ended November 30, 2020, the Company made payments of $60,000 (2019 - $60,000) which were applied against the operating lease now capitalized under IFRS 16.

(d) For the six month period ended November 30, 2020, compensation to other officers and directors, other than separately disclosed above, includes:
- share based compensation of $44,980 (2019 - $Nil)
- consulting fees and salary of $143,167 (2019 - $Nil)

(e) Accounts payable and accrued liabilities as at November 30, 2020 includes $118,526 (November 30, 2019 - $106,490) with respect to balances owing to related parties for the transactions disclosed above.

SUBSEQUENT EVENTS

(a) On December 31, 2020, the Company announced the closing of a non-brokered private placement of secured convertible debentures for gross proceeds of $1,575,000 *(see discussion above in "Recent Events" section above).*

(b) On December 31, 2020, the Company granted 150,000 stock options to an officer/director. Each option exercisable into one common share at a price of $0.82 per share for a period of 3 years from the date of grant.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

IFRS 3 "Business Combinations"

This standard has been amended to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributions to the ability to create outputs. The amendment is effective for annual periods beginning on or after January I, 2020. The adoption of this amendment did not have a significant impact on the unaudited interim condensed consolidated financial statements.

IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

These standards have been amended to use a consistent definition of materiality throughout all accounting standards, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments are effective for annual periods beginning on or after January I, 2020. The adoption of these amendments did not have a significant impact on the unaudited interim condensed consolidated financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

IFRS 16, Leases

This standard has been amended to provide lessees with an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. This amendment is effective for annual periods beginning on or after June 1, 2020. At this time, the Company has not received rent concessions related to COVID-19 and therefore, this amendment is not expected to have a significant impact on the unaudited interim condensed consolidated financial statements.

IAS 16 "Property, Plant and Equipment"

This standard has been amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset and requires certain related disclosures. The amendments are effective for annual periods beginning on or after January l, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

This standard has been amended to clarify the classification of liabilities as current or non-current. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

IAS 37 "Provisions"

This standard has been amended to clarify that, before a separate provision for an onerous contract is established, an entity recognizes an impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract and to clarify the meaning of costs to fulfil a contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

IFRS 9 "Financial Instruments"

This standard has been amended to address which fees should be included in the 10% test for derecognition of financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to develop its resources properties so that it can provide adequate returns for shareholders. 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. The Company defines capital as total shareholders' equity.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

RISKS AND UNCERTAINTIES

An investment in the Company involves significant risks and must be considered speculative due to the nature of the Company's business. Investors should carefully consider the risks and uncertainties described below. This list of risks and uncertainties below is not exhaustive. Furthermore, additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect its business.

Risks related to the Company's business

The Company has a history of operating losses and may never achieve profitability. The Company is an early stage product development company, and accordingly, it has not yet generated any revenues.

The Company expects to be involved in research and development to create several oral cannabis products and then performing extensive trial testing and conducting research studies with such products prior to determining their commercial viability. This process may take several years and require significant financial resources without revenue. The Company expects these expenses to result in continuing operating losses for the foreseeable future.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on the Company's business, financial condition and results of operations.

Protection of patents and trademarks

The Company's success will depend in part upon its ability to obtain maintain current patents and trademarks (as well as successfully file future patents and trademarks) for its current and future product lines. Obtaining such patent and trademark protection can be costly and the outcome of any application for such can be unpredictable. In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent and trademark protection, thereby affecting the development and commercial value of the Company's technology and products.

Regulatory proceedings, investigations and audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require The Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Insurance and uninsurable risk

The Company may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position. The Company currently maintains no insurance other than director and officer liability insurance. The Company may, however, acquire insurance in the future to protect against certain risks in such amounts as management considers reasonable. While it may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. Even after acquiring insurance, such insurance may not cover all the potential risks associated with product liability. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Product liability

As a cannabis oral dosage formulation company engaged in the research and development of advanced pharmaceutical grade formulations of cannabinoids designed to be ingested by humans, the Company, upon commercial launch, faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company. This scenario could prevent or inhibit the commercialization of the Company's potential products. To date, there have been no product related issues.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be decided against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand. At this time, there is no outstanding litigation against the Company.

Competition

The medical cannabis industry in which the Company operates is, and is expected to continue to be, very competitive, and as such there is there is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources and manufacturing and marketing experience than the Company. Our competitors may vary in size, from well capitalized businesses with substantial operations and revenues to smaller and earlier stage companies. Competitors with ACMPR licenses, or that may obtain ACMPR licenses sooner than the Company, may also be able to devote greater resources to develop and market competing products and establish broad customer bases sooner than the Company.

Conflicts of interest

The Company's directors and officers may currently be involved, or become involved, in other business ventures that could compete with its products and services. Business opportunities for the Company may create circumstances in which outside interests of directors and officers conflict with the interests of the Company. Directors and officers are required to act in good faith and in a manner that benefits the Company.

It is possible, however, that directors and officers may owe similar consideration to another organization(s). If these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company, the Company will take the necessary steps to protect its interests.

Dependence on key personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Financial liquidity

The Company has not yet generated meaningful revenue and will likely operate at a loss until its first product gets to market. It may require additional financing in order to execute its business plan. Its ability to secure required financing will depend in part upon on investor perception of the ability to create a successful business. Capital market conditions and other factors beyond the Company's control may also play important roles in its ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts felt required, or unavailable on acceptable terms, the Company may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Costs of maintaining a public listing

As a result of obtaining a public listing, the Company will incur greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive to the existing shareholders.

Financial market turmoil

Global financial market and economic conditions can pose a significant threat to economic growth in almost all sectors and economies, causing a decline in consumer and business confidence, a reduction in credit availability and a dampening in business and household spending.

Dividends

No dividends on the common shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Company's Board of Directors after considering account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

Share price volatility and speculative nature of share ownership

The Company is listed for trading on the CSE, resulting in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Company may significantly influence the price at which shares trade, and the volatility of the share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of our shares.

Sentiment toward cannabis stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of the Company's shares. The Company is a relatively young company that is not generating revenue and does not possess significant cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed or maintained for the Company's shares.

Risks relating to the Company's common stock

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations. A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations.

Limited operating history

The Company has not generated significant profits or revenues in the periods covered by its most recent financial statements, and as a result, has only a very limited operating history upon which its business and future prospects may be evaluated. The Company is therefore subject to many of the risks common to early-stage enterprises, 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. There is no assurance that The Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Lack of operational liquidity

The expenses of the Company will be funded from cash on hand from the remaining proceeds of the previous offerings. Once such cash has been expended, the Company will be required to seek additional financing. There is no guarantee that any debt or additional equity or equity related offering of securities will be available on terms acceptable to the Company or available at all or that it will be able to locate or sell mineral resources in a timely or profitable manner.