FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed **Issuer:** **International Cannabrands Inc.** (the "Issuer").

Trading Symbol: **INCB**

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

General Instructions

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

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

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

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

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows: ***(Attached)***

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

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

SCHEDULE B: SUPPLEMENTARY INFORMATION

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

1. **Related party transactions**

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

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

Please refer to Schedule A – Financial Statements – Note 16 "Related Party Transactions and Certain Relationships".

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 ***(from July 1, 2019, to September 30, 2019),***

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price (Cdn$)	Total Proceeds (Cdn$)	Type of Consider-ation (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commiss-ion Paid
July 3, 2019	Units (1 common share 1 warrant)	Private Placement	3,500,000	$0.06	n/a	Contract terms	n/a	n/a
July 26, 2019	Common Shares	Private Placement	5,252,000	$0.05	$262,600	Cash	n/a	n/a
August 7, 2019	Units (1 common share 1 warrant)	Private Placement	2,000,000	$0.05	$100,000	Cash	n/a	n/a
Sept. 3, 2019	Common Shares	Private Placement	3,324,000	$0.05	n/a	License Fees	n/a	n/a
Sept. 3, 2019	Common Shares	Private Placement	750,000	$0.05	n/a	Services	n/a	n/a
Sept. 5, 2019	Units	Private Placement	3,978,900	$0.05	$198,945	Cash	n/a	n/a
Sept 27 2019	Common Shares	Private Placement	375,000	$0.075	n/a	Services	CFO	n/a

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
August 1 2019	250,000		Investor Relations Consultant	$0.10	August 1, 2024	$0.10
August 7, 2019	400,000		Employee	$0.10	August 7 2024	$0.10

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

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

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

The authorized share capital of the Company consists of unlimited common shares without par value and 1,837,000 preferred shares, with such rights privileges, restrictions and conditions as may be fixed by the board of directors of the Company.

Common Shares: The holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

Preferred Shares: The holders of the Preferred Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Common Shares and each Preferred shareholder shall have the right to one vote for each Common Share into which such Preferred Share could then be converted (one hundred (100) Common Shares) in person or by proxy at all meetings of the shareholders of the Company. The holders of Preferred Shares are entitled to receive such dividends as may be granted to holders of Common Shares in any financial year as the Board of the Company may by resolution determine, on an as-converted basis. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of Preferred Shares are entitled to receive the remaining property and assets of the Company together with the holders of Common Shares, on an as-converted basis. The Preferred Shares each have a restricted right to convert into one hundred (100) Common Shares. The ability to convert Preferred Shares is subject to a restriction that the aggregate number of Common Shares and Preferred Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under

the Securities Exchange Act of 1934, as amended, may not exceed forty percent (40%) of the aggregate number of Common Shares and Preferred Shares issued and outstanding after giving effect to such conversions. In addition, Preferred Shares will be automatically converted into Common Shares in certain circumstances, including upon the registration of the Common Shares under the United States Securities Act of 1933, as amended. The aforementioned is only a summary of the terms of the Preferred Shares. Readers are encouraged to refer to Schedule "C" to the Share Exchange Agreement, a copy of which has been filed on SEDAR at www.sedar.com.

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

As of September 30, 2019, 300,514,762 Common Shares and 0 Preferred Shares were issued and outstanding as fully paid and non-assessable shares.

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

As of September 30, 2019, there were 25,955,570 options to purchase common shares at prices ranging from Cdn$0.06 to $0.46, Performance Warrants to purchase 81,649,222 common shares at a price of Cdn$0.07 and the following warrants to purchase common shares:

Number	***Exercise Price***	***Expiry Date***
2,232,142	$0.094	August 22, 2020(1)
2,631,578	$0.1187	August 28, 2020(1)
4,007,400	$0.15	September 26, 2020(1)
1,887,118	$0.30	September 26, 2019
7,896,000	$0.15	December 7, 2021
5,775,000	$0.15	December 14, 2021
4,200,000	$0.15	December 21, 2021
32,844,000	$0.15	January 24, 2022
240,000	$0.05	July 30, 2020
383,670	$0.05	August 30, 2020
526,400	$0.10	December 7, 2021
385,000	$0.10	December 14, 2021
280,000	$0.10	December 21, 2021
2,189,600	$0.10	January 24, 2022
966,000	$0.10	January 30, 2022
3,968,253	$0.13125	April 25, 2022(1)
526,984	$0.15	May 17, 2022

Number	Exercise Price	Expiry Date
200,000	$0.072	July 3, 2021
2,000,000	$0.05	August 7, 2024
9,000,000	$0.05	September 3, 2024
3,978,900	$0.05	September 5, 2024
86,118,045		

(1) subject to the ability for the Issuer to accelerate the expiry date under certain conditions.

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

See the table below for a list of the shares subject to escrow as at September 30, 2019:

Name and Municipality of Residence of Securityholder	*Designation of Class*	*No. of Common Shares held in escrow*	*Percentage of Class (undiluted)*
Jeffrey Britz New York, NY	Common	8,204,284	2.7%
Travis Belcher Marina Del Ray, CA	Common	2,547,814	0.84%
Lisa Marra Crook Pikesville, MD	Common	892,759	0.3%
Andrew Garbus Bayside, NY	Common	499,180	0.16%
Matthew Garbus Bayside, NY	Common	499,180	0.16%
Gloria Belcher Urbanna, VA	Common	998,359	0.33
Rita Hudson Douglasville, GA	Common	998,359	0.33%
Total		**14,639,935**	**4.9%**

Following the restructuring of the Issuer's share capital, the shares governed by the National Instrument escrow agreement that had not been released were cancelled. The current agreement is a private escrow agreement with 15% of the shares being releasable on September 24, 2018 and each six months thereafter.

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

Name	Positions
Steve Gormley	President & CEO, Director
Mark Scott	Director and CFO
Scott Reeves	Director and Secretary
Robert Yosaitis	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation. ***See Schedule C.***

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated November 29, 2019.

Scott Reeves
Name of Director or Senior Officer

Signature

Director and Secretary
Official Capacity

Issuer Details Name of Issuer **INTERNATIONAL CANNABRANDS INC.**	For Quarter End **September 30, 2019 (9 mos)**	Date of Report YY/MM/D **19/11/29**
Issuer Address PO Box 13039		
City/Province/Postal Code Des Moines WA 98198	Issuer Fax No. ( )	Issuer Telephone No. **(323)828-4321**
Contact Name **Mark Scott**	Contact Position **CFO**	Contact Telephone No. **(303) 474-4383**
Contact Email Address **mark.scott@intlcannabrands.com**	Web Site Address **www.intlcannabrands.com**	

SCHEDULE A
Consolidated Interim Financial Statements
for the Nine Months ended September 30, 2019

(Attached)

International Cannabrands Inc.

Financial Statements of:
(Expressed in United States Dollars)

INTERNATIONAL CANNABRANDS INC.

For the three and nine months ended
September 30, 2019 and September 30, 2018

(Unaudited)

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MANAGEMENT'S RESPONSIBILITY

The management of **International Cannabrands Inc.** is responsible for the preparation of the accompanying financial statements and the preparation of information in the Annual Listing Statement. The financial statements have been prepared in accordance with International Financial Reporting Standards, and are considered by management to present fairly the financial position and operating results of the Company.

Under National Instrument 51-102, Continuous Disclosure Obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The Company maintains various systems of internal control to provide reasonable assurance that transactions are properly authorized and recorded, that assets are safeguarded, and that financial reports are properly maintained to provide accurate reliable financial statements.

The board of directors of International Cannabrands Inc., have approved the financial statements.

Steve Gormley	Scott Reeves
President & CEO, Director	Director
November 29, 2019	November 29, 2019

INTERNATIONAL CANNABRANDS INC.

Statements of Financial Position
(Expressed in United States Dollars)

		September 30, 2019		December 31, 2018
ASSETS		(Unaudited)		(Audited)
Current Assets				
Cash and cash equivalents (Note 7)	$	385,752	$	670,894
Trade and other receivables (Note 8)		396,806		4,882
Inventories (Note 9)		1,502,615		235,398
Prepaid expenses and deposits (Note 10)		11,006		91,168
Current portion of right of use asset (Note 6)		60,379		-
Total current assets		2,356,558		1,002,342
Non-current assets				
Investment in Riotus SODO LLC (Note 11)		375,000		500,000
Investment in La Vida Verde, Inc.(Note 11)		-		1,600,000
Note receivable (Note 16)		33,631		33,152
Property, plant and equipment (Note 12)		248,215		6,376
Intangible asset- Juju license (Note 11)		-		173,250
Intangible asset- La Vida Verde, Inc.(Note 11)		3,237,351		-
Non-current portion of right of use asset (Note 6)		70,083		-
Total non-current assets		3,964,280		2,312,778
Total assets	$	6,320,838	$	3,315,120
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 14)	$	1,394,070	$	314,823
Income taxes payable (Note 21)		-		-
Current portion of notes payable (Note 16)		2,006,497		460,000
Current portion of right of use liability (Note 6)		59,476		-
Total current liabilities		3,460,043		774,823
Non-current liabilities				
Note payable (Note 16)		-		469,551
Non-current portion of right of use liability (Note 6)		70,933		-
Total non-current liabilities		70,933		469,551
Total liabilities		3,530,976		1,244,374
Share capital (Note 18)		10,704,101		5,759,474
Additonal paid in capital (Note 18)		5,447,614		3,307,567
Deficit		(17,163,202)		(6,996,295)
Total stockholders' (deficit) equity		(1,011,487)		2,070,746
Non controlling interest in La Vida Verde, Inc.		3,801,349		-
Total liabilities and stockholders' (deficit) equity	$	6,320,838	$	3,315,120

Approved on behalf of the Board:

"*Steve Gormley*" Director, President & CEO "*Scott Reeves*" Director

INTERNATIONAL CANNABRANDS INC.
Statements of Changes in Stockholders' (Deficit) Equity
(Expressed in United States Dollars)

	Member Contributions		Common Stock		Preferred Stock				Total
	No. of Units	Total Amount	No. of Shares	$	No. of Shares	$	Additional Paid in Capital	Deficit	Stockholders' (Deficit) Equity
Balance- December 31, 2016	9,940,000	$ 355,895	-	$ -	-	$ -	$ -	$ (1,155,277)	$ (799,382)
Net loss for the year ended December 31, 2017	-	-	-	-	-	-	-	(1,397,859)	(1,397,859)
Issuance of units (Note 18)	1,786,693	1,569,120	-	-	-	-	-	-	1,569,120
Cancellation of units (Note 18)	(2,071,250)	(219,040)	-	-	-	-	-	-	(219,040)
Effect of reverse merger (Note 18)	(9,655,443)	(1,705,975)	39,234,295	-	1,836,628	-	1,705,975	-	-
Shares issued for acquisition for finder's and other fees (Note 18)	-	-	10,541,400	495,533	-	-	(495,533)	-	-
Shares issued in a private placement (Note 18)	-	-	1,114,614	107,422	-	-	-	-	107,422
Shares issued from the conversion of preferred shares (Note 18)	-	-	20,168,880	-	(201,689)	-	-	-	-
Shares issued for the exercise of stock options (Note 18)	-	-	253,333	10,282	-	-	-	-	10,282
Shares issued for services (Note 18)	-	-	167,857	32,537	-	-	-	-	32,537
Stock based compensation	-	-	-	-	-	-	5,738	-	5,738
Balance- December 31, 2017	-	-	71,480,379	645,774	1,634,939	-	1,216,180	(2,553,136)	(691,182)
Net loss for the year ended December 31, 2018	-	-	-	-	-	-	-	(4,443,159)	(4,443,159)
Shares issued in a private placement (Note 18)	-	-	71,160,804	4,196,319	-	-	-	-	4,196,319
Shares issued from the conversion of preferred shares (Note 18)	-	-	72,266,817	-	(317,465)	-	-	-	-
Shares issued for the exercise of stock options (Note 18)	-	-	120,001	11,907	-	-	-	-	11,907
Shares issued for services (Note 18)	-	-	5,156,000	-	-	-	498,995	-	498,995
Stock based compensation	-	-	-	-	-	-	1,716,142	-	1,716,142
Warrant exercises	-	-	10,178,708	781,724	-	-	-	-	781,724
Cancellation of shares	-	-	(24,630,405)	123,750	(1,317,474)	-	(123,750)	-	-
Balance- December 31, 2018	-	-	205,732,304	$ 5,759,474	-	$ -	3,307,567	$ (6,996,295)	$ 2,070,746
Net loss for the nine months ended September 30, 2019	-	-	-	-	-	-	-	(10,330,681)	(10,330,681)
Shares issued in a private placement (Note 18)	-	-	51,291,852	3,282,015	-	-	-	-	3,282,015
Shares issued for the exercise of stock options (Note 18)	-	-	1,175,000	-	-	-	-	-	-
Shares issued for services (Note 18)	-	-	15,753,315	-	-	-	950,227	-	950,227
Stock based compensation	-	-	-	-	-	-	1,189,820	-	1,189,820
Issuance of shares for acquisition of La Vida Verde, Inc.	-	-	25,225,161	1,590,336	-	-	-	163,774	1,754,110
Warrant exercises	-	-	1,337,130	72,276	-	-	-	-	72,276
Balance- September 30, 2019	-	-	300,514,762	$ 10,704,101	-	$ -	5,447,614	$ (17,163,202)	$ (1,011,487)

INTERNATIONAL CANNABRANDS INC.

Statements of Comprehensive Loss
(Expressed in United States Dollars)

	Three Months Ended,		Nine Months Ended,	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE	$ 1,490,850	$ 6,090	$ 4,553,305	$ 116,070
COST OF SALES	1,361,154	(6,426)	4,909,747	268,609
GROSS MARGIN	129,696	12,516	(356,442)	(152,539)
OPERATING EXPENSES:	826,135	689,952	3,076,013	1,439,993
LOSS FROM OPERATIONS	(696,439)	(677,436)	(3,432,455)	(1,592,532)
OTHER INCOME EXPENSE:				
Interest expense, net	(8,091)	(8,365)	(77,826)	(24,922)
Amortization expense	(1,735,463)	(996,777)	(4,882,540)	(1,341,551)
Impairment- Investment in La Vida Verde, Inc. (Note 11)	(3,000,000)	-	(3,000,000)	-
Impairment- Investment in Riotus SODO LLC (Note 11)	(125,000)	-	(125,000)	-
Restructuring expense- JuJu Royal Brand (Note 11)	(432,129)	-	(432,129)	-
Total other expense	(5,300,683)	(1,005,142)	(8,517,495)	(1,366,473)
NET (LOSS) BEFORE TAXES	(5,997,122)	(1,682,578)	(11,949,950)	(2,959,005)
INCOME TAXES				
Current income tax credit (expense) (Note 19)	37,677	-	(136,555)	-
NET LOSS	(5,959,445)	(1,682,578)	(12,086,505)	(2,959,005)
Noncontrolling interest in La Vida Verde, Inc. (Note 11)	1,505,647	-	1,813,608	-
Loss on foreign translation	11,104	-	(57,783)	-
NET COMPREHENSIVE (LOSS) FOR THE YEAR	$ (4,442,695)	$ (1,682,578)	$ (10,330,681)	$ (2,959,005)
LOSS PER UNIT (Note 20)				
Basic and diluted	$ (0.02)	$ (0.01)	$ (0.04)	$ (0.03)
WEIGHTED AVRAGE UNITS ISSUED AND OUTSTANDING (Note 2)				
Basic and diluted	291,292,812	120,659,488	275,423,696	96,713,424

INTERNATIONAL CANNABRANDS INC.

Statements of Cash Flows
(Expressed in United States Dollars)

	Nine Months Ended,	
	September 30, 2019	September 30, 2018
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (10,330,681)	$ (2,959,005)
Adjustments to reconcile net income to net cash provided by		
(used in) operating activities:		
Depreciation and amortization expense	2,742,493	8,457
Stock based compensation	1,189,820	1,333,094
Issuance of shares for service	950,227	-
Accrued interest on notes payable	61,213	(14,029)
Impairment- Investment in La Vida Verde, Inc. (Note 11)	3,000,000	-
Impairment- Investment in Riotus SODO LLC (Note 11)	125,000	-
Noncontrolling interest in La Vida Verde, Inc. (Note 11)	(1,470,000)	-
Changes in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	(105,616)	7,088
Decrease (increase) in inventories	66,516	(3,495)
(Increase) in prepaid expenses and deposits	(80,162)	-
Increase in accounts payable and accrued liabilities	155,023	126,556
Decrease in deferred revenue	-	(1,042)
Cash provided by non-controlling interest	163,483	-
Right of use, net	53	-
Net cash used in operating activities	(3,532,631)	(1,502,376)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Acquisition of intangible assets, La Vida Verde, Inc.	252,253	-
Cash acquired in acquisition of La Vida Verde, Inc.	925,704	-
Purchase of property and equipment	(274,759)	-
Investment in Riotus SOTO LLC	-	(500,000)
Net cash provided by (used in) investing activities	903,198	(500,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable	(1,010,000)	-
Equity issuances	3,282,015	2,993,018
Stock option exercise	-	11,907
Warrant exercises	72,276	113,848
Cancellation of common shares	-	123,750
Net cash provided by financing activities	2,344,291	3,242,523
Net increase in cash and cash equivalents	(285,142)	1,240,147
Cash and cash equivalents		
Beginning of period, January 1	670,894	107,899
End of period, September 30	$ 385,752	$ 1,348,046
Supplemental disclosure of cash flow information:-		
Supplemental schedule of non-cash financing activities		
Issuance of shares for acquisition of La Vida Verde, Inc.	$ 1,590,336	$ -

1. NATURE OF BUSINESS

Business Description

International Cannabrands Inc. (the "Company") (formerly GEA Technologies Ltd. ("GEA"), by way of a name change) was incorporated under the provisions of the *Business Corporations Act* in the Province of Alberta on May 3, 2011. The common shares of the Company are listed and posted for trading on the Canadian Securities Exchange and currently trade under the symbol INCB. The Company's head office is located at PO Box 13039, Des Moines WA 98198. The Company operates at Suite #04-131, 12655 W Jefferson Blvd, Los Angeles, CA. 90066.

On October 29, 2019, the Company announced that the Company had requested a change of its ticker symbol on the Canadian Securities Exchange (the "CSE") from "JUJU" to "INCB," effective at the start of trading two business days from the date of CSE's bulletin announcing same. The effective date was November 4, 2019.

On September 18, 2019 the Company ceased any further funding for the development of the Julian Marley JuJu Royal brand. This decision was based on the current cost for the use of Julian Marley's image and name, coupled with the royalty arrangement, made it difficult for the brand to reach profitability. The Company cut costs by closing down its Denver office and all personnel working on the brand resigned. On October 5, 2019, Julian Marley Management notified the Company that the license agreement for the JuJu royal brand was terminated. The Company recorded a restructuring reserve of $432,129 related the termination of the brand, including license fees, inventory and other expenses.

The Company intends to take key members of the management team and launch of its new in-house developed CBD brands, which International Cannabrands has been developing since mid-summer 2019.

Hemp derived CBD can currently be sold in all 50 states in the US and can be sold and marketed online. Launching our CBD product lines should be much less capital intensive than launching THC lines. The Company will not abandon its commitment to THC; THC is the core of La Vida Verde's business and management believes THC will make a comeback in 2020. The Company intends however, to make CBD a priority over the coming quarters.

Reverse Acquisition

On September 21, 2017, GEA completed a reverse acquisition to acquire DropLeaf LLC, a Nevada limited liability company (the "Transaction"). As part of the Transaction, DropLeaf underwent a merger and conversion to become International Cannabrands Ltd. ("International Cannabrands"). While the Company was initially formed for the purpose of licensing the Julian Marley JuJu Royal™ cannabis brand to producers and processors to develop branded strains of cannabis, infused and edible cannabis consumables, as well as ancillary products such as clothing, paraphernalia, posters in the US and internationally, in mid-2018, the Company adopted a strategy of aggregating emerging brands, identifying and acquiring regional distribution companies and select, highly profitable value chain investments.

Although the Transaction resulted in International Cannabrands becoming a wholly-owned subsidiary of the Company, the Transaction constituted a reverse acquisition of the Company by International Cannabrands. For accounting purposes, International Cannabrands is considered the acquirer and the Company the acquiree. Accordingly, the financial statements are a continuation of the financial statements of International Cannabrands and references to the "Company" will mean the consolidated entity subsequent to the date of the Transaction and to DropLeaf LLC prior to that date. The financial statements include the financial position and results of International Cannabrands and the Company.

GEA acquired its interest of the issued and outstanding shares of DropLeaf as detailed above. The fair value of net identifiable assets of DropLeaf as at September 26, 2017, prior to the transaction was:

	Amount (In CN$)
Current Assets	$ 434,965
Non-current assets	226,222
Liabilities	(1,244,344)
Equity	(583,157)

Control of the Company passed to the former shareholders of DropLeaf upon the closing of the transaction. This type of share exchange is referred to as a "reverse merger." A reverse merger transaction involving a non-public enterprise and a non-operating public company is a capital transaction in substance, rather than a business combination. That is, the transaction is equivalent to the issue of shares by the non-public operating enterprise for the net monetary assets of the non-operating public company, accompanied by a recapitalization of the non-public operating enterprise.

The purchase price was allocated as follows:

	Amount (In CN$)
Cash	$ 16,817
Net other assets and liabilities	(22,363)
Fair value of shares exchanged	528,070
Fair value of finder's fee shares	(528,070)
Loss on acquisition	(5,546)

The Company issued 16,623,788 common shares and 1,836,630 preferred shares to DropLeaf for the value of the $528,070. In connection with the Transaction, pursuant to a Finder's Fee Agreement, the Company issued 10,541,400 GEA Common Shares (issuable at a deemed price of $0.05 per share) or $528,070 on Closing to a party at arm's length to GEA and DropLeaf, as a finder's fee.

Acquisition entries reverse the share capital of DropLeaf and the reserves and deficit of GEA as of September 21, 2017.

Other

On March 22, 2018, the Company incorporated Rasta Puppy LLC in the state of Nevada. This company is not currently operating.

On September 19, 2018, the Company incorporated LVV Holding Company Ltd. in the state of Nevada in connection with its acquisition of La Vida Verde, Inc.

2. GOING CONCERN

The financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has attained a net loss of $10,330,681 for the nine months ended September 30, 2019 (December 31, 2018 - $4,443,159) and has an accumulated deficit of $17,163,202 as at September 30, 2019 (December 31, 2018 - $6,996,295). Net cash used in operations was $3,532,631 for the nine months ended September 30, 2019 (September 30, 2018 - $1,502,376). The Company expects such losses to lessen moving forward into the foreseeable future as it continues to develop and commercialize its products and close acquisitions. The Company has funded its current cash needs primarily through private placements of equity to investors. The Company anticipates addressing future financial requirements through the additional issuance of equity and/or debt from public capital markets.

The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the Company's ability to obtain the ongoing support of its lenders, investors, obtain profitable operations, and raise additional capital. These consolidated financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that would necessary should the Company not be able to continue as a going concern, and such adjustments could be material.

3. BASIS OF PRESENTATION

The unaudited consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

Statement of compliance

Management of the Company prepared the consolidated financial statements of the Company during the period of January 1, 2019 to September 30, 2019, and the Board of Directors approved them on November 27, 2019.

The consolidated financial statements of the Company are drawn up in United States dollars. Amounts are stated in and recorded to the nearest thousands of United States dollars except where otherwise indicated. The consolidated financial statements are prepared at the year ended date of the Company's financial statements. The Company's functional currency is US.

In the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, and consolidated statement of changes in equity, certain items are combined for the sake of clarity. These are explained within the notes. The consolidated statement of comprehensive income is prepared using the cost-of-sales method. Assets and liabilities are classified by maturity. They are regarded as current if they mature within one year or within the normal business cycle of the Company. The normal business cycle is defined for this purpose as beginning with the procurement of the resources necessary for the production process and ending with the receipt of cash or cash equivalents as consideration for the sale of the goods produced in that process. Trade and other receivables and payable, claims for tax refunds, tax liabilities and inventories are always presented as current items; deferred tax assets and liabilities, if any, are presented as non-current items. Provisions, debt and other liabilities are shown between current and non-current.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. Inter-Company items and transactions have been eliminated in consolidation.

(b) Revenue Recognition

The Company derives revenue from product sales in accordance with distribution agreements. The distribution agreement also gives the customer the right to use the trademark in conjunction with the use, marketing, selling and distribution of the branded products.

Revenue for product sales is recognized when there is evidence of arrangement, the amount is fixed or determinable, products are shipped to the customer, and collection is reasonably assured and is recorded net of discounts or sales incentives. Amounts received prior to the shipment of products are recognized as deferred revenue in the year received and recorded as revenue when the products are shipped and the above criteria is met.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

The reserve for doubtful accounts was $50,000 and $5,000 at September 30, 2019 and December 31, 2018, respectively.

(c) Cash and Cash Equivalents and Cash Flows

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above. The Company uses the indirect method of reporting cash flow from operating activities.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes direct component costs as well as applicable normal manufacturing overhead. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The reserve for impaired inventories was $550,000 and $5,100 at September 30, 2019 and December 31, 2018, respectively.

(e) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income (expenses) in statement of comprehensive income.

Depreciation is calculated based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognized in statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case it is depreciated over the useful life. Depreciation is provided for using the following methods and annual rates:

Machinery and equipment- 3 years and straight-line
Furniture and fixtures- 3 years straight-line

The Company assesses at each year end the useful lives and residual values of all property, plant and equipment and changes its estimates if required.

(f) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Certain internally generated intangible assets are capitalized, as they meet the criterion under IAS 38.

(g) Impairment of Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or a group of assets (CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less disposal costs and its value in use. Where the carrying amount of an asset (CGU) exceeds its recoverable amount, the asset (CGU) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. In determining fair value less costs of disposal, an appropriate valuation model is used. The Company has cash-generating units which impairment could be tested against. The Company had no goodwill or indefinite life intangible assets for the nine months ended September 30, 2019 and the years ended December 31, 2018 and 2017.

Impairment losses, if any, of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function and nature of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the non-financial asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in the statement of comprehensive income.

(h) Contributions

Contributions were classified as equity. Incremental costs directly attributable to the issue of units and unit-based payments are recognized as a deduction from equity, net of any tax effects.

(i) Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

Current income tax

Current income tax assets and liabilities for the respective and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the country where the Company operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in the subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in the subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income (loss) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses, liabilities and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of sales tax included.

- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(j) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per unit data for its shares. Basic earnings (loss) per unit are calculated by dividing the income (loss) for the period by the weighted average number of shares that are outstanding during the period. Diluted earnings (loss) per unit are calculated using the weighted average number of common and potential shares outstanding during the period. Potential units consist of the incremental units issuable upon the exercise of stock options and warrants using the treasury method. The treasury method assumes that the proceeds from the issuance of potential shares are used to purchase shares at the average market price during the period.

(k) Financial Instruments – initial recognition and subsequent measurement

Financial assets and financial liabilities are recognized when the Corporation becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as amortized costs or FVTOCI are included with the carrying amount of such instruments. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as fair value through profit or loss (FVTPL) are recognized immediately in the profit or loss within the consolidated statements of comprehensive income.

Financial Assets

From January 1, 2017, the Corporation classifies its financial assets in the following measurement categories: those to be measured at amortized cost and those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial Assets at Amortized Cost

Financial assets that meet the following conditions are measured at amortized cost less impairment losses: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash-flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and the financial asset was not acquired principally for the purpose of selling in the near term or for short-term profit taking (held-for-trading).

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

All other financial assets, except equity and debt instruments as described below, are remeasured at fair value and classified as fair value through profit or loss. The gains or losses, if any, arising on re-measurement of FVTPL are recognized in profit or loss within the consolidated statements of comprehensive income.

The method of measurement of instruments in debt instruments will depend on the business model in which the instrument is held. For instruments in equity instruments, it will depend on whether the Corporation has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVTOCI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial Liabilities

Financial liabilities are classified as FVTPL when the financial liability is either held-for-trading or is designated at FVTPL. Financial liabilities at FVTPL are remeasured in subsequent reporting periods at fair value. Any gains or losses arising on re-measurement of held-for-trading financial liabilities are recognized in profit or loss within the consolidated statements of comprehensive income. Such gains or losses recognized in profit or loss includes any interest paid on the financial liabilities. Financial liabilities that are not held-for-trading and are not designated as FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are measured at amortized cost are determined based on the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial liability (or financial asset) and of allocating interest expense (or income) over the expected life of the financial liability (or financial asset). All financial assets and financial liabilities held by the Corporation are measured at amortized cost except for the investment in Riotus SODO LLC.

Impairment

The Corporation assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Corporation has applied IFRS 9 retrospectively but has elected not to restate comparative information as there is no impact on the financial statements of the Corporation from adopting IFRS 9. As a result, the comparative information provided continues to be accounted for in accordance with the Corporation’s previous accounting policy which reflects the same measurement of IFRS 9.

The accounting policies were changed to comply with the full requirements of IFRS 9 as issued by the IASB. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 *Financial Instruments: Disclosures*. The total impact on retained earnings due to classification and measurement of financial instruments as at January 1, 2016 and the date of these financial statements was NIL.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(l) Derivative financial instruments and hedge accounting

The Company has not entered any derivative financial instruments and has not applied hedge accounting for the nine months ended September 30, 2019 and the year ended December 31, 2018.

(m) Leases

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that the Company incurs relating to the borrowing of funds. For the nine months ended September 30, 2019 and the years ended December 31, 2018 and December 31, 2017, the Company did not capitalize any borrowing costs.

(o) Stock based compensation

Employees and consultants of the Corporation may receive a portion of their compensation in the form of share based payment transactions, whereby employees or consultants render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at fair value of the share-based payment. The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Corporation' best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

5. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at the end of the reporting years. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In the process of applying the Company's accounting policies, management has made the following judgment, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Impairment of non-financial assets

Impairment exists when the carrying value of a non-financial asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to dispose and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the Company's budget and do not include restructuring activities, if any, that the Company is not yet committed to or significant future investments that will enhance the non-financial asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the cash-generating units may include a sensitivity analysis.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the range of business relationships and the long-term nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets, if any, are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

6. RECENT ACCOUNTING STANDARDS

IFRS 7 Financial Instruments: Disclosure

IFRS 7 Financial Instruments: Disclosure was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company adopted the amendments to IFRS 7 on January 1, 2018.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company adopted IFRS 9 on January 1, 2018.

The Company has completed its assessment of the impact from this new standard. IFRS 9 introduces new requirements to determine the measurement basis of financial assets, involving the cash flow characteristics of assets and the business models under which they are managed. Accordingly, the basis of measurement for the Company's financial assets may change. IFRS 9 affects the accounting for available-for-sale equity securities, requiring a designation, on an instrument by instrument basis, between recording both unrealized and realized gains and losses either through (i) other comprehensive income ("OCI") with no recycling to profit and loss or (ii) profit and loss. The Company will be electing to classify its available-for-sale equity investments at Fair Value through OCI ("FVOCI") as these equity investments would be for strategic purposes. The FVOCI election will be made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized or sold are recorded in equity and are not subsequently reclassified to the consolidated statement of comprehensive income (loss).

For other financial instruments, there are no significant changes in the classification and measurement of the Company's financial assets.

IFRS 15 Revenue from Contracts with Customers

The IASB replaced IAS 18 Revenue, in its entirety with IFRS 15 Revenue from Contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

The Company adopted IFRS 15 on January 1, 2018 using the modified retrospective approach where the accumulative impact of adoption will be recognized in retained earnings as of January 1, 2018 and comparatives will not be restated.

The Company has completed its assessment of the impact from this new standard. Under IFRS 15, revenue from the sale of cannabis would be recognized at a point in time when control over the goods have been transferred to the customer. The Company transfers control and satisfies its performance obligation upon delivery and acceptance by the customer, which is consistent with the Company's revenue recognition policy under IAS 18.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company adopted IFRS 16 on January 1, 2019 and recorded right of use asset and liability as of March 31, 2019.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand in the amount of $385,752 as at September 30, 2019 (December 31, 2018 - $670,894).

8. TRADE AND OTHER RECEIVABLES

	Total	Neither past due nor impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
September 30, 2019	$ 446,806	$ 184,216	$ 253,292	$ (81,572)	$ 90,870
December 31, 2018	$ 9,882	$ 1,254	$ -	$ 3,763	$ 4,865

Trade receivables are non-interest bearing and are generally on 60 day terms. The aging analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
September 30, 2019	$ 446,806	$ 184,216	$ 253,292	$ (81,572)	$ 90,870
December 31, 2018	$ 9,882	$ 1,254	$ -	$ 3,763	$ 4,865

Provision for doubtful accounts is provided by using the allowance method based on management estimates and past experience. The reserve for uncollectable accounts was $50,000 and $5,000 at September 30, 2019 and December 31, 2018, respectively.

9. INVENTORIES

	September 30, 2019	December 31, 2018
Raw materials (at cost)	$ 573,088	$ -
Packaging materials (at cost)	167,609	33,197
Finished goods (at cost)	1,311,918	167,802
Inventory in production (at cost)	-	39,499
Less: Reserve for impaired inventory	(550,000)	(5,100)
Total inventories (lower of cost and NRV)	$ 1,502,615	$ 235,398

The reserve for impaired inventory is provided by based on management estimates, past experience, condition of inventory and regulatory changes. The reserve for impaired inventory was $550,000 and $5,100 at September 30, 2019 and December 31, 2018, respectively.

10. PREPAID EXPENSES

		September 30, 2019		December 31, 2018
Prepaid insurance	$	4,656	$	86,818
Security deposits		4,350		4,350
Prepaid consulting		2,000		-
Total prepaid expenses	$	11,006	$	91,168

The Company's insurance is being amortized over the life of the policy.

11. INVESTMENTS

Investment in Riotus SODO LLC

Effective August 29, 2018, the Company purchased 500,000 Class A units of Riotus SODO LLC. Each unit was purchased at $1.00 for $500,000 in total. This represents a 20.6% ownership position but ICI does not have a position of significant influence. Riotus SODO provides its investors with an opportunity to earn profits on facilities and operations expansion in the cannabis industry. The Company received distribution of $21,341 and recorded other income during the three months ended September 30, 2019. The Company expects to receive monthly cash distributions for the next six years. Based on expected cash distributions, the Company recorded an impairment of $125,000 as of September 30, 2019.

Acquisition of La Vida Verde, Inc.

On September 19, 2018, the Company signed a definitive agreement for the acquisition of 51% of La Vida Verde, Inc. ("**La Vida Verde**" or "**LVV**"), a highly respected licensed cannabis product manufacturer and distributor based in Santa Cruz, CA. The Company completed the acquisition on January 3, 2019, for $6 million (comprised of $3.0 million in common shares of the Company and $3 million in cash) and agreed to invest an additional $2 million of working capital into the business. The transaction was at arm's length. As the common shares were priced at the time of the agreement, but had declined in value from September 19, 2018, the value was recorded as $1,590,336, being the market price as of the closing on January 3, 2019.

LVV is a U.S. focused, consumer packaged goods (CPG) company operating in the cannabis industry. LVV holds a manufacturing license issued by the California Department of Public Health and a distribution license issued by the California Bureau of Cannabis Control. With these licenses, it continues to build its infrastructure of retailers and has a broker and distribution network in California to bring its proprietary brands to market. LVV has an agreement with one of California's largest Type 11 distributors with state-wide reach who currently distributes to over 90% of the retailers in California.

LVV has growth prospects due to its family of brands including Skunk Feather concentrates, La Vida Verde organic edibles and tinctures, and Blank Brand edibles. LVV creates products geared towards a health and wellness-conscious consumer, while its brands capture the spirit of Santa Cruz and an aspirational surf, skate, and outdoor culture. The Company expects these authentic lifestyle brands will resonate deeply with consumers across the state of California, and that this resonance will allow us to easily expand the brands' presence into Southern California and beyond. Additionally, the Company expects to gain an advantage when looking to capture shelf space by offering multiple brands to retailers, and by ensuring consistency of quality and supply through vertical integration.

The acquisition was completed through two significant closing events - the first on November 1, 2018, where the Company acquired an 8.5% equity interest at a cost of $1 million and invested $1,300,000 into the business and a second closing on January 3, 2019, where the Company acquired an additional 43% of LVV in exchange for the issuance of 25,225,161 Common Shares of the Company and issued promissory notes for an aggregate of $2,000,000 due as to 50% on March 31, 2019 and October 31, 2019. The notes bear interest at a rate of 5% per annum and are secured by a pledge of the securities purchased. An additional working capital investment in the business of $700,000 was expected be made in the second quarter of 2019. As the common shares were priced at the time of the agreement, but had declined in value from September 19, 2018, the value was recorded as $1,590,336, being the market price as of the closing on January 3, 2019.

As of September 30, 2019, the Company had invested $3,150,000 in LVV through the acquisition of shares of LVV and contributions to working capital. The capital investments in LVV supported an expansion of sales and operations staff, purchase of inventory required for growth and funds to expand manufacturing capacity.

On January 3, 2019, the Company issued Promissory Notes and Pledge Agreements to the stockholders of LVV totaling $2,000,000. The Notes were due 50% on March 31, 2019 and October 31, 2019 and provided for interest at 5% per annum. The note payments are collateralized by the pro rata number of shares of LVV common stock held by the Company that were purchased with the amount represented by the notes. The Company paid $800,000 under the Notes during the nine months ended September 30, 2019. The Company accrued interest of $54,391 as at September 30, 2019.

The Company has a promissory note payable to the LVV stockholders with $200,000 which remains outstanding that was due March 31, 2019 and $1,000,000 that was due on October 31, 2019. The Company also had a remaining commitment to provide a working capital contribution of $650,000.

On September 20, 2019, the Company received a default notice from the founding shareholders of LVV that they had re-acquired a controlling interest from International Cannabrands and that, the Company's interest in LVV had been reduced to 42.5%. The Company's position, which was communicated to LVV, is that the attempted seizure of 8.5% of the shares of LVV by the LVV stockholders is not supported by law. In Accordance with IFRS 10, the Company has consolidated LVV of September 30, 2019 and the results of its operations as and for the nine months ended September 30, 2019.

On September 26, 2019, the Company announced that given the disappointing results for LVV, that the Company must restructure the LVV acquisition and re-price the transaction so that the cost to International Cannabrands is more in line with the financial performance LVV to date.

On November 1, 2019, the Company received a default notice from the founding shareholders of LVV that they had re-acquired a controlling interest from International Cannabrands and that, the Company's interest in LVV had been reduced to 34.0%.

On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannabrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement.

Intangible assets as of September 30, 2019 and December 31, 2018 consisted of the following:

	Estimated Useful Lives	September 30, 2019	December 31, 2018
Customer lists	3 years	$ 6,483,176	$ -
Trademarks	3 years	4,322,117	
Less: accumulated amortization		(2,701,323)	-
Intangible assets, net		$ 8,103,970	$ -

Total amortization expense was $2,701,323 and $0 for the nine months ended September 30, 2019 and September 30, 2018, respectively. The fair value of the intellectual property associated with the assets acquired was estimated by using a discounted cash flow approach based on future economic benefits. In summary, the estimate was based on a projected income approach and related discounted cash flows over three years, with applicable risk factors assigned to assumptions in the forecasted results.

As of September 30, 2019, the Company impaired the investment in LVV by $3 million. As a result the Noncontrolling interest in LVV was reduced by $1,470,000.

The cost to acquire these assets has been preliminarily allocated to the assets acquired according to estimated fair values and is subject to adjustment when additional information concerning asset valuations is finalized, but no later than January 3, 2020. The preliminary allocation is as follows:

			Purchase Price Allocation
Fair value of cash		$	1,600,000
Fair value of common stock			1,590,337
Fair value of notes			2,000,000
Non-controlling interest			5,614,957
Fair Value of consideration		$	10,805,294

The results of operations of LVV were included in the Condensed Consolidated Statements of Operations for the nine months ended September 30, 2019.

12. PROPERTY, PLANT AND EQUIPMENT

		Fixed Assets Total		**Total**
Cost:				
At December 31, 2016	$	827	$	827
Additions		1,495		1,495
Disposals		(1,495)		(1,495)
At December 31, 2017		827		827
Additions		6,466		6,466
Disposals		-		-
At December 31, 2018	$	7,293	$	7,293
Additions		112,945		112,945
Assets acquired in acquisition		161,814		161,814
Disposals		-		-
At September 30, 2019	$	282,052	$	282,052
Depreciation and impairment:				
At December 31, 2016	$	253	$	253
Depreciation for the year		587		587
Impairment		(312)		(312)
At December 31, 2017	$	528	$	528
Depreciation for the year		389		389
Impairment		-		-
At December 31, 2018	$	917	$	917
Depreciation for the year		32,920		32,920
Impairment		-		-
At September 30, 2019	$	33,837	$	33,837
Net Book Value:				
At September 30, 2019	$	248,215	$	248,215
At December 31, 2018	$	6,376	$	6,376
At December 31, 2017	$	299	$	299

13. INTANGIBLE ASSETS- JUJU LICENSE

		License Agreement
Cost:		
At December 31, 2016	$	220,000
Additions		-
Disposals		-
At December 31, 2017	$	220,000
Additions		-
Disposals		-
At December 31, 2018	$	220,000
Additions		-
Disposals		-
At September 30, 2019	$	220,000
Amortization and impairment:		
At January 1, 2016	$	13,750
Amortization charge for the year		11,000
Impairment		-
At December 31, 2016		-
Amortization charge for the year		11,000
Impairment		-
At December 31, 2017	$	35,750
Amortization charge for the year		11,000
Impairment		-
At December 31, 2018	$	46,750
Amortization charge for the year		8,250
Impairment		165,000
At September 30, 2019	$	220,000
Net Book Value:		
At September 30, 2019	$	-
At December 31, 2018	$	173,250
At December 31, 2017	$	184,250

On October 5, 2019, the license agreement for the JuJu Royal brand was terminated. The Company recorded a restructuring reserve of $432,129 related the termination of the brand, including license fees, inventory and other expenses.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2019		December 31, 2018
Trade payables	$	912,775	$	201,954
Accrued liabilities		376,904		1,991
Credit cards		104,391		110,878
Total accounts payable and accrued liabilities	$	1,394,070	$	314,823

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- Accrued liabilities are non-interest bearing
- Credit cards are non-interest bearing

15. DEFERRED REVENUE

The Company had sub-license agreements with licensees to market, sell and distribute certain licensed products that ranged from one to three years with renewal if both parties approve. The amount is recognized equally over the term of the sub-license agreement. The Company no longer sells under such agreements.

		Total
At December 31, 2016	$	43,219
Arising during the year		5,694
Utilized		(47,871)
At December 31, 2017	$	1,042
Arising during the year		-
Utilized		(1,042)
At December 31, 2018	$	-
Current - December 31, 2018	$	-
Non-current - December 31, 2018		-
Total deferred revenue	$	-

16. RELATED PARTY TRANSACTIONS AND CERTAIN RELATIONSHIPS

Due from former officer and director

On March 16, 2017, a former officer and director was issued 536,522 shares in exchange for a $32,000 note receivable. The note is due on March 15, 2020 with accrued interest of $1,631 at September 30, 2019.

Due to former officer and director

At September 30, 2019, the total loans from a former officer and director were as follows:

		September 30, 2019		December 31, 2018
Note payable	$	701,600	$	911,600
Accrued interest- note payable		50,506		17,951
Total note payable	$	752,106	$	929,551

The loan represents advances from a former officer and director with no repayment terms. The advances accrue simple interest at a rate of 2% per annum starting January 1, 2015. On September 4, 2018, the Company entered into a Promissory Note with the former officer and director for $941,600. The Note is due September 20, 2020 and provides for monthly payments of $26,155 plus interest. Interest accrues at 6% from September 4, 2018. The Company has repaid $210,000 during the nine months ended September 30, 2019 and recorded interest of $32,155 during the nine months ended September 30, 2019. The Company has stopped payments under the note payable and recorded interest at the note rate related to the legal action discussed in Note 21.

Due to LVV Stockholders

		September 30, 2019		December 31, 2018
Note payable	$	1,200,000	$	-
Accrued interest- note payable		54,391		-
Total note payable	$	1,254,391	$	-

On January 3, 2019, the Company issued Promissory Notes and Pledge Agreements to the stockholders of LVV totaling $2,000,000. The Notes are due on October 31, 2019 and provide for interest at 5% per annum. The note payments are collateralized by the pro rata number of shares of LVV common stock held by the Company that were purchased with the amount represented by the notes. The Company paid $800,000 under the Notes during the nine months ended September 30, 2019. The Company accrued interest of $54,391 as at September 30, 2019.

The Company has a promissory note payable to the LVV stockholders with $200,000 which remains outstanding that was due March 31, 2019 and $1,000,000 that was due on October 31, 2019. The Company also had a remaining commitment to provide a working capital contribution of $650,000). On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannavrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement. See Note 24 – Events After the Reporting Period and "*Risk Factors – Risk Related to the Company's Business*" in the Company's Management's Discussion and Analysis.

Certain Relationships

On July 16, 2018, the Company entered into agreements with Messrs. Gormley and Pomroy regarding the services to be provided by them. The parties were granted 12,292,969 options and 4,917,188 options, respectively, under the Company's stock option plan and 31,961,720 and 39,337,502 performance warrants, respectively. The options are exercisable into common shares at a strike price of CN$0.07 per share for 5 years. The performance warrants are exercisable into common shares at a strike price of CN$0.07 for a period of five years with 50% of the warrants being immediately vested and 50% of the warrants vested over a one year period or immediately upon closing of a Significant Acquisition, as defined in National Instrument 51-102 *Continuous Disclosure Obligations*. The acquisition of LVV on January 3, 2019 triggered the vesting of the second 50% of the warrants issued.

The Company entered into a non-binding agreement dated August 8, 2018, for a draw-down equity facility of up to CN$10,000,000 over a term of 24 months (the "**Investment Agreement**"). The agreement provided for equity private placement offerings (the "**Offerings**"), to be conducted between the Company and Alumina Partners (Ontario) Ltd. ("**Alumina**"), a subsidiary of Alumina Partners LLC, a New York based private equity firm. The draw-downs may be for up to CN$1,000,000 per draw down and would consist of the issuance by the Company of units, whereby each unit consists of one common share (a "**Common Share**") and up to one common share purchase warrant (each whole warrant, a "**Warrant**"), and each unit being purchased at a discount ranging from 15% to 25% of the then current market price of the Common Shares on the Canadian Securities Exchange (the "**CSE**"). Alumina will only receive a full warrant when an Offering is priced at or above $0.30. The exercise price of the Warrants will be at a 25% premium over the then current market price of the Common Shares and will provide for an accelerated expiry should the Company's Common Shares trade on the CSE, for a period of 10 consecutive trading days, at a premium of at least 100% above the warrant exercise price. The Investment Agreement contains provisions that Alumina does not have to close if the "closing price" as of the trading day prior to the date the securities are issued to Alumina is below the price at which the Company agreed to issue securities to Alumina. Under the Investment Agreement, all securities issued to Alumina are to be issued at the maximum discount allowable under the rules of the Canadian Securities Exchange and are subject to the following conditions: (a) the Company shall not be subject to a cease trade order; (b) the Company shall continue to be listed on the Exchange; (c) the Company shall confirm the representations and warranties contained in the Investment Agreement; (d) the Company shall not be in breach of any covenant in the Investment Agreement; and (e) no proceedings shall have been commenced for the liquidation, dissolution, bankruptcy, insolvency or winding-up of the Company or a substantial part of its business. The Company utilized this facility in: (i) August 2018, issuing an aggregate of 23,454,886 common shares and 11,727,442 warrants to Alumina for gross proceeds of CDN$1,450,000; (ii) April 2019, issuing 3,174,603 common shares and 2,380,952 warrants for gross proceeds of CDN$250,000; and (iii) August 2019, issuing 2,000,000 common shares and 2,000,000 warrants for gross proceeds of CDN$100,000. On November 20, 2019, the Company terminated the Investment Agreement with Alumina.

Investment in Riotus SODO LLC

Effective August 29, 2018, the Company purchased 500,000 Class A units of Riotus SODO LLC. Each unit was purchased at $1.00 for $500,000 in total. This represents a 20.6% ownership position but ICI does not have a position of significant influence. Riotus SODO provides its investors with an opportunity to earn profits on facilities and operations expansion in the cannabis industry. The Company received distribution of $21,341 and recorded other income during the three months ended September 30, 2019. The Company expects to receive monthly cash distributions for the next six years. Based on expected cash distributions, the Company recorded an impairment of $125,000 as of September 30, 2019.

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair Values

Set out below is a comparison by class of the carrying amount and fair value of the Company's financial instruments that are carried in the financial statements.

	Carrying Amount		Fair Value	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Financial Assets				
Cash and cash equivalents	$ 385,752	$ 670,894	$ 385,752	$ 670,894
Trade and accounts receivables	396,806	4,882	396,806	4,882
Investment in Riotus LLC (Note 11)	375,000	500,000	375,000	500,000
Total financial assets	$ 1,157,558	$ 1,175,776	$ 1,157,558	$ 1,175,776
	Carrying Amount		**Fair Value**	
	September 30, 2019	**December 31, 2018**	**September 30, 2019**	**December 31, 2018**
Financial Liabilities				
Accounts payable and accrued liabilities	$ 1,394,070	$ 314,823	$ 1,394,070	$ 314,823
Total financial liabilities	$ 1,394,070	$ 314,823	$ 1,394,070	$ 314,823

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Trade and other receivables, accounts payable and accrued liabilities, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments and other financial liabilities (loans payable) are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and remaining maturities.

Fair value hierarchy

As at September 30, 2019, the Company held the following financial instruments measured at fair value: cash and cash equivalents (level 1) and investment in Riotus SOS LLC (level 3).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the nine months ended September 30, 2019, there were no transfers between Level 1 and Level 2 fair value measurements and the investment in Riotus SODO LLC was recorded as a Level 3 fair value measurement.

		September 30, 2019		Level 1		Level 2		Level 3
Assets measured at fair value								
Cash and cash equivalents	$	385,752	$	385,752	$	-	$	375,000
Total assets measured at fair value	$	385,752	$	385,752	$	-	$	375,000
No liabilities were measured at fair value	$	-	$	-	$	-	$	-

18. EQUITY INSTRUMENTS

2017 Reverse Merger

On September 21, 2017, the Company elected to be treated as a corporation for tax purposes and prepared and filed Articles of Merger in accordance with the Plan of Merger and Plan of Conversion contained in the Share Exchange Agreement, whereby International Cannabrands Ltd., a wholly owned subsidiary of GEA merged into the Company. The Company then prepared and filed Articles of Conversion whereby the Company converted from a limited liability company into a corporation concurrent with the merger).

As a result, the three-cornered amalgamation with GEA was completed on September 21, 2017, which resulted in the reverse take-over of GEA. The Company issued 16,623,790 Common Shares and 1,836,628 Preferred Shares to the holders of DropLeaf and continued to operate the business through its subsidiary International Cannabrands Ltd. The Preferred Shares are limited to 1,837,000 Preferred Shares and each have a restricted right to convert into one hundred (100) Common Shares. Conversion is subject to a restriction that no more than 40% of the total number of Common Shares and Preferred Shares may be held by residents of the United States. The Preferred Shares will be automatically converted into Common Shares in certain circumstances, including upon the registration of the Common Shares under the *United States Securities Act of 1933*, as amended. The holders of Preferred Shares were entitled to vote on an as-converted basis (one hundred (100) Common Shares per one Preferred Share, are entitled to receive such dividends as declared by the Board of Directors, on an as-converted basis (100:1) and to share in the remaining property and assets of the Company in the event of a liquidation, dissolution or winding-up of the Company, together with the holders of Common Shares, on an as-converted basis.

Immediately prior to and in connection with the closing, the Company issued an aggregate of 11,902,439 Common Shares at a price of $0.05 per common share to raise gross proceeds of CN$595,122. In addition, 10,541,400 Common Shares were issued following Closing at a deemed price of CN$0.06 per share to a party at arm's length, as a finder's fee in connection with the transaction. The Company was listed for trading on the Canadian Securities Exchange on September 25, 2017 and was delisted from the NEX board of the TSX Venture Exchange.

Shares Outstanding

The Company had 300,514,762 common shares outstanding at September 30, 2019. Each common shareholder is entitled to one vote for each common share held.

	Number of Shares		Per Price		Total Amount
Balance - December 31, 2018	205,732,304	$		$	
Issued in private placements	51,291,852		0.064		3,282,015
Stock option exercise	1,175,000		0.036		42,004
Service issuances	15,753,315		0.036		574,945
Warrant exercises	1,337,130		0.054		72,275
Issuance for La Vida Verde, Inc. acquisition	25,225,161		0.063		1,590,336
Balance - September 30, 2019	300,514,762	$	0.059	$	5,561,575

During the nine months ended September 30, 2019, the Company closed non-brokered private placement and issued an aggregate of 51,291,852 common shares for gross proceeds of $3,282,015. The common shares bear a four-month hold period from the date of issuance.

During the nine months ended September 30, 2019, the Company issued 1,175,000 common shares for gross proceeds of $42,004 related to stock option exercises.

During the nine months ended September 30, 2019, the Company issued 15,753,315 common shares and expensed $574,945 related to service agreements.

During the nine months ended September 30, 2019, the Company issued 1,337,130 common shares and expensed $72,275 related to the warrant exercises.

During the nine months ended September 30, 2019, the Company issued 25,225,161 common shares valued at $1,590,336 related to the acquisition of LVV.

Stock Option Incentive Plan

The options granted by the Company are governed by the terms of a stock option incentive plan. The Company had the following stock options outstanding as of September 30, 2019:

Optionee	No. of common shares under option		US$ Exercise Price	Expiry Date
Officers/ directors	440,000	$	0.047	4/12/2022
Officers/ directors	2,355,415		0.047	6/1/2022
Officers/ directors	3,250,000		0.330	1/5/2023
Officers/ directors	250,000		0.359	1/5/2023
Officers/ directors	250,000		0.330	1/31/2023
Officers/ directors	17,210,155		0.053	7/23/2023
Consultant	50,000		0.195	2/6/2023
Officers/ directors	1,500,000		0.074	5/5/2024
Officers/ directors	400,000		0.074	8/7/2024
Consultant	250,000		0.053	8/14/2022
Total	25,955,570	$	0.085	

During the nine months ended September 30, 2019, the Company cancelled 1,000,000 common shares at valued at $0.257 per share related to stock option grants.

During the nine months ended September 30, 2019, the Company issued 2,150,000 common shares at valued at $0.074 per share related to stock option grants.

During the nine months ended September 30, 2019, the Company issued 750,000 common shares at valued at $0.053 per share related to stock option grants.

The following stock options are outstanding at September 30, 2019:

			US $		
		Weighted	Weighted		Weighted
		Average	Average		Average
Range of	Number	Remaining Life	Exercise Price	Number	Exercise Price
Exercise Prices	Outstanding	In Years	Exerciseable	Exerciseable	Exerciseable
0.047	2,795,415	2.56	0.047	2,206,561	0.047
0.053	17,460,155	3.84	0.053	17,376,822	0.053
0.074	1,900,000	4.63	0.074	-	0.074
0.195	50,000	3.33	0.195	-	0.195
0.257	3,500,000	3.26	0.257	1,166,667	0.257
0.359	250,000	3.25	0.359	83,333	0.359
	25,955,570	3.68	$ 0.085	20,833,383	$ 0.065

The Company has stock option grants to purchase 25,955,570 common shares at an average exercise price of $0.085 per share. The Company expensed $403,211 and $772,080 during the nine months ended September 30, 2019 and September 30, 2018, respectively, or $0.00 and $0.00 per share, respectively. The Company has $368,719 of remaining costs to be expensed and the remaining life of the stock option grants is approximately 3.68 years.

Warrants

The following warrants are outstanding at September 30, 2019:

Date Issued	Number	CA $ Exercise Price	Term
Private Placements			
Wednesday, August 22, 2018	2,232,142	0.0940	2 yrs
Tuesday, August 28, 2018	2,631,578	0.1187	2 yrs
Tuesday, September 11, 2018	4,007,400	0.1500	2 yrs
Wednesday, September 26, 2018	1,887,118	0.3000	1 yr
Friday, December 7, 2018	7,896,000	0.1500	3 yrs
Friday, December 14, 2018	5,775,000	0.1500	3 yrs
Friday, December 21, 2018	4,200,000	0.1500	3 yrs
Thursday, January 24, 2019	32,844,000	0.1500	3yrs
Thursday, April 25, 2019	3,968,253	0.1313	3 yrs
Friday, May 17, 2019	526,984	0.1500	3 yrs
Wednesday, July 3, 2019	200,000	0.0720	2yrs
Wednesday, August 7, 2019	2,000,000	0.0500	5yrs
Wednesday, September 4, 2019	9,000,000	0.0500	5yrs
Thursday, September 5, 2019	3,978,900	0.0500	5yrs
	81,147,375	0.1314	
Broker Warrants			
Monday, July 30, 2018	240,000	0.0500	2 yrs
Thursday, August 30, 2018	383,670	0.0500	2 yrs
Friday, December 7, 2018	526,400	0.1000	3 yrs
Friday, December 14, 2018	385,000	0.1000	3yrs
Friday, December 21, 2018	280,000	0.1000	3 yrs
Thursday, January 24, 2019	2,189,600	0.1000	3 yrs
Wednesday, January 30, 2019	966,000	0.1000	3 yrs
Total broker warrants	4,970,670	0.0937	
Performance Warrants			
July 16, 2018	71,299,222	0.0700	5 yrs
September 14, 2018	10,350,000	0.2750	5 yrs
Total performance warrants	81,649,222	0.0960	
Total	167,767,267	$ 0.1130	

The Company expensed $786,609 and $264,045 during the nine months ended September 30, 2019 and September 30, 2018.

19. INCOME TAXES

The following is a reconciliation of income taxes, calculated at the combined federal and provincial statutory income tax rates, to the income tax provision recorded in the consolidated financial statements:

	September 30, 2019	September 30, 2018
Loss from operations before income taxes	$ (11,949,950)	$ (2,959,005)

20. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net earnings for the year attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the year.

The following reflects the earnings and share data used in the basic and diluted earnings per share computations:

		September 30, 2019		September 30, 2019
Net loss (numerator)	$	(12,086,505)	$	(2,959,005)
Weighted average units outstanding (denominator)		275,423,696		96,713,424
Loss per unit (basic and diluted)	$	(0.04)	$	(0.03)

21. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

Occasionally, the Company may be a party to legal claims or proceedings of which the outcomes are subject to significant uncertainty. In accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, the Company will assess the likelihood of an adverse judgment for any outstanding claim; as well as ranges of probable losses.

The Company is a party to an action in California by a broker for a finder's fee allegedly owed in the amount of $400,000 plus attorneys' fees, in connection with the acquisition of La Vida Verde, Inc. by the Company. The Company is vigorously defending this action. The Company has launched an action in both California and Alberta against its former CEO and President seeking damages of CN$2 million for breaches of contract, fiduciary duties, good faith, and acts of negligence in connection with the above noted broker's claim and other matters. The Company is also a party to an action by the former CEO and President of the Company claiming remedies for alleged oppression and misrepresentation, including return of 757,217.52 preferred shares of the Company that he agreed to cancel, or alternatively $20,066,264 in damages as compensation for his cancelled preferred shares. He also seeks a direction to pay on a promissory note ($741,497 as at September 30, 2019), and indemnification for credit card payments of which he is guarantor, plus legal fees. Management believes the suit by the former CEO and President is frivolous and vexatious and is vigorously defending the claim and pursuing remedy on the Company's claims. Apart from the promissory note in the amount of $741,497 which currently appears in the financial liabilities of the Company, the Company has not made any provision for any other amounts but will continue to monitor and assess these legal claims and proceedings in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*. See also Note 21 of the Notes to the Consolidated Financial Statements for the three months ended September 30, 2019.

Lease Commitments

On March 21, 2019, the Company renewed a lease agreement for office space in Denver, Colorado with 1045 Lincoln, LLC. The monthly payment is $1,200 per month. The lease expires March 31, 2020. The company terminated the lease on October 7, 2019.

On October 22, 2018, the Company executed a lease agreement for office space in Los Angeles, CA with WeWork 12655 Jefferson Blvd Tenant LLC that expires on October 31, 2019. The monthly payment is $3,600 per month.

On May 20, 2019, the Company cancelled its lease agreement with WeWork and executed a lease agreement for office space in Los Angeles, CA with WeWork 12655 Jefferson Blvd Tenant LLC that expires on May 20, 2020. The monthly payment is $5,950 per month.

On June 30, 2016, the Company executed a lease agreement for office and plant space in Watsonville, CA The monthly payment is $1,800 per month. The lease expires June 30, 2022.

On June 1, 2017, the Company executed a lease agreement for office and plant space in Watsonville, CA The monthly payment is $3,360 per month. The lease expires June 1, 2022.

Royalty Commitment under License Agreement

On September 18, 2019 the Company ceased any further funding for the development of the Julian Marley JuJu Royal brand. This decision was based on the current cost for the use of Julian Marley's image and name, coupled with the royalty arrangement, made it difficult for the brand to reach profitability. The Company cut costs by closing down its Denver office and all personnel working on the brand resigned. On October 5, 2019, Julian Marley Management notified the Company that the license agreement for the JuJu royal brand was terminated. The Company recorded a restructuring reserve of $432,129 related the termination of the brand, including license fees, inventory and other expenses. See "*Risk Factors – Risk Related to the Company's Business*" in the Company's Management's Discussion and Analysis.

LVV Promissory Notes

On January 3, 2019, the Company issued Promissory Notes and Pledge Agreements to the stockholders of LVV totaling $2,000,000. The Notes are due on October 31, 2019 and provide for interest at 5% per annum. The note payments are collateralized by the pro rata number of shares of LVV common stock held by the Company that were purchased with the amount represented by the notes. The Company paid $800,000 under the Notes during the nine months ended September 30, 2019. The Company accrued interest of $54,391 as at September 30, 2019.

The Company has a promissory note payable to the LVV stockholders with $200,000 which remains outstanding that was due March 31, 2019 and $1,000,000 that was due on October 31, 2019. The Company also had a remaining commitment to provide a working capital contribution of $650,000. On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannabrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement. See Note 24 – Events after the Reporting Period and "*Risk Factors – Risk Related to the Company's Business*" in the Company's Management's Discussion and Analysis.

Note Repayments

This note repayment relates to the note with a former director and officer, LVV stockholders and other. See also Note 16.

Commitments and contingencies as at September 30, 2019 (three months) and for 2020 (twelve months) are as follows:

		2019		2020
Accounts payable and accrued liabilites	$	1,394,070	$	-
Operating lease and commitment		33,330		89,707
Royalty commitment		200,000		-
La Vida Verde, Inc. working capital payment		650,000		-
Currrent portion of notes payable		2,006,497		-

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's primary risk management objective is to protect the Company's financial position and cash flow. The Company is exposed to market risk, credit risk, interest rate risk, foreign exchange risk and liquidity risk.

The Company's senior management oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's senior management provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Company's policies and group risk appetite. All derivative activities, if any, for risk management purposes are carried out by a team that has the appropriate skills, experience, and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

(a) Credit Risk

The maximum exposure to credit risk at the balance sheet date is best represented by the carrying amount of the Company's cash and accounts receivables.

The Company is exposed to a $135,752 credit risk with respect to cash from the potential default by counterparties that carry the Company's cash, and attempts to mitigate this risk by dealing only with large financial institutions with good credit ratings. All the financial institutions that the Company deals with meet these qualifications. The Company is exposed to normal credit risk with respect to the Company's accounts receivables. To mitigate this credit risk, the Company evaluates the creditworthiness of its customers and establishes credit limits accordingly. The Company may require deposits or collateral (letters of credit or liens) from customers prior to shipping. The Company provides for anticipated credit losses based on incurred losses.

The aging of accounts receivables are as follows:

		2019		2018
(a) Credit Risk (accounts receivable aging):				
Current	$	184,216	$	1,254
1-30 days		253,292		-
31-60 days		(81,572)		3,763
61-90 days		90,870		4,865
More than 90 days		-		-
		446,806		9,882
Less:Impairment		(50,000)		(5,000)
Total credit risk	$	396,806	$	4,882

(b) Liquidity Risk

The Company manages risk by forecasting cash flows from operations and anticipated investing and financing activities. To maintain an optimum level of cash flow, the Company actively pursues the collection of its accounts receivables by closely monitoring and controlling the operation and capital expenditures. The future minimum operating lease commitments and contractual repayments on bank loans and other obligations are as follows:

(b) Liquidity Risk:						
Accounts payable and accrued liabilites	$	1,394,070	$	-	$	-
Operating lease and commitment		33,330		89,707		51,120
Royalty commitment		200,000		-		-
La Vida Verde, Inc. working capital payment		650,000		-		-
Currrent portion of notes payable		2,006,497		-		-
Total liquidity risk	$	4,283,897	$	89,707	$	51,120

In addition, the Company may have financials obligations on its investments and proposed acquisitions.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk.

(i) Interest Rate Risk

Debt and obligations under operating lease are subject to interest rate cash flow risk as the required cash flow to service the debt will fluctuate because of the changing prime interest rate. The interest rates on debentures are fixed. The Company did not arrange any interest rate swap or financial contracts to hedge the interest rate risk. The Company does not believe it is exposed to significant interest rate risk.

(ii) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expense are denominated in a different currency from the Company's functional currency. The Company's functional currency is the United States Dollar.

(iii) Commodity price risk

The Company is not subject to price risk from fluctuations in market prices of commodities.

(iv) Equity price risk

The Company has no exposure to equity price risk.

23. CAPITAL MANAGEMENT

The Company seeks the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares when the time is appropriate.

The Company monitors the return on capital, which is defined as stockholders' (deficit) equity in the amount of ($1,011,487) as at September 30, 2019 (December 31, 2018 – ($2,070,746).

The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

24. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated all subsequent events through November 29, 2019, which is the date the financials were available to be issued. Management has determined that, except as set out below, no events or transactions occurring after the balance sheet date substantially affects the amounts, presentation, and disclosure of the accompanying financial statements.

On October 9, 2019, in response to a press release issued by the stockholders of La Vida Verde, Inc., the Company's CEO asserted the Company's position, which has been communicated to LVV, is that the attempted seizure of 8.5% of the shares of LVV by the LVV stockholders is not supported by law. The Company's position is the LVV transaction needs to be restructured. The Company is currently assessing all of its options with respect to its investment in LVV.

On October 29, 2019, the Company announced that the Company had requested a change of its ticker symbol on the Canadian Securities Exchange (the "CSE") from "JUJU" to "INCB," effective at the start of trading two business days from the date of CSE's bulletin announcing same. The effective date was November 4, 2019.

On November 1, 2019, the Company received a default notice from the founding shareholders of LVV that they had re-acquired a controlling interest from International Cannabrands and that, the Company's interest in LVV had been reduced to 34.0%.

On November 12, 2019, announced the appointment of Robert Yosaitis to the Board of Directors. Mr. Robert Yosaitis is an investor, owner, and philanthropist whose global career began in 1989 upon opening an international trading office for BHP Petroleum in Dubai, UAE. After becoming the largest jet fuel trader in the Pacific Rim, Mr. Yosaitis founded Bradley Pacific Aviation Inc., a Hawaii fixed based operator and jet fueling company. Despite his late market entrance, Mr. Yosaitis' focused and organic growth strategies, particularly through the turbulent travel market following September 11th, resulted in an all-island, first in market position with an eventual sale to Ross Aviation in April of 2008. Mr. Yosaitis is part owner and current applicant of multiple medical marijuana licenses across several jurisdictions. He is invested in two licensed medical marijuana cultivation facilities and two retail dispensing locations that serve nearly 1,000 qualified California patients every day. Mr. Yosaits' Nevada company, BioNeva, successfully netted three cultivation and three production licenses through the competitive Nevada medical marijuana licensing process. BioNeva's development of a best in class, zero-waste greenhouse, utilizing a unique mushroom-based C02 feed, was designed by scientists and researchers hailing from Germany, Israel, and Colorado. As an owner-applicant in Hawaii's competitive medical marijuana licensing process, Mr. Yosaitis' company includes partnerships with one of the largest Hawaiian venture groups whose multi-generational in-state presence emphasizes community partnerships and sustainability.

In addition, on November 12, 2019, the Company announced the completion of a non-brokered private placement of 7,920,000 units at a price of CDN $0.05 per unit for gross proceeds of US $300,000, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire a common share at a price of $0.05 per share for a period of 5 years. The common shares and warrants bear a four month hold period from the date of issue.

On November 14, 2019, the Company announced the appointment of Peter Schmid to its Board of Advisors. Mr. Peter Schmid is a veteran sales executive with over 25 years' experience in luxury retail and merchandising and has honed his skills working with some of the most well-respected brands in fashion. He currently serves as Senior Account Executive for a luxury Italian menswear label and has led projects with retailers such a Bloomingdales to create in-store brand experiences. Throughout his career, Mr. Schmid has focused on driving continuous growth while overseeing multiple six-figure accounts.

On November 18, 2019, announced the appointment of Greg Davis as Chief Growth Officer & Head of CBD. Mr. Greg Davis is an entrepreneurial marketer with an extensive track record in customer acquisition marketing. His leadership experience includes playing a key role in growing several notable startup successes as well as developing brands at Fortune 500 companies including 20th Century Fox, Warner Bros., GameWorks Entertainment and DDB Worldwide. Considered a "digital native", he became involved in digital marketing early in his career, driving many digital-first innovations including managing the launch of 20th Century Fox's foray into e-commerce, developing Kia Motors' first ever digital campaign and bringing to market the first augmented reality consumer toy line for James Cameron's epic theatrical release of "Avatar". His multi-channel marketing experience has been developed on both the agency and brand sides, building from the ground up and leading the digital arms for agencies including DDB/LA, Threshold Interactive and MBMG. Davis will be responsible for International Cannabrands' overall growth strategy, as well as spearheading the company's CBD business unit.

During November 2019, the Company terminated its engagement letter dated July 10, 2019, with Gravitas Securities Inc. and Canaccord Genuity Corp. to act as agents, on a commercially reasonable "best efforts" agency basis, to offer for sale unsecured convertible debentures of the Company (announced July 10, 2019). In addition, the Company terminated the following financing related agreements: (a) investment agreement dated August 8, 2018, with Alumina Partners (Ontario) Ltd. (announced August 9, 2018); and (b) a binding agreement dated July 25, 2019, to enter into an equity line of credit agreement with Sea Otter Global Ventures, LLC (announced July 26, 2019).

On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the

United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannabrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement.

SCHEDULE C

Management's Discussion & Analysis
for the for the Nine ended September 30, 2019

(Attached)

International Cannabrands Inc.

Management's Discussion & Analysis

For the Three-Month Period Ended September 30, 2019

FORWARD

The following Management's Discussion and Analysis ("**MD&A**") comments on the consolidated financial statements of International Cannabrands Inc. (formerly GEA Technologies Ltd.) together with its wholly owned subsidiary International Cannabrands Ltd., and its indirectly owned 51% subsidiary La Vida Verde, Inc. ("**LVV**") (collectively, the "**Company**") for the three months ended September 30, 2019. All data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee.

The information contained herein should be read in conjunction with the Company's interim consolidated financial statements for the three months ended September 30, 2019. The financial statements have been prepared in accordance with IFRS as issued by the IASB, using International Accounting Standard ("**IAS**") 34, "*Interim Financial Reporting*".

The Company initially acquired International Cannabrands Ltd. ("**International Cannabrands**"), a private company incorporated under the laws of Nevada (the "**Transaction**") in September 2017. The Transaction constituted a reverse acquisition of the Company by International Cannabrands. For accounting purposes, International Cannabrands is considered the acquirer and the Company the acquiree. Accordingly, the financial statements are a continuation of the financial statements of International Cannabrands and references to the "Company" will mean the consolidated entity subsequent to the date of the Transaction and to DropLeaf LLC prior to that date. The financial statements include the financial position and results of International Cannabrands and the Company. On January 3, 2019, the Company completed the acquisition of 51% of a micro-brand and manufacturer in La Vida Verde, Inc. ("**La Vida Verde**" or "**LVV**") a private company based in California. The financial results of LVV are consolidated with the financial results of the Company for the three-month period ended June 30, 2019. Unless the context otherwise requires, all references to the "Company", "our", "us", and "we" refers to the Company as consolidated with its subsidiaries.

This MD&A has been prepared by management as of November 29, 2019. The financial statements and related notes, and this MD&A have been approved by the Company's Board of Directors. **All amounts are presented in United States dollars, unless otherwise noted.**

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. When used in this MD&A the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: (a) the continuing market demand for the Company's products; (b) the Company's expectations regarding certain revenue, profit and cash flow targets; (c) the Company's ability to successfully execute on its growth strategies, including attracting new customers and distributors, successfully launching new products, and marketing or branding campaigns; (d) the Company's ability to gain access to, and generate sales in, domestic and international markets; (e) the Company's ability to attract and retain key employees, executives and advisors; (f) the Company's ability to raise working capital in the near to medium term; (g) assumptions about possible sources of funding for future growth; (h) interest rates and maturity dates applicable to the Company's borrowings; and (i) other expectations, intentions, projections and plans contained in this document that are not historical facts.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this document. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

GOING CONCERN ASSUMPTION

The financial statements have been prepared in accordance with IFRS on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. The financial statements and this MD&A do not reflect the adjustments that would be necessary if the going concern assumption was not appropriate.

The Company has attained a net loss of $10,330,681 for the nine months ended September 30, 2019 (December 31, 2018 - $4,443,159) and has an accumulated deficit of $17,163,202 as at September 30, 2019 (December 31, 2018 - $6,996,295). Net cash used in operations was $3,532,631 for the nine months ended September 30, 2019 (September 30, 2018 - $1,502,376). The Company expects such losses to lessen moving forward into the foreseeable future as it continues to develop and commercialize its products and close acquisitions. The Company has funded its current cash needs primarily through private placements of equity to investors. The Company anticipates addressing future financial requirements through the additional issuance of equity and/or debt from public capital markets.

The Company has not yet realized profitable operations and has mainly relied on non-operational sources of financing to fund operations. Management has been able to raise sufficient funds to finance its operations in the past through private placements of both equity and debt and will need to continue to do so to fund operations in the future. The financial statements and this MD&A do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

ABOUT INTERNATIONAL CANNABRANDS

International Cannabrands Inc. ("**The Company**") was incorporated under the provisions of the *Business Corporations Act* in the Province of Alberta on May 3, 2011. The common shares of the Company are listed and posted for trading on the Canadian Securities Exchange under the symbol INCB. The Company's head office is located at PO Box 13039, Des Moines WA 98198. The Company operates at Suite #04-131, 12655 W Jefferson Blvd, Los Angeles, CA. 90066.

International Cannabrands is a CBD and cannabis focused brand portfolio, leveraging the potential of the plant by offering best of breed products that naturally complement today's consumer lifestyles. The Company is focused on aggregating, building, and marketing a diversified portfolio of CBD, hemp, and cannabis brands, with strategic manufacturing and distribution partnerships to support better EBITDA and margins.

Currently, the THC portfolio comprises three brands:

- La Vida Verde™
- Skunk Feather Cannabis™
- Blank Brand™

Additionally, The Company is developing two CBD-focused "in house" brands, expected to launch in Q1 and Q2 of 2020:

- "Brand A": A range of CBD supplement capsules
- "Brand B": A range of CBD topicals

The Company additionally has interest in other supportive businesses in order to ensure supply-chain control, product consistency and generate income. The Company negotiates transfer pricing between entitles in order to optimize margins. Currently, these additional interests are as follows:

- Riotus Sodo LLC (Washington based entity which we own 20.6% and provides services to a cannabis cultivation operation).

NTERNATIONAL CANNABRANDS' CORPORATE HISTORY

International Cannabrands Inc. (the "**Company**") was initially built around an exclusive, worldwide license it obtained in 2014 to use Julian Marley's name and image for cannabis and branded merchandise relating to cannabis. In November 2014, the Company began licensing growers, oil extractors, vape manufacturers, edible manufacturers and merchandise companies to produce products bearing the trademark Julian Marley, JuJu Royal. These early agreements were structured with an initial upfront licensing fee and ongoing royalty payments. The initial business model did not gain the desired traction and did not generate sufficient revenues. The Company shifted to its business model to directly engage third party licensed cultivators (to grow four signature strains), oil extractors, vape manufacturers, edible manufacturers and merchandise companies to produce and distribute products on its behalf bearing the trademark Julian Marley JuJu Royal in the U.S. where cannabis has been legalized at the state level, as well as products containing cannabidiol (CBD) (a non-psychoactive chemical compound found in cannabis) in the U.S. and internationally. On September 18, 2019, the Company determined to cease any further funding for the development of the Julian Marley JuJu Royal brand and the license was terminated on October 5, 2019. See additional details below.

On July 16, 2018, The Company hired a new CEO, Steve Gormley and a strategic and financial advisor, Neal Pomroy, with a view to implementing a new business strategy for the growth of the Company. In August 2018, the Board of Directors formally approved a strategy with the following three elements:

- aggregating emerging brands who sell consumer packaged goods in the cannabis industry,
- identifying and acquiring regional distribution companies, and
- acquiring select, highly profitable value chain investments, including modest-size cultivation and/or manufacturing and distribution businesses.

Effective August 29, 2018, the Company made its first investment in a value chain investment in the Washington cannabis sector with its investment of $500,000 or 20.6% in Riotus Sodo LLC, a series LLC structured to provide services for cannabis cultivation in Washington State.

In September 2018, the Company took an important step and restructured its share capital, which resulted in the conversion of all the outstanding preferred share class and the cancellation of both common and preferred shares representing an aggregate of 115,766,613 voting shares. The Company's stock trading symbol was changed from "JUJU.A" to "JUJU".

On September 19, 2018, the Company signed a definitive agreement for the acquisition of 51% of La Vida Verde, Inc. ("**La Vida Verde**" or "**LVV**"), a highly respected, licensed cannabis product and consumer packaged goods ("**CPG**") manufacturer and distributor based in Santa Cruz, CA. The Company completed the acquisition on January 3, 2019, for $6 million (comprised of $3.0 million in common shares of the Company and $3 million in cash) and invested an additional $2 million of working capital into the business. The Company issued Promissory Notes and Pledge Agreements to the stockholders of LVV totaling $2,000,000. The Notes were due 50% on March 31, 2019 and October 31, 2019 and provided for interest at 5% per annum. The note payments are collateralized by the pro rata number of shares of LVV common stock held by the Company that were purchased with the amount represented by the notes. The Company paid $800,000 under the Notes during the nine months ended September 30, 2019. As of September 30, 2019, the Company had invested $3,150,000 in LVV through the acquisition of shares of LVV and contributions to working capital. The capital investments in LVV supported an expansion of sales and operations staff, inventory required for growth and to expand manufacturing capacity. As at September 30, 2019, the Company owed $200,000 that was due March 31, 2019; $1,000,000 that was due on October 31, 2019; and a working capital contribution of $650,000 that was due April 30, 2019.

On September 18, 2019, after careful review, the Board of Directors for International Cannabrands voted to cease any further funding for the development of the Julian Marley JuJu Royal brand. Management and the Board reached the conclusion that the cost of the use of Julian Marley's image and name, coupled with the royalty arrangement, fatally crippled the brand's ability to reach profitability. The Company also cut costs by closing down its Denver office thereby eliminating redundancies and excess operational overheard in order to operate more efficiently. Further to this announcement, Management looked to repurpose the infrastructure, and key members of the management team, developed under the JuJu Royal brand, and leverage that infrastructure and the Executive Management team against the launch of its new in-house developed CBD brands, which International Cannabrands had been developing since mid-summer 2019.

On September 20, 2019, the Company received a default notice from the founding shareholders of LVV that they had re-acquired a controlling interest from International Cannabrands and that, the Company's interest in LVV had been reduced below 51%. The Company's position, which had been communicated to LVV, was that the attempted seizure of

8.5% of the shares of LVV by the LVV stockholders is not supported by law. In Accordance with IFRS 10, the Company has consolidated LVV of September 30, 2019 and the results of its operations as and for the nine months ended September 30, 2019.

On September 26, 2019, the Company announced that given the disappointing results for LVV, that the Company must restructure the LVV acquisition and re-price the transaction so that the cost to International Cannabrands is more in line with the financial performance LVV to date.

On November 1, 2019, the Company received default notices from the founding shareholders of LVV that the Company's interest in LVV had been reduced to 34.0%. In Accordance with IFRS 10, the Company has consolidated LVV of September 30, 2019 and the results of its operations as and for the nine months ended September 30, 2019. The Company has a promissory note payable to the LVV stockholders with $200,000 which remains outstanding that was due March 31, 2019 and $1,000,000 that was due on October 31, 2019. The Company also had a remaining commitment to provide a working capital contribution of $650,000. On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannabrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement.

On November 4, 2019, the Company changed its stock symbol from "JUJU" to "INCB".

INTERNATIONAL CANNABRANDS' STRATEGY & BUSINESS MODEL

The Company's strategy centers on acquiring mid-size CBD, hemp, and cannabis (THC) brands, in addition to developing "in-house" CBD, hemp, and cannabis brands. The Company also looks to acquire interest in strategic manufacturing, distribution, and retail businesses in order to support better EBITDA, margins, and distribution for its brands.

The Company's business model is to generate revenue from CBD, hemp, and cannabis brands (with products including flower, edibles, concentrates, supplements, and topicals), as well as strategic cultivation interests and ancillary products. The Company markets products with THC content where that practice has been legalized at the state level through either medicinal or full recreational use. The Company also markets products containing CBD in the U.S. and internationally. The Company believes as the CBD, hemp, and legal cannabis markets evolve, high-quality, unique branded products will increasingly capture market share and provide a valuable platform for growth.

The Company currently generates revenue through the sale of its branded products and expects to receive monthly disbursements from its investment in Riotus SODO LLC.

The Company is working with La Vida Verde to further develop and expand the La Vida Verde brands and pursue the other elements of its business strategy. Additionally, The Company expects to generate sales through its forthcoming development of direct-to-consumer marketplaces for its CBD and/or hemp brands.

The Company currently derives, and expects to derive for the foreseeable future, all of its revenue from U.S. cannabis-related (CBD and THC) activities and so 100% of its balance sheet and operating statement are exposed to U.S. cannabis-related activities. See "*U.S. Regulatory Overview and Risk*".

The Company has identified the following objectives for the next twelve months, with an emphasis on its strategic direction of aggregating emerging CBD, hemp, and cannabis (THC) brands; developing "in-house" CBD, hemp, and cannabis brands; and acquiring interesting in select, supportive, highly profitable value chain investments:

- *Brand Development*: Develop and launch 1-3 tightly targeted CBD and/or hemp brands with an emphasis on direct-to-consumer and mainstream retail friendly product offerings. Launching our CBD product lines will be much less capital intensive than launching THC lines. (The Company will not abandon its commitment to THC; THC is the core of La Vida Verde's business and management believes THC will make a comeback in 2020. The Company intends however, to make CBD a priority over the coming quarters.)

- *Additional Acquisitions*: Acquire 1-2 operations to support brand growth, enhance margins and bolster cash flow. Targets include the addition of select cultivation (canopy ft2) and/or manufacturing and distribution capacity. The Company intends to increase control of product quality/testing seed-sale and add select new brands to fill out the product portfolio.

- *Realize the benefits from the Acquisition of 51% of La Vida Verde:* This includes geographic expansion into Southern California, direct-to-consumer delivery and monetization of digital properties, development of distribution partnerships and multi-state sales through licensing.

- *Realize on its investment with Riotus SODO LLC:* Effective August 29, 2018, the Company purchased 500,000 Class A units of Riotus SODO LLC. Each unit was purchased at $1.00 for $500,000 in total. This represents a 20.6% ownership position but ICI does not have a position of significant influence. Riotus SODO LLC provides its investors with an opportunity to earn profits on facilities and operations expansion in the cannabis industry. Riotus SODO LLC is focused on the expansion/development of an 8,000 ft2 (350+ light) cultivation facility in Seattle, WA. The operator of the facility is Solstice Holdings Inc. ("Solstice"), a leading brand and distribution company in Washington State. The Company received distribution of $21,341 and recorded other income during the three months ended September 30, 2019. The Company expects to receive monthly cash distributions for the next six years. Based on currently expected cash distributions, the Company recorded an impairment of $125,000 as of September 30, 2019.

- *Enter New Markets and Expand Existing THC Product Lines:* Entering into additional distribution agreements will allow the Company to enter new markets and also offer new and innovative products in markets where it currently offers products. The Company sees an opportunity to expand each of the THC brands into newer and emerging US-based cannabis markets and expects that consumers in these emerging markets will respond to the broad appeal of Santa Cruz culture as captured by LVV. Additionally, the Company intends to finalize and implement its strategy for the Canadian market. The Canadian market has provided its own challenges for the Company surrounding distribution and advertising restrictions.

ADRESSABLE MARKET

Cannabis (both THC and CBD) have broad appeal, and cannabis products speak to a range of consumers. Management believes that the counterculture, young adults over 21 years of age, college students, professionals, and socially conscious artists are the individuals dictating current trends, styles, and fads. The Company broadly targets these audiences and segments of Generation X (born between 1965 and 1976), Generation Y and Millennials (born between 1977 and 1995), and the originators of the counterculture movement; Baby Boomers (born between 1946 and 1964).

More specifically, The Company targets consumers who are willing to invest in health, wellness, and recreation. This audience deals with anxiety, stress, overwhelm, and associated ailments like depression and insomnia. They may also be dealing with age-related ailments and seeking ways to combat inflammation and pain. They may also view cannabis as a healthier alternative to alcohol and other recreational substances. They tend to be are tech- and design-savvy and are highly engaged with the brands they love. They value their health and are seeking natural, non-pharma solutions. They have varying experience with cannabis but are generally curious about it, and whether or not they've tried it they've heard or read about it and want to know more.

The Company must be pro-active, using research and data, to anticipate future market changes. The current market and trends in this particular industry are inspired by styles and music that originate from the 60's generation, current styles, fashion trends, art movements, environmental issues, human rights issues, and world politics.

Hemp-Derived CBD

The CBD and/or hemp market has seen recent exponential growth. Legalization and regulations are evolving, but currently CBD sourced from industrial hemp plants is legal in all 50 states, providing it contains less than .3% THC. These products can also be marketed and sold online and internationally.

According to the Green Market Report (Sept 2019; which references a BDS Analytics report), 2018 CBD sales hit $1.9 billion. BDS predicts that these sales will grow 49% annually. The report went on to say, "*Further, sales of hemp-derived CBD (as opposed to CBD from marijuana) in U.S. general retail stores are expected to makeup $12.6 billion of the $20 billion in CBD sales forecast for 2024."* This is a big point – it shows that estimated 60% of hemp-derived CBD will move through traditional retail vs. dispensaries.

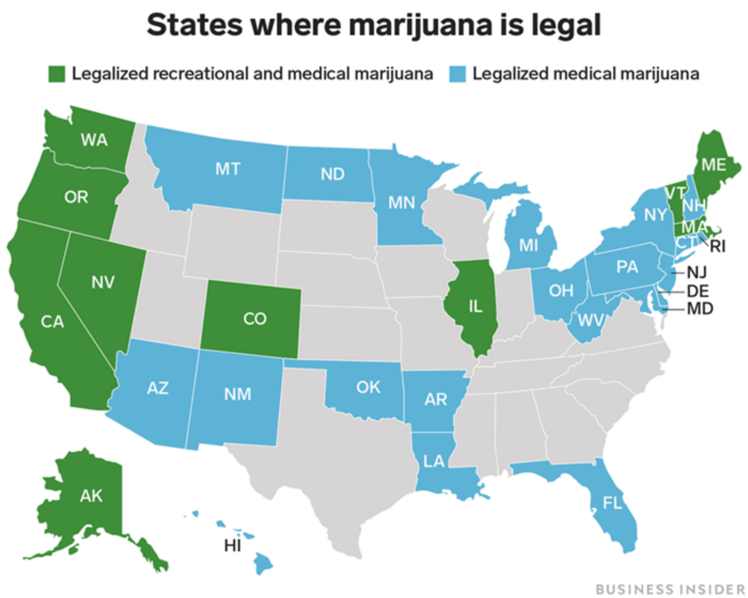
Additionally, according to a June 2019 article on The Motley Fool, 2014 global CBD sales were approximately $3.4 billion. By 2018 that number was up to $11 billion. They also showed that year-over-year CBD product sales growth in the United States of 706% in 2019 to around $5 billion - not a typo - and sales of **$23.7 billion by 2023**. Comparatively, about $620 million worth of CBD products were sold last year in the United States (based on 706% growth to $5 billion). Growing CBD revenue from about $620 million in 2018 to $23.7 billion by 2023 works out to (drum roll) a compound annual growth rate (CAGR) of a whopping 107%!

BDS Analytics Consumer Insights research revealed: "That consumers primarily use CBD as a 'natural' remedy for pain, stress, anxiety, and depression. Further, CBD consumers are divided 45% female, 55% male with an average age of 43, 40% are higher-educated and 50% are employed full-time."

The particular category that is projected to outshine all other segments… it's CBD. CBD sales in legal dispensaries rose from 3% in 2017 to 10% in 2018. BDS believes that as more mainstream consumers try CBD from hemp, they may be more disposed to going to a legal dispensary to try the marijuana-derived CBD.

Cannabis (THC)

The legal US cannabis market continues to grow rapidly. Eleven states and Washington, DC, have now legalized marijuana for recreational use for adults over 21, and 33 states have legalized medical marijuana. According to polls, 66% of Americans support making marijuana use legal and around 90% support for allowing medical marijuana,



From 2016 to present, cannabis has seen a 28% compound annual growth rate (CAGR). Growth estimates are materially increasing, and while the industry is currently valued at $9 billion that number will likely to grow to $100 billion within coming years. Despite this momentum and growth, there remains a broad spread of expectations about how large the global and US cannabis market can become. The Company strongly believes that the US market potential is materially larger than many sources currently believe and that we will witness a number of upward revisions in the coming years.

At the beginning of the year, ArcView Market Research released a report projecting global legal cannabis to grow to $57 billion by 2027 with North America representing growth from $9.2 billion in 2017 to $47.3 billion by 2027. New Frontier estimates US legal cannabis revenues as a $30.6 billion market by 2025 when likely new state entrants are included. A new set of high profile financial institutions are now weighing in as well. The venerable Bernstein Research released a report this week with a $70 billion US cannabis market estimate which they then walk back, as the total "errs on the optimistic because per capital spending in legal states is driven by tourism". They then randomly adjust their estimate down 43% to $40 billion to account for this affect and, in their opinion, no evidence of any impact on alcohol consumption! The global investment bank Credit Suisse reportedly has set a $96 billion US target. Obviously, there are numerous other sources as well.

So in summary, we are seeing estimates of $30 billion to $100 billion for the US market over the coming decade. International Cannabrands believes these estimates may be understated by 100% and that the US market may exceed $100 billion to $150 billion over the coming years. As cannabis becomes mainstream, it is entering non-traditional categories from beauty products to beverages to supplements. The basis for our more aggressive market perspective is that research analysts are taking a too narrow view on how cannabis use may disrupt consumer product categories and growth and will: (1) replace more traditional pharmaceutical categories, (2) cannibalize alcohol sales and (3) grow faster amongst less recognized consumer segments such as women, professionals and the pre-retirement/retired community.

OPPORTUNITY

The Company believes the potential for market disruption and a much greater role for hemp-derived CBD and cannabis (both recreational and medical) supports a dramatically higher US market size perspective. How fast growth happens and how high it goes will be revealed over the coming years. We recognize that change or non-change in US Federal regulations, new state adoptions, banking changes and other macro factors will have substantial impact on both size and speed of legal cannabis growth. However, we believe that ultimately the "green wave" that has been released in the US will wash over many obstacles and become a larger business than the current conservative estimates.

Cannabis and hemp research is under-developed, although this is rapidly being addressed through an increase in studies ranging from concussion protocols to oncology to Tourette's syndrome to cardiac disease and others. There are a number of other large treatment categories that also may favor cannabis over traditional prescription alternatives. The University of Georgia conservatively estimates that cannabis may capture more than $4 billion of pharma sales in the interim term.

The global pain management therapeutics market is expected to exceed $83 billion by 2024. In the US, there were reportedly over $10 billion worth of prescription opioids sold in 2017. Oxycontin, a drug under intense focus, exceeded $1 billion in sales alone. An early study by the Journal for American Medical Association (JAMA) noted material reductions in opioid overdoses in states with medical marijuana programs. Going forward, research on and increased chronic pain treatment protocols that consider a cannabis solution have significant potential to add to growth.

The US "sleep market" is estimated to be worth $28.6 billion in 2017 and forecast to exceed $35 billion by 2023. The prescription brand giants – Ambien, Lunesta and Belsomra – are declining as they come off patent and are being replaced by cheaper generics and an explosion in over-the-counter solutions. The Center for Disease Control and Prevention estimates 4% of US adults use a prescription sleep aid with prescriptions topping $2.8 billion. IBISWorld estimates that in 2017, sleep labs generated $7.1 billion in revenue and is forecast to exceed $10 billion by 2020. Research to clinically establish the commonly held belief that THC/CBD and CBD only contributes to improved sleep are reportedly underway.

In the US, estimates are that up to 40 million adults or 18% of the population suffers from an anxiety disorder. This total includes PTSD, OCD, panic disorders, social anxiety and phobias. The prescription drugs Paxil and Zoloft are the 7th and 8th most prescribed medications in the US. Similar to the pain and sleep categories, there are reportedly a number of cannabis-related studies planned to establish its potential role to alleviate symptoms for specific syndromes and consumers.

These large markets hold real opportunity to alleviate issues for consumers and generate associated revenues. A recent report by Chicago-based High Yield Insights found that cannabis consumers used 27% less over the counter pain medications and 22% less sleep aids.

Second, the impact of how alcohol consumption moderates after the introduction of legal cannabis is still in its early stages. As context, the US alcohol market is estimated at $231 billion in 2017. Obviously the substantial investment by Constellation in Canopy Growth and reported options being considered by Diageo confirm that where "there's smoke there may be fire". The same High Yield report mentioned above noted cannabis consumers' use 21% less alcohol spirits and 20% less beer versus states that have not legalized adult-use marijuana. A University of Connecticut study of medical marijuana counties in the years up to 2015 experienced a 12% reduction in alcohol consumption. While data and studies emerge, there is a commonsense basis that personal budget and recreational patterns may support the theory that cannabis use may reduce alcohol use.

Third, new consumer segments are rapidly expanding. The recognition of CBD and THC/CBD as part of a "health and wellness" lifestyle is gaining traction. Millennials now exceed Baby Boomers as a percentage of the US population and more fully accept cannabis as a lifestyle alternative with 84% supporting legalization. As but one other example, BDS Analytics recently released a study revealing that 12% of consumers 50 years and older had used cannabis in the previous six months and that another 40% were considering it. The primary reasons were pain relief and to relax. Eighteen percent of respondents say they personally know someone who uses marijuana for medical purposes. "I'd say this is a tipping point for medical marijuana," noted Alison Bryant, SVP of research at AARP in a recent article. "As more of a person's acquaintances use it, it becomes more normalized."

Last, the international legal cannabis market is expanding. Uruguay, Canada and Israel are leading the way, and a number of countries in Europe and Central and South America are not far behind. Currently hemp-derived CBD has few restrictions when being shipped from the US to other countries, typically as long as they're extracted from industrial hemp and generally contain less than 0.2 percent THC, although some countries do still restrict it. Management of the Company believes that opportunities are on the rise outside of the United States for strong brands.

LA VIDA VERDE COMPANY PROFILE

La Vida Verde ("LVV") is a US-focused, consumer packaged goods (CPG) company operating in the California cannabis industry since 2015. LVV holds a manufacturing license issued by the California Department of Public Health and a distribution license issued by the California Bureau of Cannabis Control. With these licenses, it continues to build its infrastructure of retailers and has a broker and distribution network in California to bring its proprietary brands to market. LVV has an agreement with one of California's largest Type 11 distributors with state-wide reach who currently distributes to over 90% of the retailers in California. In July 2019, LVV became a multi-state operator and announced expansion into Nevada through a long-term licensing agreement with Flower One, the largest cannabis cultivator, producer and full-service brand fulfilment partner in the state.

LVV currently has extraction, manufacturing and distribution capability. LVV is a leader in the extraction field, being one of the first to incorporate full spectrum testing in every product, testing for potency, terpenes, pesticides and residual solvents. Additionally, LVV has recently expanded its manufacturing capability and has installed state-of-the-art technology to further meet demand.

LA VIDA VERDE PRODUCTS

La Vida Verde (**LVV**) comprises three distinct brands, each with a unique product offering:

- **La Vida Verde™**: A range of THC and CBD infused edibles and tinctures, geared towards a health- and wellness-conscious consumer. All products use only healthy fats, are vegan, organic, gluten-free, paleo friendly and low glycemic. La Vida Verde believes the best medicine starts with the food you eat, and they take pride in creating products for those seeking a natural, healthy way to nurture their body.

- **Skunk Feather™**: A range of wholesale flower, packaged flower, pre-rolls, and concentrates that captures the spirit of Santa Cruz and an aspirational surf, skate, and outdoor culture. They source terpene rich cannabis trim and flower to artfully craft some of the finest crumbles, sugars, shatters, and distilled cannabis oil on the market. They utilize sustainable cultivation methods, science, and innovation, and products are pharmaceutical grade and free of any pesticides, microbial contaminants, heavy metals or additives. Skunk Feather is well known for their concentrates, and their potent, aromatic, and flavorful flower and extracts have attracted a cult following.

- **Blank Brand™**: A range of value-priced, cannabis infused chocolates, gummies, and capsules in unique and chef-created flavors and varieties. Blank sources cannabis from small family farms and ingredients are from consciously operated companies.

The Company expects these authentic lifestyle brands will resonate deeply with consumers across the state of California and beyond, and that this resonance will allow us to easily expand the brands' presence into other markets. Additionally, we expect to gain an advantage when looking to capture shelf space by offering multiple brands to retailers, and by ensuring consistency of quality and supply through vertical integration.

LA VIDA VERDE OUTLOOK: RETURNING TO SHOWING GROWTH

LVV has growth prospects through its family of brands. After losing a major customer in 2018 (out of business) and replacing an underperforming distributor in Q1, LVV brought product back in-house in early April and added a distributor during the three month period ended September 30, 2019. Through the subsequent expansion of their in-house sales efforts, the team was able to outperform the previous quarter and saw an increase in sales in Q2. We expect to see further growth as the benefits of these efforts will continue to accrue.

Manufacturing and distribution licenses provide infrastructure to service the growing cannabis lifestyle and wellness market. The combined synergies of both licenses facilitate control of the quality of proprietary products while ensuring products go to market quickly and efficiently.

Further growth efforts extend well beyond, and include:

- **Geographic expansion into Southern California**. With an expanded executive and sales force based in Southern California, LVV expects to see a continued increase in retail cannabis locations throughout the region.

- **Direct-to-consumer delivery and monetization of digital properties.** In March of this year, La Vida Verde announced a non-exclusive direct-to-consumer distribution deal with Driven Deliveries. Driven provides on-demand marijuana delivery, offering legal cannabis consumers the ability to purchase and receive their cannabis in a fast and convenient manner. Driven's platform also allows brand partners to monetize their website, social media, and user-generated content through affiliate links to Driven's eCommerce platform.

- **Further statewide availability through distribution partnership.** In May of this year, La Vida Verde announced a non-exclusive retail distribution deal with Nabis. Through this agreement, LVV intends to increase delivery speed and availability to key accounts that are on the perimeter of its current service territory. Nabis currently distributes to over 90% of the retailers in California.

- **Multi-state sales through licensing**. In May of this year, La Vida Verde announced expansion into Nevada through a licensing agreement with Flower One, the largest cultivator in the state. The agreement further diversifies the cannabis offerings made available to Nevada's cannabis retailers and consumers and the announcement marks LVV's first out-of-state expansion.

COMPETITION

The Company believes it will benefit from the authentic resonance of the brands within our portfolio. We are in direct competition with every cannabis product in each of the major categories of the industry: flower, concentrates, edibles, and merchandise including cannabis accessories and apparel.

The La Vide Verde family of brands are closely competing with brands within our categories such as: Island, Lowell Herb Co, Cookies, Raw Garden, and Kiva. The Company believes however, that though our highly competitive price points we are positioned to be more accessible which we expect to see higher revenues and greater market share as a result. Additionally, LVV received both its Annual Manufacturing License and its Annual Distribution License in California. The Company believes that the barrier to entry for temporary licenses in California is very low as only local authorization is required, and that the bar for annual licenses is much higher as it requires intense disclosures, validation of processes, and multiple inspections by state officials. It is the Company's expectation that many of the companies that received temporary licensing will not make it through to obtaining an annual license.

In terms of market share, our forthcoming CBD brands (**"Brand A"** and **"Brand B"**) will broadly compete with market leaders such as Charlotte's Web, Select CBD (Cura), Green Roads, and MedTerra. Brand A will compete more directly with CBD lifestyle and wellness brands such as; Prima, Plant People, Papa & Barkely, Reset, Feals, and Headery, and may indirectly compete with other consumer lifestyle brands such as; Ritual, Care/of, HUM Nutrition, Moon Juice, Elysium, and Bulletproof. Brand B may compete with leading CBD topicals brands such as Apothocanna, Sagely Naturals, Lord Jones, and Papa and Barkley.

SUMMARY OF FINANCIAL AND OPERATING RESULTS

Three months ended September 30, 2019 and September 30, 2018

During the three month period ended September 30, 2019, the Company reported a total of $1,490,850 in revenue (LVV- $1,465,388; JuJu Royal Brand- $25,462) as compared to $6,090 for the three month period ended September 30, 2018, which represented revenue generated solely from the JuJu Royal brand. The Company acquired LVV on January 3, 2019. LVV was impacted by loss of a major customer in June 2018 that is no longer in business in California. Also, LVV replaced an underperforming distributor in the three month period ended March 31, 2019. To address these issues LVV brought sales and distribution back in-house by April 2019 and opened a new distributer during the three month period ended September 30, 2019.

The Company relaunched the JuJu Royal Brand during the three month period ended June 30, 2019. On September 18, 2019 the Company ceased any further funding for the development of the Julian Marley JuJu Royal brand. This decision was based on the current cost for the use of Julian Marley's image and name, coupled with the royalty arrangement, made it difficult for the brand to reach profitability. The Company cut costs by closing down its Denver office and all personnel working on the brand resigned. On October 5, 2019, Julian Marley Management notified the Company that the license agreement for the JuJu royal brand was terminated. The Company recorded a restructuring reserve of $432,129 related the termination of the brand, including license fees, inventory and other expenses.

Based on expected cash distributions, the Company recorded an impairment of $125,000 as of September 30, 2019 for the investment in Riotus SODO LLC.

As of September 30, 2019, the Company impaired the investment in LVV by $3 million. As a result the Non-controlling interest in LVV was reduced by $1,470,000.

Selected financial information for the Company for the indicated periods is provided below:

	Three Months Ended September 30,	
	2019	2018
Total sales	$ 1,490,850	$ 6,090
Net loss	(4,442,695)	(1,682,578)
Basic and fully diluted loss per unit	(0.02)	(0.01)

	September 30, 2019	December 31, 2018
Total assets	$ 6,320,838	$ 3,315,120
Total liabilities	3,530,976	1,244,374
Total stockholders' equity	(1,011,487)	2,070,746

The gross margin was $129,696 for the three month period ended September 30, 2019 (LVV- $129,410); JuJju Royal Brand - ($286) as compared to gross margin of $12,516 for the three month period ended September 30, 2018, when revenue was derived solely from the JuJu Royal Brand. The increase in the gross margin was the result of increased sales at LVV. The Company believes it has fully reserved all impaired inventory as of September 30, 2019.

Operating expenses for the three month period ended September 30, 2019 were $826,135 as compared to $689,952 for the three month period ended September 30, 2018. The increase of $136,183 was mainly as a result of the increased payroll, rent for a new office space, expenses for investor relations market maker and increased legal expenses at International Cannabrands and the closing of the acquisition of LVV on January 3, 2019. The above description includes expenses for LVV $228,473. See also "*LIQUIDITY AND CAPITAL RESOURCES*" for a discussion of operating losses.

The following is a summary of operating expenses for the three month period ended September 30, 2019 and September 30, 2018. Details of the changes between periods are described in the notes to the table below.

	Three Months Ended September 30,		
	2019	2018	Change
Professional fees (1)	$ 281,483	$ 416,445	$ (134,962)
Travel and entertainment (2)	46,310	87,849	(41,539)
Legal (3)	102,138	-	102,138
Royalty expense (4)	37,500	20,000	17,500
Advertising and marketing (5)	106,314	56,754	49,560
Salaries and wages (6)	127,776	21,041	106,735
Rent (7)	19,365	41,406	(22,041)
Other (8)	105,248	46,457	58,791
Total	$ 826,135	$ 689,952	$ 136,183

Notes:

(1) Professional fees decreased by $134,962. The decrease was due to decreased professional fees related to the JuJu Royal Brand and reporting legal expenses below.

(2) Travel and entertainment decreased by $41,539. The decrease was due to reduced travel by the CEO, consultant and employees related to fund raising and sales efforts.

(3) Legal increased by $102,138. The increase related to legal fees associated with LVV, increased fees for capital raises (including a brokered placement and the legal fees of the agents), legal review of investments and revisions to the board and officers.

(4) Royalty expense consist of payments to Julian Marley and increased by $17,500 based on the amended agreement.

(5) Advertising, marketing and promotion increased by $49,560. The increase was due to increased activity. Marketing costs of the current period relate to the engagement of a public relations firm to promote the Company's products and marketing programs at LVV.

(6) Salaries and wages increased by $106,735. The increase was due to increased personnel, including a Chief Marketing Officer, Chief Operating Officer and the addition of LVV personnel.

(7) Rent expenses decreased by $22,041. The decrease was due to the net effect of terminating two residential leases during late 2018.

(8) Other expenses consists of miscellaneous items of non-material amounts increased by $58,791. The increase was due to an overall increase in other expenses during 2019.

The net loss from operations for the three month period ended September 30, 2019 was $4,442,695 as compared to $1,682,578 for the reasons discussed above. The net loss for three month period ended September 30, 2019 included amortizations of $3,395,961. The amortizations related to the expensing of the intangible assets related to the acquisition of LVV on January 3, 2019 and stock based compensation.

The net loss per share for the three month period ended September 30, 2019 was $0.02 as compared to $0.01 for the three month period ended September 30, 2018. The impact of the higher net loss was reduced by higher weighted average number of voting securities outstanding for the period. The weighted average number of voting shares outstanding for the three month period ended September 30, 2019, was 291,292,812, as compared to 120,659,488 for the three month period ended September 30, 2018.

Nine months ended September 30, 2019 and September 30, 2018

During the nine month period ended September 30, 2019, the Company reported a total of $4,553,305 in revenue (LVV- $4,483,877; JuJu Royal Brand- $69,428) as compared to $116,070 for the nine month period ended September 30, 2018, which represented revenue generated solely from the JuJu Royal brand. The Company acquired LVV on January 3, 2019. LVV was impacted by loss of a major customer in June 2018 that is no longer in business in California. Also, LVV replaced an underperforming distributor in the three month period ended March 31, 2019. To address these issues LVV brought sales and distribution back in-house by April 2019 and opened a new distributer during the three month period ended September 30, 2019.

The Company relaunched the JuJu Royal Brand during the three month period ended June 30, 2019. On September 18, 2019 the Company ceased any further funding for the development of the Julian Marley JuJu Royal brand. This decision was based on the current cost for the use of Julian Marley's image and name, coupled with the royalty arrangement, made it difficult for the brand to reach profitability. The Company cut costs by closing down its Denver office and all personnel working on the brand resigned. On October 5, 2019, Julian Marley Management notified the Company that the license agreement for the JuJu royal brand was terminated. The Company recorded a restructuring reserve of $432,129 related the termination of the brand, including license fees, inventory and other expenses.

Based on expected cash distributions, the Company recorded an impairment of $125,000 as of September 30, 2019 for the investment in Riotus SODO LLC.

As of September 30, 2019, the Company impaired the investment in LVV by $3 million. As a result the Noncontrolling interest in LVV was reduced by $1,470,000.

Selected financial information for the Company for the indicated periods is provided below:

	Nine Months Ended September 30,	
	2019	2018
Total sales	$ 4,553,305	$ 116,070
Net loss	(10,330,681)	(2,959,005)
Basic and fully diluted loss per unit	(0.04)	(0.03)

	September 30, 2019	December 31, 2018
Total assets	$ 6,320,838	$ 3,315,120
Total liabilities	3,530,976	1,244,374
Total stockholders' equity	(1,011,487)	2,070,746

The gross margin loss was ($356,422) for the nine month period ended September 30, 2019 (revenue LVV- ($107,619); JuJju Royal Brand - ($248,823) as compared to gross margin loss of $152,539 for the nine months ended September 30, 2018, when revenue was derived solely from the JuJu Brand. The increase was the result of reserves for impaired inventory. The Company believes it has fully reserved all impaired inventory as of September 30, 2019.

Operating expenses for the nine month period ended September 30, 2019 were $3,076,013 as compared to $1,439,993 for the nine month period ended September 30, 2018. The increase of $1,636,020 was mainly as a result of the increased payroll, rent for a new office space, expenses for investor relations market maker and increased legal expenses at International Cannabrands and the closing of the acquisition of LVV on January 3, 2019. Operating expenses includes expenses for LVV $737,020. See also "*LIQUIDITY AND CAPITAL RESOURCES*" for a discussion of operating losses.

The following is a summary of operating expenses for the nine month period ended September 30, 2019 and September 30, 2018. Details of the changes between periods are described in the notes to the table below.

	Nine Months Ended September 30,		
Professional fees (1)	$ 1,004,416	$ 751,809	$ 252,607
Travel and entertainment (2)	254,154	173,066	81,088
Legal (3)	487,939	-	487,939
Royalty expense (4)	112,500	52,263	60,237
Advertising and marketing (5)	294,044	197,738	96,306
Salaries and wages (6)	477,388	53,262	424,126
Consulting expenses (7)	14,000	38,338	(24,338)
Rent (8)	54,851	107,041	(52,190)
Banking (9)	80,409	-	80,409
Other (10)	296,311	66,476	229,835
Total	$ 3,076,013	$ 1,439,993	$ 1,636,020

Notes:

(1) Professional fees increased by $252,607. The increase was due to increased professional fees required for a public company, the appointment of a paid CEO, a paid consultant, some salary increases for officers and the required audit of LVV. Professional fees include auditor, consultant, and other such fees, including officer fees.

(2) Travel and entertainment increased by $81,088. The increase was due to increased travel by the CEO, consultant and employees related to fund raising and sales efforts.

(3) Legal increased by $487,939. The increase related to legal fees associated with the acquisition of LVV, increased fees for capital raises (including a brokered placement and the legal fees of the agents), legal review of investments, revisions to the board and officers.

(4) Royalty expense consist of payments to Julian Marley and increased by $60,237 based on the amended agreement.

(5) Advertising, marketing and promotion increased by $96,306. The increase was due to increased activity. Marketing costs of the current period relate to the engagement of a public relations firm to promote the Company's products and marketing programs at LVV.

(6) Salaries and wages increased by $424,126. The increase was due to increased personnel, including a Chief Marketing Officer, Vice President of Sales and chief Operating Officer and the addition of LVV personnel.

(7) Consulting expenses decreased by $24,338. Th e decrease was due to reduced expenses, offset by a $14,000 training fee at LVV.

(8) Rent expenses decreased by $52,190. The decrease was due to the net effect of terminating two residential leases during late 2018.

(9) Banking fees increased $80,409. The increase related to fees paid to registered dealers for a fund raising.

(10) Other expenses consists of miscellaneous items of non-material amounts increased by $229,835. The increase was due to an overall increase in other expenses during 2019.

The net loss from operations for the nine months ended September 30, 2019 was $10,330,681 as compared to $2,959,005 for the reasons discussed above. The net loss for nine months ended September 30, 2019 included amortizations of $4,882,540. The amortizations related to the expensing of the intangible assets related to the acquisition of LVV on January 3, 2019 and stock based compensation.

The net loss per share for the nine month period ended September 30, 2019 was $0.04 as compared to $0.03 for the nine month period ended September 30, 2018. The impact of the higher net loss was reduced by higher weighted average number of voting securities outstanding for the period. The weighted average number of voting shares outstanding for the nine month period ended September 30, 2019, was 275,423,676, as compared to 96,713,424 for the nine month period ended June 30, 2018.

QUARTERLY RESULTS OF OPERATIONS

The following table highlights selected financial information for the nine month period ended September 30, 2019. The Company expects its operating results to vary significantly from quarter to quarter and therefore they should not be relied upon to predict future performance.

	Qt 2 2019	Qt 2 2019	Qt 1 2019	Qt. 4 2018	Qt 3 2018	Qt 2 2018	Qt 1 2018	Q4 2017
	$	$	$	$	$	$	$	$
Revenue	1,490,850	1,839,178	1,223,277	(9,786)	6,090	64,863	45,417	32,734
Interest income	-	-	-	-	-	-	-	1,679
Operating expenses	826,153	1,088,253	1,180,055	618,397	689,952	415,412	320,496	283,791
Net loss from continuing operations	(4,442,695)	(2,260,461)	(3,885,024)	(1,424,618)	(1,682,578)	(756,458)	(520,802)	(235,061)
Net loss for the period	(4,442,695)	(2,260,461)	(3,885,024)	(1,424,618)	(1,682,578)	(756,458)	(520,802)	(235,061)
Loss per share - basic	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
- diluted	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)

FINANCIAL CONDITION

Readers should refer to the Note 2 of the Financial Statements regarding the going concern assumption in conjunction with the discussion below.

Financial Condition

The following chart highlights significant changes in the Consolidated Statements of Financial Position from December 31, 2018 to September 30, 2019:

Item	Increase/ Decrease from December 31, 2018	Variance Explanation
Current assets	$ 1,354,216	Reflects the acquisition of 51% of La Vida Verde , Inc. on 1/2/2019. LVV increase was $2,504,248, offset by a decrease at the Company.
Intangible asset- La Vida Verde, Inc.	1,637,351	Reflects the acquisition of 51% of La Vida Verde , Inc. on 1/2/2019., less amortiztion of intangibles of $2,701,323 and an impairment of $3,000,000.
Fixed assets	241,839	Reflects the acquisition of 51% of La Vida Verde , Inc. on 1/2/2019.
Other non-current assets	(227,688)	Reflects the impairment of Riotos of $125,000 and the JuJu Royal Brand of $165,000.
Current liabilities	1,138,723	Reflects the acquisition of 51% of La Vida Verde , Inc. on 1/2/2019. LVV increase was $588,868. the remaining increase is from the Company.
Notes payable	1,076,946	Reflects the acquisition of 51% of La Vida Verde , Inc. on 1/2/2019. Note repayments were $1,010,000.
Other non-current liability	70,933	Reflects the non-current portion of right of use liabilities related to leased assets.
Equity	(3,082,233)	See below.

Changes in equity-		
Net loss for the three months ended March 31, 2019	$ (10,330,681)	See Condensed Consolidated Statement of Changes in Stockholder's Equity
Shares issued in a private placement	3,282,015	
Shares issued for services	950,227	
Stock based compensation	1,189,820	
Issuance of shares for acquisition of La Vida Verde, Inc.	1,754,110	
Warrant exercises	72,276	
Total	$ (3,082,233)	

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

Readers should refer to Note 2, Going Concern of the Financial Statements.

Increased Cash Demands to Meet Planned Growth

Net cash used in operating activities was $3,532,631 for the nine month period ended September 30, 2019 as compared to $1,502,376 for the nine month period ended September 30, 2019 as detailed in the discussions above. As of September 30, 2019, the Company has invested $3,150,000 in LVV. For the nine month period ended September 30, 2019, net cash generated from financing activities was $2,344,291 (net of note payable payments of $1,010,000 as compared to $3,242,523 for the nine month period ended September 30, 2018. The funds are being used to fund the Company's growth and to maintain operations.

For the nine month period ended September 30, 2019, the Company had a net decrease in cash of $285,142 as compared to a net increase of $1,240,147 for the nine month period ended September 30, 2018. As a result, as at September 30, 2019 and December 31, 2018, the Company had cash balances of $385,752 and $670,894, respectively.

The increase in cash outflows from operations reflects the following:

The expenses associated with the relaunch of the JuJu brand during the first six months of 2019.

The cost of the acquisition of the 51% interest in LVV.

The expenses associated with the investment in high caliber people and resources to implement the Company's acquisition growth strategies.

Commitments

As at September 30, 2019, the Company had material commitments for cash resources of approximately $4,283,897 for the remainder of 2019 and $89,707 during 2020, which are detailed below. The Company does not currently have sufficient working capital to meet these significant commitments and will be reliant on proceeds from financing activities, anticipated returns from Riotus SODO LLC investment, and net revenue from the sale of products to fund these commitments. There is no guarantee the Company will be able to obtain the necessary financing or produce sufficient revenues to meet its financial commitments and ongoing operational costs.

A breakdown of the Company's liabilities and obligations as at September 30, 2019, is as follows:

		2019		2020
Accounts payable and accrued liabilites	$	1,394,070	$	-
Operating lease and commitment		33,330		89,707
Royalty commitment		200,000		-
La Vida Verde, Inc. working capital payment		650,000		-
Currrent portion of notes payable		2,006,497		-
Total liquidity risk	$	4,283,897	$	89,707

Cash Flow for the nine month period ended September 30, 2019 and September 30, 2018

Net cash used in operating activities was $3,532,631 for the nine month period ended September 30, 2019 as compared to $1,502,376 for the nine month period ended September 30, 2019 as detailed in the discussions above. During this period the Company the recorded a net loss of $10,330,681, and a net change in working capital of $1,331,014, offset by non-cash expenses of $6,598,753.

Liquidity

Since inception, the Company has relied primarily on private equity and debt financings to fund its operations, including through an Investment Agreement dated August 8, 2018, with Alumina Partners (Ontario) Ltd., establish the initial sales, marketing and advertising strategies, develop products, protect intellectual property (such as trademarks) and establish the Company's operations in Los Angeles. The Company has had recurring operating losses since inception. The Company expects such losses to lessen moving forward into the foreseeable future as it continues to develop and commercialize its products. See "*Risk Factors*."

During the nine months ended September 30, 2019, the Company reported a total of $4,553,305 in revenue as compared to $116,070 for the nine month period ended September 30, 2018. The Company will likely need to continue to rely upon capital raising activities, such as private placement debt and equity financings, to fund its future operations.

Selected financial information about the Company's financial position as at the indicated dates is provided below:

	September 30, 2019	December 31, 2018
Cash	$ 385,752	$ 670,894
Total assets	6,320,838	3,315,120
Notes payable	2,006,497	929,551
Total liabilities	3,530,976	1,244,374
Share capital, contributed surplus, and warrants reserve	14,799,450	9,067,041
Deficit	(17,163,202)	(6,996,295)
Working capital	(1,103,485)	227,519

The Company recorded an operating loss of $3,432,455 for the nine month period ended September 30, 2019 (September 30, 2018 - $1,592,532), has an accumulated deficit of $17,163,202 as at September 30, 2019 (December 31, 2018- $6,996,295) and negative cash flows from operations of $3,532,631 for the nine month period ended September 30, 2019 (September 30, 2018 - $1,502,376).

During the nine month period ended September 30, 2019, the Company was able to raise funds through equity financings and warrant exercises of $3,282,015. The funds are being used to fund the Company's growth and to maintain operations.

The Company's ability to access the debt and equity markets when required will depend upon factors beyond its control, such as economic and political conditions that may affect the capital markets generally. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future. Should Management be unable to raise sufficient capital to fund its operations and growth there would be a material adverse effect on the Company's business, financial condition, results of operations, and its ability to continue as a going concern.

Commitments

A breakdown of the Company's liabilities and obligations as at June 30, 2019 (six months) and for 2020 (twelve months), is as follows with a narrative description below:

		2019		2020
Accounts payable and accrued liabilites	$	1,394,070	$	-
Operating lease and commitment		33,330		89,707
Royalty commitment		200,000		-
La Vida Verde, Inc. working capital payment		650,000		-
Currrent portion of notes payable		2,006,497		-
Total liquidity risk	$	4,283,897	$	89,707

Lease Commitments

On March 21, 2019, the Company renewed a lease agreement for office space in Denver, Colorado with 1045 Lincoln, LLC. The monthly payment is $1,200 per month. The lease expires March 31, 2020. The company terminated the lease on October 7, 2019.

On October 22, 2018, the Company executed a lease agreement for office space in Los Angeles, CA with WeWork 12655 Jefferson Blvd Tenant LLC that expires on October 31, 2019. The monthly payment is $3,600 per month.

On May 20, 2019, the Company cancelled its lease agreement with WeWork and executed a lease agreement for office space in Los Angeles, CA with WeWork 12655 Jefferson Blvd Tenant LLC that expires on May 20, 2020. The monthly payment is $5,950 per month.

On June 30, 2016, the Company executed a lease agreement for office and plant space in Watsonville, CA The monthly payment is $1,800 per month. The lease expires June 30, 2022.

On June 1, 2017, the Company executed a lease agreement for office and plant space in Watsonville, CA The monthly payment is $3,360 per month. The lease expires June 1, 2022.

Royalty Commitment under License Agreement

On September 18, 2019 the Company ceased any further funding for the development of the Julian Marley JuJu Royal brand. This decision was based on the current cost for the use of Julian Marley's image and name, coupled with the royalty arrangement, made it difficult for the brand to reach profitability. The Company cut costs by closing down its Denver office and all personnel working on the brand resigned. On October 5, 2019, the license agreement for the JuJu Royal brand was terminated. The Company recorded a restructuring reserve of $432,129 related the termination of the brand, including license fees, inventory and other expenses. See "*Risk Factors – Risk Related to the Company's Business*".

LVV Promissory Notes

On January 3, 2019, the Company issued Promissory Notes and Pledge Agreements to the stockholders of LVV totaling $2,000,000. The Notes are due on October 31, 2019 and provide for interest at 5% per annum. The note payments are collateralized by the pro rata number of shares of LVV common stock held by the Company that were purchased with the amount represented by the notes. The Company paid $800,000 under the Notes during the nine months ended September 30, 2019. The Company accrued interest of $54,391 as at September 30, 2019.

On September 20, 2019, and November 1, 2019, the Company received default notices from the founding shareholders of LVV that they had re-acquired a controlling interest from International Cannabrands and that, the Company's interest in LVV had been reduced to 42.5% and 34.0%, respectively. The Company has a promissory note payable to the LVV stockholders with $200,000 which remains outstanding that was due March 31, 2019 and $1,000,000 that was due on October 31, 2019. The Company also had a remaining commitment to provide a working capital contribution of $650,000). On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannabrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement. See "*Risk Factors – Risk Related to the Company's Business*".

Note Repayments

This note repayment relates to the note with a former director and officer, LVV stockholders and other. See Note 16 and Note 21.

<u>Financial Instruments</u>

The Company's financial instruments include cash, accounts receivable, inventory, accounts payable and notes payable, and are measured at cost. The carrying value of these instruments approximates their fair value due to their short-term maturities.

The Company's activities are exposed to a variety of financial risks, including price risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

(a) Credit Risk

The maximum exposure to credit risk at the balance sheet date is best represented by the carrying amount of the Company's cash and accounts receivables.

The Company is exposed to a $135,752 credit risk with respect to cash from the potential default by counterparties that carry the Company's cash, and attempts to mitigate this risk by dealing only with large financial institutions with good credit ratings. All the financial institutions that the Company deals with meet these qualifications. The Company is exposed to normal credit risk with respect to the Company's accounts receivables. To mitigate this credit risk, the Company evaluates the creditworthiness of its customers and establishes credit limits accordingly. The Company may require deposits or collateral (letters of credit or liens) from customers prior to shipping. The Company provides for anticipated credit losses based on incurred losses.

The aging of accounts receivables are as follows:

		2019		2018
Current	$	184,216	$	1,254
1-30 days		253,292		-
31-60 days		(81,572)		3,763
61-90 days		90,870		4,865
More than 90 days		-		-
		446,806		9,882
Less:Impairment		(50,000)		(5,000)
Total credit risk	$	396,806	$	4,882

(b) Liquidity Risk

The Company manages risk by forecasting cash flows from operations and anticipated investing and financing activities. To maintain an optimum level of cash flow, the Company actively pursues the collection of its accounts receivables by closely monitoring and controlling the operation and capital expenditures. The future minimum operating lease commitments and contractual repayments on bank loans and other obligations are as follows:

		2019		2020		2021
Accounts payable and accrued liabilites	$	1,394,070	$	-	$	-
Operating lease and commitment		33,330		89,707		51,120
Royalty commitment		200,000		-		-
La Vida Verde, Inc. working capital payment		650,000		-		-
Currrent portion of notes payable		2,006,497		-		-
Total liquidity risk	$	4,283,897	$	89,707	$	51,120

In addition, the Company may have financials obligations on its investments and proposed acquisitions.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk.

(i) Interest Rate Risk

Debt and obligations under operating lease are subject to interest rate cash flow risk as the required cash flow to service the debt will fluctuate because of the changing prime interest rate. The interest rates on debentures are fixed. The Company did not arrange any interest rate swap or financial contracts to hedge the interest rate risk. The Company does not believe it is exposed to significant interest rate risk.

(ii) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expense are denominated in a different currency from the Company's functional currency. The Company's functional currency is the United States Dollar.

(iii) Commodity price risk

The Company is not subject to price risk from fluctuations in market prices of commodities.

(iv) Equity price risk

The Company has no exposure to equity price risk.

Legal Proceedings

Occasionally, the Company may be a party to legal claims or proceedings of which the outcomes are subject to significant uncertainty. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company will assess the likelihood of an adverse judgment for any outstanding claim; as well as ranges of probable losses. For further details see Note 21 Commitments and Contingencies of the Notes to the Consolidated Financial Statements for the six month period ended June 30, 2019.

Management of Capital

The Company seeks the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares when the time is appropriate.

The Company monitors the return on capital, which is defined as stockholders' (deficit) equity in the amount of ($1,011,487) as at September 30, 2019 (December 31, 2018 – ($2,070,746).

The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's Strategy, economic conditions, and the risk characteristics of the business.

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to advance its business plan for the benefit of its shareholders.

The Company is not subject to any externally imposed capital requirements.

In order to maintain its capital structure, the Company is dependent on equity and/or debt funding and, when necessary, raises capital through the issuance of equity instruments, comprised of common shares, warrants, incentive stock options, and the issuance of debt instruments. The Company reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

The payment of cash dividends does not form part of the Company's current capital management program and, to date, the Company has not declared any cash dividends on the Company's common shares.

Capital Transactions

The Company seeks the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares when the time is appropriate.

The Company monitors the return on capital, which is defined as stockholders' (deficit) equity in the amount of ($1,011,487) as at September 30, 2019 (December 31, 2018 – ($2,070,746).

The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

On September 21, 2017, the Company elected to be treated as a corporation for tax purposes and prepared and filed Articles of Merger in accordance with the Plan of Merger and Plan of Conversion contained in the Share Exchange Agreement, whereby International Cannabrands Ltd., a wholly owned subsidiary of GEA merged into DropLeaf. DropLeaf then prepared and filed Articles of Conversion whereby it converted from a limited liability company into a corporation concurrent with the merger).

Disclosure of Outstanding Share Data

The Company had 300,514,762 common shares outstanding as at September 30, 2019. Each common shareholder is entitled to one vote for each common share held.

The Company has stock option grants to purchase 25,955,570 common shares at an average exercise price of $0.085 per share. The Company expensed $403,211 and $772,080 during the nine months ended September 30, 2019 and September 30, 2018, respectively, or $0.00 and $0.00 per share, respectively. The Company has $368,719 of remaining costs to be expensed and the remaining life of the stock option grants is approximately 3.68 years.

The Company had the following shares and securities convertible into shares as of September 30, 2019:

	September 30, 2019
Common shares	300,514,762
Stock options, convertible into common shares	25,955,570
Warrants to purchase common shares	167,767,267
Common Shares - fully diluted	494,237,599

Due from former officer and director

On March 16, 2017, a former officer and director was issued 536,522 shares in exchange for a $32,000 note receivable. The note is due on March 15, 2020 with accrued interest of $1,631 at September 30, 2019.

Due to former officer and director

At September 30, 2019, the total loans from a former officer and director were as follows:

		September 30, 2019		**December 31, 2018**
Note payable	$	701,600	$	911,600
Accrued interest- note payable		50,506		17,951
Total note payable	$	752,106	$	929,551

The loan represents advances from a former officer and director with no repayment terms. The advances accrue simple interest at a rate of 2% per annum starting January 1, 2015. On September 4, 2018, the Company entered into a Promissory Note with the former officer and director for $941,600. The Note is due September 20, 2020 and provides for monthly payments of $26,155 plus interest. Interest accrues at 6% from September 4, 2018. The

Company has repaid $210,000 during the nine months ended September 30, 2019 and recorded interest of $32,155 during the nine months ended September 30, 2019. The Company has stopped payments under the note payable and recorded interest at the note rate related to the legal action discussed in Note 21.

Due to LVV Stockholders

		September 30, 2019		December 31, 2018
Note payable	$	1,200,000	$	-
Accrued interest- note payable		54,391		-
Total note payable	$	1,254,391	$	-

On January 3, 2019, the Company issued Promissory Notes and Pledge Agreements to the stockholders of LVV totaling $2,000,000. The Notes are due on October 31, 2019 and provide for interest at 5% per annum. The note payments are collateralized by the pro rata number of shares of LVV common stock held by the Company that were purchased with the amount represented by the notes. The Company paid $800,000 under the Notes during the nine months ended September 30, 2019. The Company accrued interest of $54,391 as at September 30, 2019.

On September 20, 2019, and November 1, 2019, the Company received default notices from the founding shareholders of LVV that they had re-acquired a controlling interest from International Cannabrands and that, the Company's interest in LVV had been reduced to 42.5% and 34.0%, respectively. The Company has a promissory note payable to the LVV stockholders with $200,000 which remains outstanding that was due March 31, 2019 and $1,000,000 that was due on October 31, 2019. The Company also had a remaining commitment to provide a working capital contribution of $650,000). On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannabrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement. See "*Risk Factors – Risk Related to the Company's Business*".

Certain Relationships

On July 16, 2018, the Company entered into agreements with Messrs. Gormley and Pomroy regarding the services to be provided by them. The parties were granted 12,292,969 options and 4,917,188 options, respectively, under the Company's stock option plan and 31,961,720 and 39,337,502 performance warrants, respectively. The options are exercisable into common shares at a strike price of $0.07 per share for 5 years. The performance warrants are exercisable into common shares at a strike price of $0.07 for a period of five years with 50% of the warrants being immediately vested and 50% of the warrants vested over a one year period or immediately upon closing of a Significant Acquisition, as defined in National Instrument 51-102 *Continuous Disclosure Obligations*. The acquisition of LVV on January 3, 2019 triggered the vesting of the second 50% of the warrants issued.

The Company entered into a non-binding agreement dated August 8, 2018, for a draw-down equity facility of up to CN$10,000,000 over a term of 24 months. The agreement provided for equity private placement offerings (the "**Offerings**"), to be conducted between the Company and Alumina Partners (Ontario) Ltd. ("**Alumina Partners**"), a subsidiary of Alumina Partners LLC, a New York based private equity firm. The draw-downs are at the sole discretion of the Company and may be for up to $1,000,000 per draw down and would consist of the issuance by the Company of units, whereby each unit consists of one common share (a "**Common Share**") and up to one common share purchase warrant (each whole warrant, a "**Warrant**"), and each unit being purchased at a discount ranging from 15% to 25% of the then current market price of the Common Shares on the Canadian Securities Exchange (the "**CSE**"). Alumina Partners will only receive a full warrant when an Offering is priced at or above $0.30. The exercise price of the Warrants will be at a 25% premium over the then current market price of the Common Shares and will provide for an accelerated expiry should the Company's Common Shares trade on the CSE, for a period of 10 consecutive trading days, at a premium of at least 100% above the warrant exercise price. The Company utilized this facility in August 2018, issuing an aggregate of 23,454,886 common shares and 11,727,442 warrants for gross proceeds of CN$1,450,000; in April 2019, issuing an aggregate of 3,174,603 common shares and 3,174,603 warrants for gross proceeds of CN$250,000; and in August 2019, issuing an aggregate of 2,000,000 common shares and 2,000,000 warrants for gross proceeds of CN$100,000. The agreement was terminated in November 2019, see "*Subsequent Events*".

Investment in Riotus SODO LLC

Effective August 29, 2018, the Company purchased 500,000 Class A units of Riotus SODO LLC. Each unit was purchased at $1.00 for $500,000 in total. This represents a 20.6% ownership position but ICI does not have a position of significant influence. Riotus SODO LLC provides its investors with an opportunity to earn profits on facilities and operations expansion in the cannabis industry. Riotus SODO LLC is focused on the expansion/development of an 8,000 ft2 (350+ light) cultivation facility in Seattle, WA. The operator of the facility is Solstice Holdings Inc. ("Solstice"), a leading brand and distribution company in Washington State. The Company received distribution of $21,341 and recorded other income during the three months ended September 30, 2019. The Company expects to receive monthly cash distributions for the next six years. Based on expected cash distributions, the Company recorded an impairment of $125,000 as of September 30, 2019.

SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through November 29, 2019, which is the date the financials were available to be issued. Management has determined that, except as set out below, no events or transactions occurring after the balance sheet date substantially affects the amounts, presentation, and disclosure of the accompanying financial statements.

On October 9, 2019, in response to a press release issued by the stockholders of La Vida Verde, Inc., the Company's CEO asserted the Company's position, which has been communicated to LVV, is that the attempted seizure of 8.5% of the shares of LVV by the LVV stockholders is not supported by law. The Company's position is the LVV transaction needs to be restructured. The Company is currently assessing all of its options with respect to its investment in LVV.

On October 29, 2019, the Company announced that the Company had requested a change of its ticker symbol on the Canadian Securities Exchange (the "CSE") from "JUJU" to "INCB," effective at the start of trading two business days from the date of CSE's bulletin announcing same. The effective date was November 4, 2019.

On November 12, 2019, announced the appointment of Robert Yosaitis to the Board of Directors. Mr. Robert Yosaitis is an investor, owner, and philanthropist whose global career began in 1989 upon opening an international trading office for BHP Petroleum in Dubai, UAE. After becoming the largest jet fuel trader in the Pacific Rim, Mr. Yosaitis founded Bradley Pacific Aviation Inc., a Hawaii fixed based operator and jet fueling company. Despite his late market entrance, Mr. Yosaitis' focused and organic growth strategies, particularly through the turbulent travel market following September 11th, resulted in an all-island, first in market position with an eventual sale to Ross Aviation in April of 2008. Mr. Yosaitis is part owner and current applicant of multiple medical marijuana licenses across several jurisdictions. He is invested in two licensed medical marijuana cultivation facilities and two retail dispensing locations that serve nearly 1,000 qualified California patients every day. Mr. Yosaits' Nevada company, BioNeva, successfully netted three cultivation and three production licenses through the competitive Nevada medical marijuana licensing process. BioNeva's development of a best in class, zero-waste greenhouse, utilizing a unique mushroom-based C02 feed, was designed by scientists and researchers hailing from Germany, Israel, and Colorado. As an owner-applicant in Hawaii's competitive medical marijuana licensing process, Mr. Yosaitis' company includes partnerships with one of the largest Hawaiian venture groups whose multi-generational in-state presence emphasizes community partnerships and sustainability.

In addition, on November 12, 2019, the Company announced the completion of a non-brokered private placement of 7,920,000 units at a price of CDN $0.05 per unit for gross proceeds of US $300,000, with each unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to acquire a common share at a price of $0.05 per share for a period of 5 years. The common shares and warrants bear a four month hold period from the date of issue.

On November 14, 2019, the Company announced the appointment of Peter Schmid to its Board of Advisors. Mr. Peter Schmid is a veteran sales executive with over 25 years' experience in luxury retail and merchandising and has honed his skills working with some of the most well-respected brands in fashion. He currently serves as Senior Account Executive for a luxury Italian menswear label and has led projects with retailers such a Bloomingdales to create in-store brand experiences. Throughout his career, Mr. Schmid has focused on driving continuous growth while overseeing multiple six-figure accounts.

On November 18, 2019, announced the appointment of Greg Davis as Chief Growth Officer & Head of CBD. Mr. Greg Davis is an entrepreneurial marketer with an extensive track record in customer acquisition marketing. His leadership experience includes playing a key role in growing several notable startup successes as well as developing brands at Fortune 500 companies including 20th Century Fox, Warner Bros., GameWorks Entertainment and DDB Worldwide. Considered a "digital native", he became involved in digital marketing early in his career, driving many digital-first innovations including managing the launch of 20th Century Fox's foray into e-commerce, developing Kia Motors' first ever digital campaign and bringing to market the first augmented reality consumer toy line for James Cameron's epic theatrical release of "Avatar". His multi-channel marketing experience has been developed on both the agency and brand sides, building from the ground up and leading the digital arms for agencies including DDB/LA, Threshold Interactive and MBMG. Davis will be responsible for International Cannabrands' overall growth strategy, as well as spearheading the company's CBD business unit.

During November 2019, the Company terminated the following agreements: (a) investment agreement dated August 8, 2018, with Alumina Partners (Ontario) Ltd.; (b) engagement letter dated July 10, 2019, with Gravitas Securities Inc. and Canaccord Genuity Corp.; and (c) binding agreement dated July 25, 2019, to enter into an equity line of credit agreement with Sea Otter Global Ventures, LLC.

On November 26, 2019, the Company filed A Complaint for Compensatory and Punitive Damages in the United States Court, Northern District of California. The Company seeks $5 million from the stockholders of LVV, relief from any more amounts due and return of LVV stock. It is the position of Management and the Board of Directors of International Cannabrands that the Company owns 51% La Vida Verde and in fact is not in default and owes no more money to LVV or its principals. The Company is seeking a judicial declaration stating that what the Company has paid to date for its 51% interest in LVV is more than sufficient. We are basing this position on the Company's assertions as stated in its court filing that LVV and its principals misrepresented material facts prior to the Company entering into the agreement.

OFF-BALANCE SHEET ARRANGEMENTS

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

INVESTOR RELATIONS

Investor relations were performed by the Company for the nine month period ended September 30, 2019.

SEGMENTED INFORMATION

The management of the Company considers the business to have two operating segments (i) the JuJu Royal Brand and La Vida Verde. Both entities are developing and marketing its branding platform and the sale of its products in the United States. During the nine month period ended September 30, 2019, the Company began to report both entities as segments.

The reporting for the three and nine month period ended September 30, 2019 was as follows:

Segment	Revenue	Gross Margin	Segment Net Loss (1)	Segment Assets
Three Month Period Ended September 30, 2019				
JuJu Royal brand	$ 25,462	$ 286	$ (676,774)	$ -
La Vida Verde, Inc.	1,465,388	129,410	(1,544,635)	5,741,599
Total segments	1,490,850	129,696	(2,221,409)	5,741,599
International Cannabrands, Inc.	-	-	(2,221,286)	579,239
Total	$ 1,490,850	$ 129,696	$ (4,442,695)	$ 6,320,838
Nine Month Period Ended September 30, 2019				
JuJu Royal brand	$ 69,428	$ (248,823)	$ (1,375,883)	$ -
La Vida Verde, Inc.	4,483,877	(107,619)	(4,358,425)	5,741,599
Total segments	4,553,305	(356,442)	(5,734,308)	5,741,599
International Cannabrands, Inc.	-	-	(4,596,373)	579,239
Total	$ 4,553,305	$ (356,442)	$ (10,330,681)	$ 6,320,838

(1) Includes amortization of intangible assets from the LVV acquisition in LVV. For the three and nine month period ended September 30, 2019, the expense was $808,141 and $2,701,323, respectively.

CRITICAL ACCOUNTING ESTIMATES

Preparing the financial statements in conformity with applicable accounting standards requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. These estimates, judgments and assumptions are evaluated on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable at that time, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from those estimates.

By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the audited financial statements of future periods. Estimates and accounting judgments are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances.

The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating reported financial results are discussed below.

Significant Accounting Policies

Revenue Recognition- Revenue is derived from both the sale of products. Revenue from the sale of products is considered realized when the products have been provided to the customer, the work has been accepted by the customer and collectability is reasonably assured. Furthermore, if an actual measurement of revenue cannot be determined, the Company defers all revenue recognition until such time that an actual measurement can be determined. If during the course of a contract management determines that losses are expected to be incurred, such costs are charged to operations in the period such losses are determined. Revenues are deferred when cash has been received from the customer but the revenue has not been earned.

Inventories- Inventories are valued at the lower of cost and net realizable value. Cost includes direct component costs as well as applicable normal manufacturing overhead. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

Stock Based Compensation- Employees and consultants of the Corporation may receive a portion of their compensation in the form of share based payment transactions, whereby employees or consultants render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at fair value of the share-based payment. The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Corporation' best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

See the Notes to the Financial Statements for the six month period ended June 30, 2019, for a complete summary of our significant accounting policies.

CAUTION REGARDING BUSINESS

There are a number of risks associated with the business of the Company. See section entitled "*Risk Factors*" below for a detailed list of all relevant risk factors.

Canadian Companies with U.S. Marijuana-Related Assets

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* ("**CSA Notice 51-352**"), below is a brief summary of the Company's cannabis activity in the United States and a discussion of the U.S. regulatory regime. In accordance with CSA Notice 51-352, the Company will evaluate, monitor, and reassess this disclosure and any related risks on an ongoing basis and will supplement, amend and communicate to investors in public filings, the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis.

Summary of the Company's United States Cannabis Activity

As of September 30, 2019, the Company had direct involvement in U.S. cannabis-related activities through its 51% owned subsidiary LVV, a licensed manufacturer and distributor of flower, cannabis-infused oils, tinctures and edibles in California. With respect to the Company's former activities relating to its license to use the trademark Julian Marley JuJu Royal™, the Company only had ancillary involvement in the U.S. cannabis industry through its agreements with third party licensed cultivators (to grow four signature strains), oil extractors, vape manufacturers, edible manufacturers and merchandise companies to produce and distribute products bearing the trademark Julian Marley JuJu Royal™, in the U.S. where cannabis has been legalized at the state level, as well as products containing cannabidiol (CBD) (a non-psychoactive chemical compound found in cannabis) in the U.S. and internationally; as well as the Company has entered into a number of distribution/license agreements in the U.S. and elsewhere. The activities relating to the JuJu Royal Brand were discontinued on September 18, 2019.

The Company takes commercially reasonable steps to ensure that LVV and all third parties that provide services to the Company are in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. State. The Company currently derives all of its revenue from U.S. cannabis-related activities and so 100% of its balance sheet and operating statement are exposed to U.S. cannabis related activities. As a result of Company's direct involvement in manufacture and distribution of LVV and its products, the Company is subject to CSA Notice 51-352 and accordingly provides the following disclosure.

United States Federal Overview

Introduction

In the U.S., 33 states, the District of Columbia and the U.S. territories of Guam and Puerto Rico, allow the use of medical cannabis. Voters in ten states have approved the legal sale and adult-use of recreational cannabis. The District of Columbia and Vermont have legalized adult-use of recreational cannabis but do not allow the sale of recreational cannabis.

At the federal level, however, cannabis, other than hemp (i.e., cannabis with less than 0.3% THC on a dry weight basis) currently remains a Schedule I controlled substance under the Federal Controlled Substances Act of 1970 ("**Federal CSA**"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, even in those states in which cannabis is legalized under state law, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

Although federally illegal, the U.S. federal government's approach to enforcement of such laws has, at least until recently, trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice ("**U.S. DOJ**") issued a memorandum known as the "**2013 Cole Memorandum**" to all U.S. attorneys' offices ("**U.S. Attorneys**"). The 2013 Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or adult-use cannabis programs. The 2013 Cole Memorandum, while not legally binding, assisted in managing the tension between state and federal laws concerning state-regulated cannabis businesses.

<u>Rescission of the 2013 Cole Memorandum</u>

On January 4, 2018, U.S. Attorney General Jeff Sessions rescinded the 2013 Cole Memorandum, replacing it with the "**Sessions Memorandum**". The stated rationale of the U.S. DOJ in doing so was that the 2013 Cole Memorandum was "unnecessary" due to existing general enforcement guidance adopted in the 1980s, as set forth in the U.S. Attorneys' Manual (the "**USAM**"). The USAM enforcement priorities, like those of the 2013 Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General", the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution" and "the cumulative impact of particular crimes on the community".

While the Sessions Memorandum is not law itself and therefore does not change U.S. federal law, it does add to the uncertainty of U.S. federal enforcement of the Federal CSA in states where cannabis is legal under state law. The Sessions Memorandum gives U.S. Attorneys discretion in deciding whether to prosecute cannabis-related activities, including in such states that have legalized cannabis. While the Sessions Memorandum emphasized that cannabis is a Schedule I controlled substance and reiterated the statutory view that cannabis is a "dangerous drug and marijuana activity is a serious crime", it does not otherwise confirm for U.S. Attorneys that prosecution of cannabis-related offenses is now a U.S. DOJ priority.

On February 14, 2019, William Barr was confirmed by the U.S. Senate as the next Attorney General. On January 15, 2019, during his confirmation hearing, Mr. Barr indicated that he personally believes cannabis should remain illegal but he also stated that if confirmed, he would not "go after companies that have relied on the 2013 Cole Memorandum and that his approach with regard to federal cannabis law enforcement would be "not to upset settled expectations." Mr. Barr doubled down on these statements in response to written questions from senators writing "[a]s discussed at my hearing, I do not intend to go after parties who have complied with state law in reliance on the 2013 Cole Memorandum." Mr. Barr did not commit to formally replacing the 2013 Cole Memorandum in such responses writing "I have not closely considered or determined whether further administrative guidance would be appropriate following the 2013 Cole Memorandum and the [Sessions Memorandum], or what such guidance might look like … If confirmed, I will give the matter careful consideration."

Mr. Barr's approach to cannabis federal law enforcement may prove less aggressive than Attorney General Session's get-tough on cannabis stance and could reduce the uncertainty stemming from Attorney General Session's tenure. However, Mr. Barr has made it clear that he does not support federal legalization and until he begins implementing these policies, considerable uncertainty remains.

Regardless, marijuana remains a Schedule I controlled substance at the federal level, and neither the 2013 Cole Memorandum nor its rescission has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. From a purely legal perspective, the criminal risk today remains identical to the risk on January 3, 2018. It is unclear whether the risk of enforcement has been altered by former Attorney General Sessions or will be altered by the current Attorney General William Barr.

Anti-Money Laundering Laws, Banking Regulations and Bankruptcy Protection

Under U.S. federal law, it may be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance under the Federal CSA. Canadian banks are likewise hesitant to deal with cannabis companies due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to businesses with operations or a connection to cannabis. Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the 2013 Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories, being marijuana limited, marijuana priority and marijuana terminated, which are based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law or where the banking relationship has been terminated, respectively.

On the same day the FinCEN Memorandum was published, the U.S. DOJ issued a memorandum (the "**2014 Cole Memorandum**") directing prosecutors to apply the enforcement priorities of the 2013 Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 Cole Memorandum was also rescinded as of January 4, 2018, along with the 2013 Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a U.S. DOJ priority.

However, U.S. Attorney General Jeff Sessions' rescission of the 2013 Cole Memorandum and the 2014 Cole Memorandum has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the 2013 Cole Memorandum. As such, the FinCEN Memorandum remains intact.

While the FinCEN Memorandum has not been rescinded by the U.S. DOJ at this time, it remains unclear whether the current administration will follow its guidelines. Overall, the U.S. DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state, including in states that have legalized the applicable conduct, and the U.S. DOJ's current enforcement priorities could change for any number of reasons, including a change in the opinions of the President of the United States or the U.S. Attorney General. A change in the U.S. DOJ's enforcement priorities could result in the U.S. DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted.

Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the United States. The lack of banking and financial services presents unique and significant challenges to businesses operating in and ancillary to the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the lack of traditional banking and financial services available to businesses operating in or ancillary to the cannabis industry.

Additionally, the Company does not have protection under U.S. bankruptcy laws. U.S. bankruptcy laws were adopted to protect financially troubled businesses and to provide for orderly distributions to business creditors. All bankruptcy cases are handled in U.S. federal courts, and the U.S. DOJ has stated that it is the U.S. Trustee Program's ("**USTP**") position that no assets associated with the cannabis industry can be liquidated or restricted following bankruptcy without violating the Federal CSA. In addition, the Director of the USTP recently issued a letter to 1,100 trustees who administer bankruptcy cases urging the trustees to monitor and report to the U.S. DOJ cannabis companies looking to declare bankruptcy.

If any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States are found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends and could affect other distributions, including the Company's ability to transfer funds into Canada. Furthermore, while the Company has no current intentions to declare or pay dividends in the foreseeable future, if a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide, or be required, to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Enforcement of U.S. Federal Laws

Enforcement of U.S. federal law is a significant risk to cannabis businesses operating in the United States. The rescission of the 2013 Cole Memorandum increased the uncertainty and risk associated with the enforcement of U.S. federal laws regarding the production, manufacture, processing, possession, distribution, sale and use of cannabis. There is no certainty as to how the U.S. DOJ, the U.S. Federal Bureau of Investigation and other government agencies will handle cannabis matters now that the 2013Cole Memorandum is no longer in effect.

There can be no assurance that the U.S. federal government will not seek to prosecute cases involving cannabis businesses, notwithstanding compliance with state law. Any such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition, as well as the Company's reputation and ability to raise capital.

Further, violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its ability to list its securities on stock exchanges, its financial position, its operating results, its profitability or liquidity or the value of its securities. In addition, the time of management and advisors of the Company and resources that would be needed for the investigation of any such matters or their final resolution could be substantial.

U.S. Enforcement Proceedings

Although the 2013 Cole Memorandum and 2014 Cole Memorandum have been rescinded, one legislative safeguard for the medical cannabis industry remains in place. U.S. Congress has used a rider provision (the "**Rider Provision**") in the fiscal year 2015, 2016, 2017, 2018 and 2019 Consolidated Appropriations Acts to prevent the U.S. federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated cannabis actors operating in compliance with state and local law. The Rider Provision shall remain in effect until the end of the FY 2019 (i.e., September 30, 2019). At such time, there are several possibilities: Congress could pass a FY 2020 budget, in which case it could either include the Rider Provision (or a similar provision), or Congress could fail to pass any kind of a budget, in which case a government shutdown would result and the protections of the Rider Provision would end. As the Rider Provision protects only state medical cannabis actors, there can be no assurance that U.S. federal prosecutors will not use U.S. DOJ funds to interfere with state adult-use cannabis actors.

California

In 1996, California voters approved Proposition 215 (the "**Compassionate Use Act**"), allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain. The law established a not-for-profit patient/caregiver system, but there was no state licensing authority to oversee the businesses that emerged as a result of the system. In September of 2015, the California legislature passed three bills, collectively known as the "Medical Marijuana Regulation and Safety Act". In 2016, California voters passed "The Adult Use of Marijuana Act", which legalized adult-use cannabis for adults 21 years of age and older and created a licensing system for commercial cannabis businesses. On June 27, 2017, Governor Brown signed SB-94 into law. SB-94 combined California's medicinal and adult-use cannabis regulatory frameworks into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act ("**MAUCRSA**").

Pursuant to MAUCRSA: (1) CalCannabis, a division of the California Department of Food and Agriculture, issued licenses to cannabis cultivators; (2) the Manufactured Cannabis Safety Branch issues licenses to cannabis manufacturers; and (3) the California Department of Consumer Affairs, via its agency the CBCC, issues licenses to cannabis distributors, testing laboratories, retailers and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their emergency rulemakings at the end of 2017 and updated them with revisions in June 2018 (the "Readopted Emergency Regulations"). The three agencies also released the first draft of their permanent rulemakings in July 2018 and the second draft of their permanent rulemakings in October 2018, which are currently undergoing the rulemaking process (the "Proposed Non-Emergency Regulations"). The Readopted Emergency Regulations will remain in effect until the Proposed Non-Emergency Regulations are formally completed. All three agencies began issuing temporary licenses in January 2018 and are currently evaluating annual license applications. A temporary license is a conditional license that allows a business to engage in commercial cannabis activity for a period of 120 days and may be given 90-day extensions if the licensee has applied for an annual license with the respective licensing authority.

To operate legally under state law, cannabis operators must obtain a state license and local approval. Local authorization is a prerequisite to obtaining state licensure from all three state licensing agencies, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. California has not set a limit on the number of state licenses an entity may hold, unlike other states that have restricted how many cannabis licenses an entity may hold in total or for various types of cannabis activity. Although vertical integration across multiple license types is allowed under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are also no residency requirements for ownership under MAUCRSA.

License types are designated into two classes: Type M (medical) or Type A (adult-use). There are 20 types of licenses, and a single entity may possess both Type M and Type A licenses. Licensees must conduct their commercial cannabis activity within a single premises, which must be contiguous. Although multiple premises are allowed on a given parcel, each premises must be sufficiently separate from any other premises, i.e., having separate entrances and exits and no shared common areas. Importantly, licensees may not sublet any portion of their licensed premises, and therefore, a licensee cannot lease a multi-unit building and sublease one of the units to an affiliated licensee.

The Company is directly involved in the manufacturing of cannabis in California as a result of the acquisition of LVV on January 3, 2019. LVV has represented to the Company that its business was conducted in compliance with the regulatory framework enacted by the State of California. LVV is in compliance with all applicable California laws, regulations, and guidelines.

Local Licensure, Zoning and Land Use Requirements

To obtain a state license, cannabis operators must first obtain local authorization, which is a prerequisite to obtaining state licensure. All three state regulatory agencies require confirmation from the applicable locality that an applicant is in compliance with local requirements and has either been granted authorization to, upon state licensure, continue previous cannabis activities or commence cannabis operations. One of the basic aspects of obtaining local authorization is compliance with all local zoning and land use requirements. Local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. Some localities have limited the number of authorizations an entity may hold in total or for various types of cannabis activity. Others have tiered the authorization process, granting the initial rounds of local authorization to applicants that previously conducted cannabis activity pursuant to the Compassionate Use Act or those that meet the locality's definition of social equity. Both TOP and Sonoma Pac were granted full zoning and use permits by Sonoma County on March 14, 2019.

Record-Keeping and Continuous Reporting Requirements

California's state license application process additionally requires comprehensive criminal history, regulatory history and personal disclosures for all owners. Any criminal convictions or civil penalties or judgments occurring after licensure must promptly be reported to the regulatory agency from which the licensee holds a license. State licenses must be renewed annually. Disclosure requirements for local authorization may vary, but generally tend to mirror the State of California's requirements. Licensees must also keep detailed records pertaining to various aspects of the business for up to seven years. Such records must be easily accessible by the regulatory agency from which the licensee holds a license. Additionally, licensees must record all business transactions, which must be uploaded to the statewide traceability system, once the system has been implemented by CalCannabis.

Operating Procedure Requirements

Applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with California's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

Site Visits & Inspections

LVV will not be able to obtain or maintain state licensure, and thus engage in commercial cannabis activities in the State of California, without satisfying and maintaining compliance with state and local law. As a condition of state licensure, operators must consent to random and unannounced inspections of the commercial cannabis facility enacted similar standards for inspections, and the state has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure.

Compliance Procedures

LVV has retained industry experts in California cannabis law, as local outside counsel to oversee and monitor compliance with U.S. state law on an ongoing basis. These experts in the field keep LVV fully informed of regulatory changes and recommend standard operating procedures to facilitate the implementation and maintenance of compliant operations, required tracking and license reporting. LVV will continue to work closely with the advisors to develop and improve its internal compliance program and will defer to their legal opinions and risk mitigation guidance regarding California's complex regulatory framework. The internal compliance program, including the update of operational procedures and use of checklists, requires continued monitoring by managers and executives of the Company to ensure all operations conform with legally-compliant standard operating procedures. The Company expects LVV to report and disclose all instances of non-compliance, regulatory, administrative, or legal proceedings that may be initiated against them. LVV has been in compliance with the regulatory requirements as they have unfolded throughout 2018 and 2019.

RISK FACTORS

Management of the Company consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Management is currently unaware or which they consider not to be material in connection with the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

SPECIFIC RISKS RELATED TO THE CANNABIS INDUSTRY

Risks Related to the United States Statutory and Regulatory Framework

U.S. cannabis operations are illegal under U.S. federal law and the enforcement of relevant laws is a significant risk.

As a result of the conflicting views between state legislatures and the U.S. federal government regarding the legality of cannabis, cannabis-related businesses in the United States are subject to inconsistent legislation, regulation and enforcement. Unless and until the United States Congress amends the Federal CSA with respect to cannabis or the

Drug Enforcement Agency reschedules or de-schedules cannabis (and there can be no assurance as to the timing or scope of any such potential amendments), there is a risk that U.S. federal authorities may enforce current U.S. federal law, which would adversely affect the Company. As a result of the inconsistency between state and federal law, there are a number of risks associated with the Company's existing and proposed operations in the United States.

Laws will continue to change rapidly for the foreseeable future and local laws and ordinances could restrict the Company's business operations.

Local, state and federal laws and enforcement policies concerning cannabis-related conduct are changing rapidly and will continue to do so for the foreseeable future. There can be no assurance that existing state laws that legalize and regulate the production, sale and use of cannabis will not be repealed, amended or overturned. In addition, local governments have the ability to limit, restrict and ban cannabis-related businesses from operating within their jurisdictions. Land use, zoning, local ordinances, and similar laws could be adopted or changed in a manner that makes it extremely difficult or impossible to transact business in certain jurisdictions. These potential changes in state and local laws are unpredictable and could have a material adverse effect on the Company's business.

Changes to State Laws Pertaining to Hemp

The 2018 Farm Bill provides that each state must develop a plan regarding the cultivation and sale of Hemp and submit such plan to the USDA for approval. As of the date hereof, three states have submitted such plans to the USDA. If a state does not elect to devise a hemp regulatory program, the USDA will develop a program under which Hemp cultivators in such states can apply for licenses. Continued development of the Hemp industry will be dependent upon new legislative authorization of Hemp at the state level, and further amendment or supplementation of legislation at the federal level. Any number of events or occurrences could slow or halt progress all together in this space. While progress within the Hemp industry is currently encouraging, growth is not assured. While there appears to be ample public support for favorable legislative action at the state and federal levels, numerous factors may impact or negatively affect the legislative process(es) within the various states the Company intends to pursue its business interests in. Any one of these factors could slow or halt use of Hemp or CBD, which would negatively impact the Company's plans for business or growth, including possibly causing us to discontinue operations as a whole.

Changes to Federal Laws Pertaining to Hemp

Federal regulations under the 2018 Farm Bill have not yet been promulgated. There is no guarantee that such regulations will be on terms favourable to the Company's business. Should the regulations result in stricter requirements on the Company than those of the 2014 Farm Bill, such changes could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Associated with Numerous Laws and Regulations

The production, labeling and distribution of the products that the Company distributes are regulated by various federal, state and local agencies. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of the Company's product claims or the ability to sell its products in the future. The FDA regulates the Company's products to ensure that the products are not adulterated or misbranded.

The Company will be subject to regulation by various agencies as a result of the sale of its hemp-based CBD wellness products. The shifting compliance environment and the need to build and maintain robust systems to comply with different regulations in multiple jurisdictions increases the possibility that the Company may violate one or more of the requirements. If the Company's operations are found to be in violation of any of such laws or any other governmental regulations, or perceived to be in violation, the Company may be subject to penalties or other negative effects, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications (including those regulatory regimes outside of the scope of FDA jurisdiction, but which may rely on the positions of the FDA in the application of its regulatory regime), any of which could adversely affect the Company's business and financial results.

Failure to comply with FDA requirements may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The Company's advertising is subject to regulation by the Federal Trade Commission ("FTC") under the Federal Trade Commission Act as well as subject to regulation by the FDA under the U.S. Dietary Supplement Health and Education Act of 1994 (DSHEA). In recent years, the FTC has initiated numerous investigations of dietary and nutritional supplement products and companies based on allegedly deceptive or misleading claims. At any point, enforcement strategies of a given agency can change as a result of other litigation in the space or changes in political landscapes, and could result in increased enforcement efforts, which would materially impact the Company's business. Additionally, some states also permit advertising and labeling laws to be enforced by state attorney generals, who may seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Private litigants may also seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Any actions against the Company by governmental authorities or private litigants could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be subject to heightened scrutiny by Canadian regulatory authorities.

For the reasons set forth herein, the Company's existing investments and operations in the United States, and any future investments and operations, may become the subject of heightened scrutiny by regulators, stock exchanges, third party service providers, financial institutions, depositories and other authorities in Canada and the U.S. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate in the U.S., Canada and other jurisdictions.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures and regulatory oversight of the exchanges and the Canadian Depository for Securities ("CDS") as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the stock exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Company's common shares are listed on a Canadian stock exchange, it would have a material adverse effect on the ability of holders of the Company's common shares to make and settle trades. In particular, the Company's common shares would become highly illiquid until an alternative was implemented, and investors would have no ability to effect a trade of the Company's common shares through the facilities of the applicable stock exchange.

Banking regulations in the cannabis industry may create significant challenges to the Company's operations.

Because banks in the U.S. often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions, the Company faces unique and significant challenges in operating its business. Canadian banks are likewise hesitant to deal with cannabis companies due to the uncertain legal and regulatory framework of the industry. Therefore, the Company may face a potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit.

The Company's investments in the United States may be subject to applicable U.S. anti-money laundering laws and regulations.

Under U.S. federal law, it may be a violation of money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance under the Federal CSA. Banks and other financial institutions, particularly those that are federally chartered in the United States, could be prosecuted and possibly convicted of money laundering for providing services to businesses with operations or a connection to cannabis. Therefore, investments held in U.S. banks are subject to seizure by the U.S. federal government.

If any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends and could affect other distributions, including the Company's ability to transfer such funds into Canada. Furthermore, while the Company has no current intentions to declare or pay dividends in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide, or be required, to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Third party service providers could suspend or withdraw services as a result of our cannabis business.

As a result of any adverse change to the approach in enforcement of U.S. cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse changes in public perception in respect of the consumption of cannabis or otherwise, third party service providers to the Company could suspend or withdraw their services, which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

Courts may not enforce the Company's contracts.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal in the United States at the federal level, judges in multiple U.S. states have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate U.S. federal law, even if there was no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into, if necessary. The

Company cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on the Company.

Public opinion, consumer perception or unfavorable publicity could influence the regulation of the cannabis industry.

Public opinion may also significantly influence the regulation of the cannabis industry in Canada, the United States or elsewhere. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and has varied from jurisdiction to jurisdiction. A negative shift in the public's perception of cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation of cannabis. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and/or adult-use cannabis, thereby limiting the number of new jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, results of operations or prospects.

Results of future clinical research could influence the regulation of the cannabis industry and may have an adverse effect on the Company's business.

The Company believes the medical and adult-use cannabis industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis industry or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory investigations, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or other publicity could have a material adverse effect on the demand for medical or adult-use cannabis and on the business, results of operations, financial condition, cash flows or prospects of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of medical and adult-use cannabis with illness or other negative effects or events, could have such a material adverse effect on the business, results of operations or prospects of the Company. There is no assurance that such adverse publicity reports or other media attention will not arise.

United States Border Crossing and Travel Ban

Investors in the Company and the Company's directors and officers may be subject to travel and entry bans into the U.S. Recent media articles have reported that certain Canadian citizens have been rejected for entry into the U.S., due to their involvement in the cannabis sector. In at least one widely reported incident, an investor in companies operating in the cannabis sector in states where it is legal to do so, received a lifetime ban.

The majority of persons travelling across the Canadian and U.S. border do so without incident, whereas some persons are simply barred entry one time. The U.S. Department of State and the Department of Homeland Security has indicated that the U.S. has not changed its admission requirements in response to the pending legalization in Canada of recreational cannabis, but anecdotal evidence indicates that the U.S. may be increasing its scrutiny of travelers and their cannabis related involvement. Admissibility to the U.S. may be denied to any person working or 'having involvement in' the cannabis industry, including in U.S. states where it is deemed legal, according to United States Customs and Border Protection.

Ability to Access Public and Private Capital

The Company has historically, and continues to have, access to equity and debt financing from the prospectus exempt (private placement) markets in Canada and the United States. While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to equity financing through the private markets in Canada and the U.S. The Company's executive team and board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could be investigated at a higher cost of capital.

If such equity and/or debt financing was no longer available in the public markets in Canada due to changes in applicable law, then the Company expects that it would have access to raise equity and/or debt financing privately. Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "Risk Factors - The Company may require additional capital to finance its operations in the future, but that capital may not be available when it is needed and could be dilutive to existing shareholders".

Our business is dependent on laws pertaining to the marijuana industry.

Continued development of the marijuana industry is dependent upon continued legislative authorization of the use and cultivation of marijuana at the state level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of marijuana, which would negatively impact our proposed business.

Currently, there are thirty three states plus the District of Columbia that have laws and/or regulation that recognize in one form or another legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. There are currently ten states and the District of Columbia that allow recreational use of cannabis. As of September 30, 2018, the policy and regulations of the U.S. Federal government and its agencies is that cannabis has no medical benefit and a range of activities including cultivation and use of cannabis for personal use is prohibited on the basis of federal law and may or may not be permitted on the basis of state law. Active enforcement of the current federal regulatory position on cannabis on a regional or national basis may directly and adversely affect the willingness of our customers to invest in or buy products. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect our revenues.

Further, while we do not harvest, distribute or sell marijuana, by branding products of growers of marijuana, we could be deemed to be participating in marijuana cultivation, which remains illegal under federal law, and exposes us to potential criminal liability, with the additional risk that our business could be subject to civil forfeiture proceedings.

The Company has a limited operating history and operates in a relatively new industry, and the Company may not succeed

The Company has a limited operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. For example, the adult use marijuana industry is a relatively new industry which, as a whole may not succeed, particularly should the Federal government change course and decide to prosecute various parties under Federal law. If that happens there may not be an adequate market for the Company's branded products. As a relatively new industry, there are not established players whose business model the Company can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Company.

Shareholders and investors should further consider, among other factors, the Company's prospects for success in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Company's business. The Company may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company's business to the point of having to cease operations and could impair the value of the Company securities to the point investors may lose their entire investment.

The Company's success is dependent on additional states legalizing marijuana

Continued development of the recreational marijuana market is dependent upon continued legislative authorization of marijuana at the state level and, in certain states, on local governments authorizing a sufficient number of dispensaries. Any number of factors could slow or halt the progress. Further, progress, while encouraging, is not assured and the process normally encounters set-backs before achieving success. While there may be ample public support for legislative proposal, key support must be created in the legislative committee or a bill may never advance to a vote. Numerous factors impact the legislative process. Any one of these factors could slow or halt the progress and adoption of marijuana for medical and recreational purposes

The success of the Company's products and services is uncertain

The Company has committed, and expects to continue to commit, significant resources and capital to develop and market existing products and new products and services. These products and services are relatively untested, and the Company cannot assure shareholders and investors that it will achieve market acceptance for these products and services, or other new products and services that the Company may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Company's business, financial condition and results of operations.

The Company's business is dependent upon continued market acceptance by consumers

The Company is substantially dependent on continued market acceptance of its brands by dispensaries, consumers and industry participants. The Company cannot predict the future changes, growth rate and size of this market.

Closing of bank accounts could have a material adverse effect on our business, financial condition and/or results of operations.

As a result of the regulatory environment in the industry we operate, we have experienced the closing of several of our bank accounts since 2014. We have been able to open other bank accounts, however, we may be subject to further closures of bank accounts. These factors impact Management and could have a material adverse effect on our business, financial condition and/or results of operations.

RISKS RELATED TO THE COMPANY'S BUSINESS

The Company currently depends primarily on a limited number of brands for its revenue

While the Company expects to develop new products and add additional brands through its continued pursuit and expansion of its business, the Company currently primarily relies on its marketing and distribution of the LVV family of brands. The Company currently does not have a broad portfolio of other products or services that the Company could rely on to support its operations today if the Company were to experience any difficulty with the manufacture, marketing, sale, or distribution of the LVV products.

Reliance on License

LVV's ability to manufacture and distribute cannabis products in California is dependent on maintaining its licenses in good standing with the California State regulator. Failure to comply with the requirements of any of its licenses or any failure to maintain any of its licenses would have a material adverse impact on the business, financial condition and operating results of the Company. LVV's licenses in California are currently in good standing and LVV remains fully compliant with the state laws and regulations.

The Company's ability to manage growth is currently limited

Anticipated growth in all areas of the Company's business is expected to continue to place a significant strain on its managerial, operational and technical resources. The Company expects operating expenses and staffing levels to increase in the future. To manage such growth, the Company must expand its operational and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Company will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Company's expansion could have a material adverse effect on its business and results of operations.

The Company relies on key personnel

The Company's success will depend in large measure on certain key personnel. The Company does not have key personnel insurance, nor does the Company expect to obtain such insurance in the near future. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The contributions of the existing management team to the immediate and near term operations of the Company are likely to be of central importance. In addition, there can be no assurance that The Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

The Company has a history of operating losses

The Company was formed in 2014 and has recorded fairly modest revenues to date. Since incorporation, the Company has accumulated net losses and expects such losses to continue through the initial stages of its operations. Management expects to continue to incur operating losses unless and until such time as product sales generate sufficient revenues to fund continuing operations. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that the Company will produce a profit after the successful acquisition of the Company.

The Company currently has a limited marketing capacity

To be successful, the Company's business must be successfully marketed. The market for the Company's products and services has and is expected to grow significantly and may require substantial sales and marketing capability. At the present time, the Company has independent parties to market its products and services. There can be no assurance that the Company can continue to market, or can enter into satisfactory arrangements with third parties to continue to market its products and services in a manner that would assure its growth and acceptance in the market place.

The Company's Intellectual Property requires protection

The Company's success will depend to a significant degree upon its ability to develop, maintain and protect its brands, as well as the proprietary products it develops. The Company has not filed and does not intend to file patent applications in the United States as part of its strategy to protect its Intellectual Property. Therefore, third parties may be able to replicate the Company's products and compete against it.

The Company may have to engage in litigation to protect the Company's Brands

The Company's future success and competitive position depends in part upon its ability to maintain its brands and related trademarks. The Company may be required to maintain registrations and filings related to the intellectual property associated with its brands and take such action as is necessary to preserve, protect and advance the status of the brands, including taking such action as may be necessary to take enforcement against infringement or imitation of the brands. Enforcement of the various trademarks in foreign jurisdictions will depend on the legal procedures in those jurisdictions. The Company's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Company's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Company's favor.

The Company will require additional capital to finance its operations in the future, but that capital may not be available when it is needed and could be dilutive to existing shareholders

The Company may require additional capital for future operations and to fund investments. The Company plans to finance anticipated ongoing expenses and capital requirements with funds generated from the following sources: cash provided by operating activities; available cash and cash investments; and capital raised through debt and equity offerings.

Current conditions in the capital markets are such that traditional sources of capital may not be available to the Company when needed or may be available only on unfavorable terms. The Company's ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside its control, and on its financial performance. Accordingly, the Company cannot assure Shareholders that it will be able to successfully raise additional capital at all or on terms that are acceptable to it. If the Company cannot raise additional capital when needed, it may have a material adverse effect on the Company's liquidity, financial condition, results of operations and prospects. Further, if the Company raises capital by issuing equity, the holdings of its existing shareholders will be diluted.

If the Company raises capital by issuing debt securities, such debt securities would rank senior to its common shares upon its bankruptcy or liquidation. In addition, the Company may raise capital by issuing equity securities that may be senior to its common shares for the purposes of dividend and liquidating distributions, which may adversely affect the market price of its common shares. Finally, upon bankruptcy or liquidation, holders of its debt securities and preferred shares and lenders with respect to other borrowings will receive a distribution of the Company's available assets prior to the common shareholders. Additional equity offerings may dilute the holdings of existing shareholders or reduce the market price of the Company's common shares, or both.

The Company does not expect to pay any cash dividends in the foreseeable future

The Company intends to retain its future earnings, if any, in order to reinvest in the development and growth of its business and, therefore, does not intend to pay dividends on its common shares for the foreseeable future. Any future determination to pay dividends will be at the discretion of its board of directors and will depend on its financial condition, results of operations, capital requirements, and such other factors as its board of directors deems relevant. Accordingly, shareholders may need to sell their shares of the Company's common shares to realize a return on their investment, and shareholders may not be able to sell their shares at or above the price they paid for them.

There is a limited market for the Company's securities

There can be no assurance that an active and liquid market for the Company's securities will develop and an investor may find it difficult to resell any securities of the Company.

We have limited insurance.

We currently have limited directors' and officers' liability insurance and no limited commercial liability insurance policies. Any significant claims would have a material adverse effect on our business, financial condition and results of operations.

ADDITIONAL INFORMATION:

Additional information relating to the Company including the audited financial statements for the years ended December 31, 2018 and December 31, 2017, Annual Listing Statement for the year ended December 31, 2018, and press releases issued by the Company, are available under the Company's profile on SEDAR at www.sedar.com.