

Tree of Knowledge International Corp.

Unaudited Interim Condensed Consolidated Financial Statements

For the three and six month ended June 30, 2019 and 2018

(Expressed in US Dollars)

Tree of Knowledge International Corp.

Unaudited Interim Condensed Consolidated Financial Statements

For the three and six month ended June 30, 2019 and 2018

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Tree of Knowledge International Corp.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Tree of Knowledge International Corp., (the "Company" or "TOK") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Michael Caridi
Chief Executive Officer

Spence Walker
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim consolidated statements for the three and six month ended June 30, 2019 and 2018 and have not been reviewed by the Company's auditors.

Tree of Knowledge International Corp.
Condensed Consolidated Interim Statements of Financial Position
As at
(Expressed in US Dollars)

| | | June 30, 2019 | December 31, 2018 |
|--|----|---|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | \$ 522,722 | \$ 1,466,905 |
| Accounts receivable | 4 | 778,152 | 613,256 |
| Inventory | 5 | 51,450 | 122,151 |
| Prepaid and other assets | | 373,006 | 119,593 |
| Total Current Assets | | 1,725,330 | 2,321,905 |
| Non-Current Assets | | | |
| Equity investments | 6 | 1,125,799 | 1,079,907 |
| Equipment | 7 | 970,408 | 759,750 |
| Intangible assets | 10 | 11,196,379 | 11,115,313 |
| Right-of-use assets | 9 | 1,627,102 | - |
| Goodwill | | 5,409,627 | 5,409,627 |
| Total Assets | | \$ 22,054,645 | \$ 20,686,502 |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 1,684,919 | \$ 1,964,163 |
| Notes payable to shareholders | | 642,034 | 566,784 |
| Lease liability - current portion | 8 | 263,233 | - |
| Total Current Liabilities | | 2,590,186 | 2,530,947 |
| Non-Current Liabilities | | | |
| Lease liability | 8 | 1,409,313 | - |
| Total Liabilities | | 3,999,499 | 2,530,947 |
| Shareholder's Equity | | | |
| Share capital | 11 | 41,129,274 | 40,735,390 |
| Equity reserves | 12 | 4,234,611 | 2,644,704 |
| Shares to be cancelled | 11 | - | (1,000,000) |
| Accumulated other comprehensive income | | 311,028 | 289,030 |
| Accumulated deficit | | (27,619,767) | (24,513,569) |
| Total Equity | | 18,055,146 | 18,155,555 |
| Total Liabilities and Shareholder's Equity | | \$ 22,054,645 | \$ 20,686,502 |
| Approved on Behalf of the Board | | | |
| (Signed) - "Michael Caridi", Chief Executive Officer | | (Signed) - "Spence Walker", Chief Financial Officer | |

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

Tree of Knowledge International Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars)

| | Three months ended June 30, 2019 | Three months ended June 30, 2018 | Six months ended June 30, 2019 | Six months ended June 30, 2018 |
|---|---|---|--------------------------------------|--------------------------------------|
| Revenue | \$ 706,838 | \$ 336,894 | \$ 1,446,080 | \$ 482,930 |
| Cost of sales | 192,513 | 276,581 | 510,746 | 404,959 |
| Gross Margin | 514,325 | 60,313 | 935,334 | 77,971 |
| Expenses | | | | |
| Salaries, benefits, and consulting | \$ 330,282 | \$ 2,202,040 | \$ 627,203 | \$ 2,556,588 |
| Office and general | 288,079 | 80,674 | 674,582 | 129,211 |
| Share based payments | 276,727 | 2,064,253 | 1,322,246 | 2,064,253 |
| Research and Development | - | 27,000 | - | 67,000 |
| Depreciation and amortization | 320,592 | 44,450 | 617,651 | 77,460 |
| Professional fees | 311,487 | 149,237 | 534,507 | 167,127 |
| Travel and promotion | 57,754 | 82,954 | 188,220 | 113,111 |
| Interest expenses | 51,767 | 2,482 | 93,134 | 5,858 |
| Total Expenses | 1,636,688 | 4,653,090 | 4,057,543 | 5,180,608 |
| Loss before the following items | (1,122,363) | (4,592,777) | (3,122,209) | (5,102,637) |
| Listing costs | - | (1,561,271) | - | (1,561,271) |
| Finder fees | - | (1,576,778) | - | (1,576,778) |
| Loss on settlement of debt | - | (267,489) | - | (267,489) |
| Interest income | 6,372 | 1,435 | 18,352 | 2,080 |
| Foreign exchange gain (loss) | (799) | 4,696 | (2,341) | 4,406 |
| Net loss | \$ (1,116,790) | \$ (7,992,184) | \$ (3,106,198) | \$ (8,501,689) |
| Other comprehensive income | | | | |
| Foreign currency translation adjustment | 519,552 | (1,976) | 21,998 | (1,984) |
| Comprehensive loss | (597,238) | (7,994,160) | (3,084,200) | (8,503,673) |
| Loss per weighted average number of shares outstanding - basic and diluted | \$ (0.005) | \$ (0.132) | \$ (0.015) | \$ (0.151) |
| Weighted average number of shares outstanding - basic and diluted | 212,886,024 | 60,739,088 | 209,377,505 | 56,254,252 |

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

Tree of Knowledge International Corp.

Condensed Consolidated Interim Statements of Change in Equity

For the six month ended June 30, 2019 and the year ended December 31, 2018

(Expressed in US Dollars)

| | Common Shares (Note 11) | Share Capital (Note 11) | Equity reserves | Shares to be Issued (Cancelled) | Accumulated Other Comprehensive Income | Accumulated Deficit | Total |
|--|-------------------------------|-------------------------------|--------------------|---------------------------------------|---|------------------------|---------------|
| Balance - January 1, 2019 | 201,896,623 | \$ 40,735,390 | \$ 2,644,704 | \$ (1,000,000) | \$ 289,030 | \$ (24,513,569) | \$ 18,155,555 |
| Shares and warrants issued for cash | 7,566,876 | 625,497 | 495,179 | - | - | - | 1,120,676 |
| Shares and warrants issued for services | 2,391,607 | 219,236 | 175,984 | - | - | - | 395,220 |
| Shares issued for intangible asset | 4,036,362 | 502,035 | - | - | - | - | 502,035 |
| Shares issued for exercise of warrants | 226,904 | 27,601 | (2,034) | - | - | - | 25,567 |
| Shares issued for exercise of options | 100,000 | 19,515 | (10,949) | - | - | - | 8,566 |
| Cancellation of shares | (1,720,000) | (1,000,000) | - | 1,000,000 | - | - | - |
| Share based payment for options and performance warrants | - | - | 931,727 | - | - | - | 931,727 |
| Foreign currency translation adjustment | - | - | - | - | 21,998 | - | 21,998 |
| Net loss for the period | - | - | - | - | - | (3,106,198) | (3,106,198) |
| Balance - June 30, 2019 | 214,498,372 | \$ 41,129,274 | \$ 4,234,611 | \$ - | \$ 311,028 | \$ (27,619,767) | \$ 18,055,146 |

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

Tree of Knowledge International Corp.

Condensed Consolidated Interim Statements of Change in Equity (Continued)

For the six month ended June 30, 2019 and the year ended December 31, 2018

(Expressed in US Dollars)

| | Common Shares | Share Capital | Equity reserves | Shares to be Issued (Cancelled) | Accumulated Other Comprehensive Income | Accumulated Deficit | Total |
|--|------------------|------------------|--------------------|---------------------------------------|---|------------------------|---------------|
| Balance - January 1, 2018 | 48,769,863 | \$ 6,031,061 | \$ - | \$ 2,476,503 | \$ - | \$ (8,810,094) | \$ (302,530) |
| Shares issued for conversion of convertible debentures - from shares to be issued | 6,156,468 | 2,476,503 | - | (2,476,503) | - | - | - |
| Shares issued for cash | 1,212,950 | 638,502 | - | - | - | - | 638,502 |
| Shares issued for services | 11,033,346 | 6,342,840 | - | - | - | - | 6,342,840 |
| Shares issued for intangible asset | 283,800 | 165,000 | - | - | - | - | 165,000 |
| Shares issued for equity investments | 5,159,999 | 3,000,000 | - | - | - | - | 3,000,000 |
| Shares issued for conversion of convertible debentures | 3,699,416 | 80,041 | - | - | - | - | 80,041 |
| Shares issued for lawsuit settlement | 8,731 | 9,598 | - | - | - | - | 9,598 |
| Shares issued for exercise of warrants | 266,904 | 31,676 | - | - | - | - | 31,676 |
| Shares issued on settlement of shareholder loans | 832,635 | 484,090 | - | - | - | - | 484,090 |
| Shares and warrants issued for cash | 12,484,393 | 2,010,839 | - | - | - | - | 2,010,839 |
| Cancellation of shares | (2,459,600) | - | - | - | - | - | - |
| Shares notionally issued for reverse acquisition | 2,386,407 | 1,750,990 | - | - | - | - | 1,750,990 |
| Shares, stock options and warrants issued for business combination | 96,695,271 | 15,236,654 | 2,135,886 | - | - | - | 17,372,540 |
| Shares issued for acquisition cost for business combination | 15,366,040 | 2,477,596 | - | - | - | - | 2,477,596 |
| Share based payments for stock options | - | - | 508,818 | - | - | - | 508,818 |
| Shares for equity investments to be returned | - | - | - | (1,000,000) | - | - | (1,000,000) |
| Foreign currency translation adjustment | - | - | - | - | 289,030 | - | 289,030 |
| Net loss for the period | - | - | - | - | - | (15,703,475) | (15,703,475) |
| Balance - December 31, 2018 | 201,896,623 | \$ 40,735,390 | \$ 2,644,704 | \$ (1,000,000) | \$ 289,030 | \$ (24,513,569) | \$ 18,155,555 |

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

Tree of Knowledge International Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the six month ended June 30, 2019 and 2018
(Expressed in US Dollars)

| | Six month ended June 30, 2019 | Six month ended June 30, 2018 |
|---|-------------------------------------|-------------------------------------|
| OPERATING ACTIVITIES | | |
| Net loss | \$ (3,106,198) | \$ (8,501,689) |
| Items not requiring an outlay of cash: | | |
| Depreciation and amortization | 617,651 | 77,460 |
| Interest expenses | 87,272 | - |
| Consulting fees paid by issuance of shares | - | 2,142,695 |
| Share based payments | 1,322,246 | 2,064,253 |
| Listing costs | - | 1,561,271 |
| Finder fees | - | 1,576,778 |
| Loss on settlement of debt | - | 267,489 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (164,896) | (212,861) |
| Inventory | 70,701 | 120,813 |
| Prepaid expenses and other assets | (253,413) | (9,552) |
| Accounts payable and accrued liabilities | (279,244) | 299,248 |
| Advances from shareholders/directors | 75,250 | 13,073 |
| Cash Flow Used in Operating Activities | (1,630,631) | (601,022) |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (296,583) | (13,442) |
| Purchase of intangible assets | - | (150,000) |
| Cash Flow Used in Investing Activities | (296,583) | (163,442) |
| FINANCING ACTIVITIES | | |
| Proceeds from issuances of shares and warrants | 1,120,676 | 360,000 |
| Proceeds from exercise of warrants | 25,567 | - |
| Proceeds from exercise of options | 8,566 | - |
| Repayment of lease liability | (123,062) | - |
| Repayment of shareholder loan | - | 150,000 |
| Repayment of commercial loan | - | (15,807) |
| Cash Flow Provided by Financing Activities | 1,031,747 | 494,193 |
| Net Decrease in Cash | (895,467) | (270,271) |
| Effect of Foreign Currency Translation | (48,716) | 362,924 |
| Cash at the Beginning of the Period | 1,466,905 | 21,947 |
| Cash at the End of the Period | \$ 522,722 | \$ 114,600 |

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

Tree of Knowledge International Corp.
Notes to the Unaudited Interim Condensed Consolidated Financial Statement
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars unless otherwise stated)

1. Nature of Operations and Going Concern

Tree of Knowledge International Corp. ("Tree of Knowledge", "TOK", or the "Company") is incorporated under the Business Corporations Act in the Province of British Columbia. The Company produces and distributes hemp-based cannabidiol ("CBD") products, which includes premium industrial hemp-derived CBD oil, tinctures, capsules and vape pens. The Company also operates business in the field of medicine focused on chronic pain management serving the Greater Toronto Area.

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company has a net loss for the six month ended June 30, 2019 of \$3,106,198 (2017 - \$8,501,689) and negative cash flows from operating activities of \$1,630,631 (2017 - \$601,022 negative cash flow). In addition, as at June 30, 2019, the Company has an accumulated deficit of \$27,619,767 (December 31, 2018 - \$24,513,569), and working capital deficiency of \$864,856 (December 31, 2018 - \$209,042 working capital deficiency). These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations and/or restructure the existing debt and payables. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

2. Basis of Preparation

Statement of Compliance

These unaudited interim condensed consolidated financial statements for the three and six month ended June 30, 2019 and 2018 ("financial statements"), including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized by the Board of Directors on August 29, 2019.

Tree of Knowledge International Corp.
Notes to the Unaudited Interim Condensed Consolidated Financial Statement
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars unless otherwise stated)

2. Basis of Preparation (Continued)

Basis of Presentation

These financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2018 annual financial statements.

These financial statements have been prepared on a historical cost basis. The financial statements are presented in US dollars unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

3. Significant Accounting Policies

These financial statements are comprised of the accounts of the Company and its subsidiaries. These financial statements have been prepared using accounting policies consistent with those used in the annual consolidated financial statements, except as described below.

IFRS 16 – Leases

The Company adopted IFRS 16 – Leases (“IFRS 16”) On January 1, 2019. The Company has applied IFRS 16 using the modified retrospective approach, under which the Company will not restate its comparative figures but will recognize the cumulative effect of adopting IFRS 16 as an adjustment to opening retained earnings. Additionally, the Company has elected not to recognize right-of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The following are the significant accounting policies which have been amended as a result of IFRS 16, and applied at January 1, 2019:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Tree of Knowledge International Corp.
Notes to the Unaudited Interim Condensed Consolidated Financial Statement
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars unless otherwise stated)

3. Significant Accounting Policies (Continued)

Lease obligations

The Company recognized lease obligation and right-of-use asset for its premises lease at the date of adoption of IFRS 16. The lease obligation is measured at the present value of the remaining lease payments as of January 1, 2019, discounted using the interest rate implicit in the lease terms. If that rate cannot be readily determined, the Company will use its incremental borrowing rate. On January 1, 2019, The Company recognized the lease obligation of \$1,706,979 for its premises lease by discounting the remaining lease payments of \$3,798,998 at the implicit interest rate of 12%.

The Lease term determined by the Company comprises:

- i) The non-cancelable period of lease contracts, including a rent-free period if applicable;
- ii) Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option;
- iii) Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

For leases entered into after January 1, 2019, the commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the Company. Lease payments included in the measurement of the lease obligation are comprised of the following:

- i) Fixed lease payments, including in-substance fixed payments;
- ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- iii) Amounts expected to be payable under a residual value guarantee;
- iv) The exercise price of purchase options that the Company is reasonably certain to exercise;
- v) Lease payments in an option renewal period if the Company is reasonably certain to exercise the extension option;
- vi) Penalties for early termination of the lease unless the Company is reasonably certain not to terminate early; and
- vii) Less any lease incentives receivable;

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. The Company accounts for any leases and associated non-lease components separately, as opposed to a single arrangement, which is permitted under IFRS 16. The Company records non-lease components such as an expense in the period in which they are incurred.

Tree of Knowledge International Corp.
Notes to the Unaudited Interim Condensed Consolidated Financial Statement
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars unless otherwise stated)

3. Significant Accounting Policies (Continued)

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is re-measured whenever a lease contract is modified, and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

Right-of-use assets

At January 1, 2019, the right-of-use asset have been initially calculated at an amount equal to the initial value of the lease obligation. There is no impact on retained earnings. For leases entered into, on or after January 1, 2019, the right-of-use asset will be initially calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

- i) Any lease payments made at or before the commencement date, less any lease incentives received;
- ii) Any initial direct costs incurred by the Company;
- iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the Company has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

The right-of-use assets will be depreciated using the straight-line from the date of adoption to the earlier of the end of the useful life of the asset or the end of the lease term as determined under IFRS 16. For leases entered into after January 1, 2019, the right-of-use assets will be depreciated from the date of commencement to the earlier of the end of the useful life of the asset or the end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent liabilities and Contingent assets.

Tree of Knowledge International Corp.

Notes to the Unaudited Interim Condensed Consolidated Financial Statement
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars unless otherwise stated)

4. Accounts Receivable

The Company's trade and other receivables are as follows:

| | | June 30, 2019 | December 31, 2018 |
|-------------------------|----|------------------|----------------------|
| Trade receivable | \$ | 402,914 | \$ 192,849 |
| Loan receivable - Lupos | | 343,152 | 311,483 |
| Other receivables | | 32,086 | 108,924 |
| Accounts Receivable | \$ | 778,152 | \$ 613,256 |

5. Inventory

The following is a breakdown of items in inventory:

| | | June 30, 2019 | December 31, 2018 |
|------------------------|----|------------------|----------------------|
| Raw materials | \$ | 20,036 | \$ 12,975 |
| Finished goods | | 31,414 | 109,176 |
| Total Inventory | \$ | 51,450 | \$ 122,151 |

6. Equity Investment

The following is a breakdown of equity investments as of June 30, 2019:

| | Sweet Natural Trading | Cannenta | Total |
|----------------------------|--------------------------|--------------|--------------|
| Balance, January 1, 2019 | \$ 102,606 | \$ 977,301 | \$ 1,079,907 |
| Impact on foreign exchange | 4,370 | 41,522 | 45,892 |
| Balance, June 30, 2019 | \$ 106,976 | \$ 1,018,823 | \$ 1,125,799 |

Tree of Knowledge International Corp.
Notes to the Unaudited Interim Condensed Consolidated Financial Statement
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars unless otherwise stated)

7. Equipment

The components of equipment are as follows as of June 30, 2019:

| Cost | Leasehold Improvements | Equipment | Total |
|-------------------------------|-----------------------------------|-------------------|---------------------|
| Balance, January 1, 2019 | \$ 438,466 | \$ 569,495 | \$ 1,007,961 |
| Additions | 332,699 | 10,916 | 343,615 |
| Disposals | (47,032) | - | (47,032) |
| Impact on foreign exchange | 10,595 | 3,919 | 14,514 |
| Balance, June 30, 2019 | \$ 734,728 | \$ 584,330 | \$ 1,319,058 |

| Accumulated Amortization | Leasehold Improvements | Equipment | Total |
|---------------------------------|-----------------------------------|-------------------|-------------------|
| Balance, January 1, 2019 | \$ 69,093 | \$ 179,118 | \$ 248,211 |
| Amortization | 39,811 | 60,015 | 99,826 |
| Impact on foreign exchange | (396) | (217) | (613) |
| Balance, June 30, 2019 | \$ 109,300 | \$ 239,350 | \$ 348,650 |

| Net Book Value | Leasehold Improvements | Equipment | Total |
|-------------------------------|-----------------------------------|-------------------|-------------------|
| Balance, January 1, 2019 | \$ 369,373 | \$ 390,377 | \$ 759,750 |
| Balance, June 30, 2019 | \$ 625,428 | \$ 344,980 | \$ 970,408 |

8. Lease Liability

The following table presents the lease obligation for the Company:

| | |
|---------------------------------------|---------------------|
| Balance, January 1, 2019 | \$ - |
| Adoption of IFRS 16 | 1,706,979 |
| Interest expenses on lease obligation | 87,272 |
| Rent payments | (123,062) |
| Impact on foreign exchange | 1,357 |
| Balance, June 30, 2019 | \$ 1,672,546 |
| Current portion | 263,233 |
| Non-current portion | 1,409,313 |
| Balance, June 30, 2019 | \$ 1,672,546 |

When measuring the lease obligation, the Company discounted the remaining lease payments using the implicit interest rate in the lease which is 12% per annum.

Tree of Knowledge International Corp.
Notes to the Unaudited Interim Condensed Consolidated Financial Statement
For the three and six month ended June 30, 2019 and 2018
(Expressed in US Dollars unless otherwise stated)

9. Right-of-use Assets

The Company recognized the right-of-use asset for its premise lease as following:

| | |
|---------------------------------|---------------------|
| Balance, January 1, 2019 | \$ - |
| Adoption of IFRS 16 | 1,706,979 |
| Depreciation | (82,596) |
| Impact on foreign exchange | 2,719 |
| Balance, June 30, 2019 | \$ 1,627,102 |

10. Intangible Assets

The components of internally generated intangible assets are as follows as of June 30, 2019:

| Cost | Intellectual Property - Licenses | Patent | Acquired with Asterion | | | Total |
|---------------------------------|---|----------------|-------------------------------|-------------------------------------|--------------------|-------------------|
| | | | Patient Relationships | Strategic Alliance Agreement | Brand Names | |
| Balance, January 1, 2019 | 315,000 | - | 2,941,136 | 3,402,131 | 4,509,546 | 11,167,813 |
| Additions | - | 502,035 | - | - | - | 502,035 |
| Impact on foreign exchange | - | 6,867 | - | - | - | 6,867 |
| Balance, June 30, 2019 | 315,000 | 508,902 | 2,941,136 | 3,402,131 | 4,509,546 | 11,676,715 |
| Accumulated Amortization | | | | | | |
| Balance, January 1, 2019 | 52,500 | - | - | - | - | 52,500 |
| Amortization | 31,500 | 41,617 | 188,072 | 174,040 | - | 435,229 |
| Impact on foreign exchange | - | 791 | (4,251) | (3,933) | - | (7,393) |
| Balance, June 30, 2019 | 84,000 | 42,408 | 183,821 | 170,107 | - | 480,336 |
| Net Book Value | | | | | | |
| Balance, January 1, 2019 | 262,500 | - | 2,941,136 | 3,402,131 | 4,509,546 | 11,115,313 |
| Balance, June 30, 2019 | 231,000 | 466,494 | 2,757,315 | 3,232,024 | 4,509,546 | 11,196,379 |

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11. Share Capital

The Company has authorized an unlimited number of common shares and has 214,498,372 common shares issued and outstanding as at June 30, 2019 (201,896,623 as at December 31, 2018).

On January 29, 2019, the Company issued 666,000 common shares at a price of CDN\$0.165 per common share for the purchase of a patent.

On February 15, 2019, the Company issued:

- 2,090,908 units at a price of CAD \$0.22 per unit for a gross proceed of CAD \$460,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.25 for a period of 48 months from the date of issuance.
- 1,447,552 units at a price of CAD \$0.22 per unit as a compensation for consulting services to be provided to the Company. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.25 for a period of 48 months from the date of issuance.
- 21,381 common shares at a price of CAD \$0.15 for the exercise of 21,381 warrants for a gross proceed of CAD \$3,207.

On February 19, 2019, the Company cancelled 1,720,000 comon shares that had been issued in the year ended December 31, 2018 and in connection with an agreement that was not consummated.

On March 20, 2019, the Company issued:

- 454,545 units at a price of CAD \$0.22 per unit for a gross proceed of CAD \$100,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.39 for a period of 48 months from the date of issuance.
- 314,685 units at a price of CAD \$0.22 per unit as a compensation for consulting services to be provided to the Company. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.39 for a period of 48 months from the date of issuance.
- 205,523 common shares at a price of CAD \$0.15 for the exercise of 205,523 warrants for a gross proceed of CAD \$30,828.

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11. Share Capital (Continued)

On March 25, 2019, the Company issued:

- 909,090 units at a price of CAD \$0.22 per unit for a gross proceed of CAD \$200,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.39 for a period of 48 months from the date of issuance.
- 629,370 units at a price of CAD \$0.22 per unit as a compensation for consulting services to be provided to the Company. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.39 for a period of 48 months from the date of issuance.

On April 17, 2019, the Company issued 100,000 common shares at a price of CAD \$0.1142 for the exercise of 100,000 stock options for a gross proceed of CAD \$11,420.

On May 3, 2019, the Company issued 2,249,000 units at a price of CAD \$0.18 per unit for a gross proceed of CAD \$403,850. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.25 for a period of 48 months from the date of issuance.

On May 8, 2019, the Company issued 1,863,333 units at a price of CAD \$0.18 per unit for a gross proceed of CAD \$335,400. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof acquire a common share at a price of CAD \$0.25 for a period of 48 months from the date of issuance.

12. Equity Reserves

The Company's equity reserves is comprised of the following:

| | Warrants | Stock Options | Performance Warrants | Other Reserve | Total |
|--|---------------------|----------------------|-----------------------------|----------------------|---------------------|
| Balance, January 1, 2019 \$ | 1,449,923 \$ | 1,194,781 \$ | - | \$ - | \$ 2,644,704 |
| Warrants issued for services | 495,179 | - | - | - | 495,179 |
| Warrants issued for services | 175,984 | - | - | - | 175,984 |
| Exercise of warrants | (2,034) | - | - | - | (2,034) |
| Exercise of stock options | - | (10,949) | - | - | (10,949) |
| Stock ptions vesting | - | 356,612 | - | - | 356,612 |
| Performance warrants vesting during the period | - | - | 575,115 | - | 575,115 |
| Expiration of stock options | - | (543,040) | - | 543,040 | - |
| Balance, June 30, 2019 \$ | 2,119,052 \$ | 997,404 \$ | 575,115 \$ | 543,040 \$ | 4,234,611 |

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12. Equity Reserves (Continued)

Warrants

The continuity of outstanding warrants for the period ended June 30, 2019 is as follows:

| | Number of warrants | Weighted average exercise price per share (CAD) |
|---------------------------------|-------------------------------|--|
| Balance, January 1, 2019 | 27,558,409 | \$ 0.26 |
| Granted (i), (iv) & (v) | 7,650,793 | 0.25 |
| Granted (ii) & (iii) | 2,307,690 | 0.39 |
| Exercised | (226,904) | 0.11 |
| Balance, June 30, 2019 | 37,289,988 | \$ 0.26 |

- (i). On February 15, 2019 the Company issued 2,090,908 units at a price of CAD \$0.10 per unit for gross proceeds of CAD \$460,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of CAD \$0.25 for a period of 48 months from the date of issuance. Additionally, the recipients of the units above received an additional 1,447,552 warrants for as compensation for consulting services.
- (ii). On March 20, 2019 the Company issued 454,545 units at a price of CAD \$0.22 per unit for gross proceeds of CAD \$100,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of CAD \$0.39 for a period of 48 months from the date of issuance. Additionally, the recipients of the units above received an additional 314,685 warrants for as compensation for consulting services.
- (iii). On March 25, 2019 the Company issued 909,090 units at a price of CAD \$0.22 per unit for gross proceeds of CAD \$200,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of CAD \$0.39 for a period of 48 months from the date of issuance. Additionally, the recipients of the units above received an additional 629,370 warrants for as compensation for consulting services.
- (iv). On May 3, 2019 the Company issued 2,249,000 units at a price of CAD \$0.18 per unit for gross proceeds of CAD \$403,850. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of CAD \$0.25 for a period of 48 months from the date of issuance.

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12. Equity Reserves (Continued)

Warrants (Continued)

- (v). On May 8, 2019 the Company issued 1,863,333 units at a price of CAD \$0.18 per unit for gross proceeds of CAD \$335,400. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of CAD \$0.25 for a period of 48 months from the date of issuance.

During the period ended June 30, 2019, warrant holders exercised 226,904 warrants at CAD \$0.01193 for total gross proceeds of CAD \$34,035.60.

Warrants to purchase common shares carry exercise prices and terms to maturity as follows:

| Number of Warrants Outstanding | Exercise Price (CAD \$) | Expiry Date | Remaining Life (Years) |
|---|------------------------------------|--------------------|-----------------------------------|
| 1,355,902 | 0.15 | June 29, 2020 | 1.00 |
| 593,750 | 0.15 | February 28, 2020 | 0.67 |
| 2,627,280 | 0.11 | July 10, 2022 | 3.03 |
| 8,757,600 | 0.11 | December 6, 2019 | 0.44 |
| 656,820 | 0.16 | July 10, 2022 | 3.03 |
| 875,760 | 0.11 | July 10, 2022 | 3.03 |
| 12,464,393 | 0.39 | December 19, 2022 | 3.47 |
| 3,538,460 | 0.25 | February 15, 2023 | 3.63 |
| 769,230 | 0.39 | March 20, 2023 | 3.72 |
| 1,538,460 | 0.39 | March 25, 2023 | 3.74 |
| 2,249,000 | 0.25 | May 3, 2023 | 3.84 |
| 1,863,333 | 0.25 | May 8, 2023 | 3.86 |
| 37,289,988 | | | 2.65 |

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12. Equity Reserves (Continued)

Stock Options

The Company has a stock option plan (the “Plan”) under which the Company may grant options to directors, officers, employees and consultants. The maximum number of common shares reserved for issue under the Plan at any point in time may not exceed 10% of the number of shares issued and outstanding. The purpose of the Plan is to attract, retain and motivate directors, officers, employees, and certain third-party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. Options granted under the Plan are non-assignable and vest over various terms up to 3 years from the date of grant.

The continuity of outstanding stock options for the period ended June 30, 2019 is as follows:

| | Number of stock options | Weighted average exercise price per share (CAD) |
|---------------------------------|--------------------------------|--|
| Balance, January 1, 2019 | 15,535,810 | \$ 0.42 |
| Granted (ii) | 850,000 | 0.18 |
| Granted (iii) | 2,000,000 | 0.24 |
| Granted (iv) | 3,100,000 | 0.19 |
| Granted (vi) | 4,266,667 | 0.18 |
| Cancelled (i) | (6,500,000) | 0.70 |
| Cancelled (vii) & (viii) | (3,628,034) | Various |
| Exercised (v) | (100,000) | 0.11 |
| Balance, June 30, 2019 | 15,524,443 | \$ 0.17 |

- (i). On January 1, 2019, the company cancelled 6,500,000 options as part of the restructuring in association with the acquisition of Asterion bio Med Inc.
- (ii). On February 2, 2019 the Company granted 850,000 stock options to employees of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of CAD \$0.180. The options vest in one-third on the grant date, one-third on the first anniversaries of the date thereof, and one-third on the second anniversaries of the date thereof. The options expire in five years from the date of grant.
- (iii). On March 20, 2019 the Company granted 2,000,000 stock options to directors and an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of CAD \$0.245. The options vest in one-third on the grant date, one-third on the first anniversaries of the date thereof, and one-third on the second anniversaries of the date thereof. The options expire in five years from the date of grant.

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12. Equity Reserves (Continued)

Stock Options (Continued)

- (iv). On April 1, 2019 the Company granted 3,100,000 stock options to a director and an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of CAD \$0.190. The options vest in one-third on the grant date, one-third on the first anniversaries of the date thereof, and one-third on the second anniversaries of the date thereof. The options expire in five years from the date of grant.
- (v). On April 17, 2019 an employee of the Company exercised 100,000 stock options for total proceeds of CAD \$11,420.
- (vi). On June 12, 2019 the Company granted 4,266,667 stock options to directors and an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of CAD \$0.180. The options expire in five years from the date of grant.
- (vii). On June 28, 2019, 3,228,034 options were cancelled in relation to the termination of an employee and the resignation of a director. Of this amount, 1,296,466 options represent the vested portion of the options.
- (viii). On June 29, 2019, 400,000 options of former directors were cancelled.

Options to purchase common shares carry exercise prices and terms to maturity as follows:

| Number of Options Outstanding | Number of Options Exercisable | Exercise Price (CAD \$) | Expiry Date | Remaining Life (Years) |
|--|--|--|--------------------|---------------------------------------|
| 500,000 | 333,333 | 0.70 | June 29, 2023 | 4.00 |
| 1,423,110 | 948,740 | 0.1142 | September 29, 2020 | 1.25 |
| 2,736,750 | 1,824,500 | 0.1142 | December 13, 2020 | 1.46 |
| 1,970,460 | 1,313,640 | 0.1142 | December 13, 2022 | 3.46 |
| 175,152 | 116,768 | 0.1553 | February 15, 2021 | 1.63 |
| 735,638 | 616,000 | 0.1142 | February 16, 2021 | 1.64 |
| 116,666 | 116,666 | 0.18 | July 29, 2019 | 0.08 |
| 500,000 | 166,667 | 0.245 | March 20, 2024 | 4.73 |
| 3,000,000 | 1,000,000 | 0.19 | April 1, 2024 | 4.76 |
| 100,000 | 33,333 | 0.20 | April 1, 2024 | 4.76 |
| 4,266,667 | 1,208,333 | 0.18 | June 12, 2024 | 4.96 |
| 15,524,443 | 7,677,980 | | | 3.50 |

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12. Equity Reserves (Continued)

Performance Warrants

The continuity of outstanding performance warrants for the period ended June 30, 2019 is as follows:

| | Number of performance warrants | Weighted average exercise price per share (CAD) |
|---------------------------------|---|--|
| Balance, January 1, 2019 | 3,100,000 | \$ 0.42 |
| Cancellled and reissued after | (3,100,000) | 0.42 |
| Granted | 9,600,000 | 0.18 |
| Cancelled | (2,666,667) | 0.18 |
| Balance, June 30, 2019 | 6,933,333 | \$ 0.18 |

On February 2, 2019, the Company issued 9,600,000 performance warrants to directors and officers of the Company. Each performance warrant is exercisable into common shares of the Company at an exercise price of CAD \$0.18. The performance warrants vest in one-third on the grant date, one-third on the first anniversaries of the date thereof, and one-third on the second anniversaries of the date thereof. The options expire in five years from the date of grant. Of the 9,600,000 performance warrants, 3,100,000 performance warrants were reissued for the performance warrants cancelled therebefore.

On June 3, 2019 the Company cancelled 2,666,667 performance warrants representing the unvested portion of performance warrants for directors whom have terminated their contracts. Each performance warrant was exercisable into common shares of the Company at an exercise of CAD \$0.18. The vested portion of performance warrants will expire 3 months after the termination.

Performance warrants to purchase common share carry exercise prices and terms to maturity as follows:

| Number of Performance Warrants Outstanding | Number of Performance Warrants Exercisable | Exercise Price (CAD \$) | Expiry Date | Remaining Life (Years) |
|---|---|--|--------------------|---------------------------------------|
| 5,600,000 | 1,866,667 | 0.18 | February 2, 2024 | 4.60 |
| 333,333 | 333,333 | 0.18 | September 1, 2019 | 0.17 |
| 1,000,000 | 1,000,000 | 0.18 | August 21, 2019 | 0.14 |
| 6,933,333 | 3,200,000 | | | 3.74 |

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13.Related Party Transactions and Key Management

Key management personnel includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

For the six month period ended June 30, 2019, \$75,000 (2018 - \$75,000) was incurred for salary to Mr. Michael Acrid, Chairman and interim Chief Executive Officer.

During the period ended June 30, 2019, the Company recognized \$211,953 in legal expenses as professional fees provided by Tingle Merits LLP of which Mr. Scott Reeves is a partner. Mr. Reeves is a director of the Company. As at June 30, 2019, \$204,843 due to Tingle Merritt LLP is included in accounts payable and accrued liabilities.

14.Subsequent Events

Issuance of Common Shares

On July 10, 2019, the Company issued 735,000 common shares at a price of CAD \$0.15 per common share as a compensation for consulting services to be provided to the Company.

On July 19, 2019, the Company issued 80,000 common shares at a price of CAD \$0.15 per common share for the services received.

Issuance of Stock Options

On July 11, 2019, the Company issued 1,000,000 stock options as compensation for consulting services to be provided to the Company. Each option entitles the holder thereof to acquire a common share at a price of CAD \$0.18. The options expire in five years from the date of grant.