ICC INTERNATIONAL CANNABIS CORP.
(Formerly Kaneh Bosm Biotechnolgy Inc.)

Condensed Consolidated Interim Financial Statements
For the six months ended August 31, 2018

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4 subsection 4.3 (3), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consoliated interim financial statements of ICC International Cannabis Corp. (formerly Kaneh Bosm Biotechnology Inc.) have been prepared by and are the responsibility of management.

These condensed consolidated interim financial statements for the six months ended August 31, 2018 have not been reviewed or audited by the Company's independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

ICC INTERNATIONAL CANNABIS CORP.
(Formerly Kaneh Bosm Biotechnology Inc.)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

As at	Note	August 31, 2018 $	February 28, 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		**406,119**	73,491
GST receivable		**44,168**	23,638
Prepaids and deposits	4	**1,784,241**	8,685
		2,234,528	105,814
Non-current assets			
Intangible assets	6	**67,339,460**	-
Total assets		**69,573,988**	105,814
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**225,246**	187,195
Loan payable	7	**-**	15,000
Total liabilities		**225,246**	294,016
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Equity attributable to shareholders			
Share capital	8	**73,822,274**	3,665,777
Reserves	8	**5,920,556**	1,358,116
Accumulated deficit		**(10,394,088)**	(5,120,274)
Total shareholders' equity (deficiency)		**69,348,742**	(96,381)
Total liabilities and shareholders' equity (deficiency)		**69,573,988**	105,814

Nature and continuance of operations (note 1)
Subsequent events (note 12)

Authorized for issue by the Board of Directors on October 29, 2018 and signed on its behalf.

"*Eugene Beukman*" — Director

"*Michael Martinz*" — Director

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

ICC INTERNATIONAL CANNABIS CORP.
(Formerly Kaneh Bosm Biotechnology Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

	Three months ended August 31,		**Six months ended August 31,**	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Expenses				
Consulting fees (Note 9)	**217,162**	39,000	**279,847**	78,000
Corporate development	**273,314**	-	**273,314**	-
General and administration	**44,018**	6,979	**48,796**	13,799
Investor communications	**29,422**	8,749	**37,686**	12,131
Professional fees	**85,857**	10,700	**111,449**	18,490
Share based compensation (Note 8)	**4,529,644**	-	**4,529,644**	-
	(5,179,417)	(65,428)	**(5,280,736)**	(122,420)
Other income (losses)				
Foreign exchange gain (loss)	**6,922**	9	**6,922**	(50)
Loss and comprehensive loss for the period	**(5,172,495)**	(65,419)	**(5,273,814)**	(122,470)
Loss and comprehensive loss per share	**(0.04)**	(0.00)	**(0.06)**	(0.01)
Weighted average number of shares outstanding	**134,369,877**	13,183,870	**83,875,052**	13,166,370

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

ICC INTERNATIONAL CANNABIS CORP.
(Formerly Kaneh Bosm Biotechnology Inc.)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)

	Six months ended August 31, 2018 $	Six months ended August 31, 2017 $
Cash provided by (used in):		
Operating activities:		
Net loss for the period	**(5,273,814)**	(122,470)
Items not affecting operating cash:		
Stock based compensation	**4,529,644**	-
Changes in non-cash working capital:		
Prepaids and deposits	**(1,775,556)**	-
Receivables	**(20,530)**	(4,172)
Accounts payable and accrued liabilities	**(61,949)**	(62,518)
Net cash used in operating activities	**(2,602,205)**	(189,160)
Financing activities:		
Proceeds from private placement, net	**8,899,493**	31,600
Share subscription receivable	**-**	291,750
Proceeds from warrant exercises	**264,000**	-
Loan payable	**85,000**	(2,000)
Proceeds from option exercises	**16,000**	-
Net cash provided by financing activities	**9,264,493**	321,350
Investing activities:		
Acqusition of Canna Colombia Holdings Inc.	**(2,610,400)**	-
Acqusition of EU Cannabis Corp.	**(430,625)**	-
Acqusition of Marathon Global Inc.	**(2,000,000)**	-
Acqusition of Canafrica Holdings.	**(1,288,635)**	-
Net cash used in investing activities	**(6,329,660)**	321,350
Net change in cash and cash equivalents	**332,628**	132,190
Cash and cash equivalents, beginning of period	**73,491**	14,405
Cash and cash equivalents, end of period	**406,119**	146,595

Supplemental cash flow information		
Finders warrants	**44,102**	-
Shares issued for Marathon Global Inc. acqusition	**14,775,000**	-
Shares issued for CanAfrica Holdings acqusition	**14,646,000**	-
Shares issued for Canna Colombia Holdings Inc. acqusition	**15,300,000**	-
Shares issued for EU Cannabis Corp. acqusition	**10,620,000**	-
Shares issued for Aricannabis Biotech acquisition	**1,120,000**	-
Finders shares issued pursuant to acqusitions	**4,548,800**	-

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

ICC INTERNATIONAL CANNABIS CORP.
(Formerly Kaneh Bosm Biotechnology Inc.)
Condensed Consolidated Interim Statement of Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars - unaudited)

	Number of common shares #	Share capital $	Obligation to Issue shares $	Reserves $	Accumulated deficit $	Total shareholders' equity (deficiency) $
Balance, February 28, 2017	**12,661,870**	**3,125,552**	**25,000**	**711,868**	**(4,131,374)**	**(268,954)**
Proceeds from private placement	500,000	50,000	(25,000)	-	-	25,000
Shares issued as interest on loan	22,000	6,600	-	-	-	6,600
Share subscription received	-	-	291,750	-	-	291,750
Loss and comprehensive loss for the period	-	-	-	-	(122,470)	(122,470)
Balance, August 31, 2017	**13,183,870**	**3,182,152**	**291,750**	**711,868**	**(4,253,844)**	**(68,074)**
Balance, February 28, 2018	**21,879,108**	**3,665,777**	**-**	**1,358,116**	**(5,120,274)**	**(96,381)**
Proceeds from private placement	26,030,000	9,007,500	-	-	-	9,007,500
Share issuance cost	-	(152,109)	-	44,102	-	(108,007)
Proceeds from warrants exercised	700,000	264,000	-	-	-	264,000
Proceeds from options exercised	80,000	27,306	-	(11,306)	-	16,000
Acqusition of Marathon Global Inc.	30,000,000	14,775,000	-	-	-	14,775,000
Acqusition of Canafrica Holdings	29,500,000	14,646,000	-	-	-	14,646,000
Acqusition of Canna Colombia Holdings Inc.	30,000,000	15,300,000	-	-	-	15,300,000
Acqusition of EU Cannabis Corp.	18,000,000	10,620,000	-	-	-	10,620,000
Acqusition of Aricannabis Biotech	2,000,000	1,120,000	-	-	-	1,120,000
Finders shares issued pursuant to acqusitions	8,760,000	4,548,800	-	-	-	4,548,800
Share based compensation	-	-	-	4,529,644	-	4,529,644
Loss and comprehensive loss for the period	-	-	-	-	(5,273,814)	(5,273,814)
Balance, August 31, 2018	**166,949,108**	**73,822,274**	**-**	**5,920,556**	**(10,394,088)**	**69,348,742**

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

1. NATURE OF OPERATIONS

ICC International Cannabis Corp. (formerly Kaneh Bosm Biotechnology Inc.), ("the Company") was incorporated on March 1, 2006 pursuant to the Business Corporations Act, (British Columbia). On September 17, 2018, the Company changed its name from Kaneh Bosm BioTechnology Inc. to ICC International Cannabis Corp. The shares of the Company are traded on the Canadian Securities Exchange ("CSE") under the symbol "WRLD" and the United States OTC stock market's OTC Pink, under the symbol "KNHBF". The Company's head office and registered and records office is 789 West Pender Street, Suite 810, Vancouver, BC, Canada, V6C 1H2.

The Company is an international cannabis company and through its wholly owned subsidiaries (note 2), has agreements in place for European-based pharmaceutical distribution, wholesale importation, research and development, as well as , licenses to cultivate, produce, distribute, store, and export Cannabis and Cannabis derivatives and industrial hemp in Colombia, Denmark, Greece, and the Kingdom of Lesotho.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future.

The Company has a working capital as at August 31, 2018 of $2,009,282 (February 28, 2018 - deficit $96,381) and an accumulated deficit of $10,394,088 (February 28, 2018 - $5,120,274). The Company's ability to continue as a going concern is in substantial doubt and is dependent upon the continuing support of obtaining additional financing to meet its obligations, repaying its liabilities through settlement with its creditors and generating sufficient cash to meet its operating expenses in the future. Failure to arrange adequate financing on acceptable terms and to achieve profitability would have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company.

In the event that cash flow from operations, together with the proceeds from any future financings are insufficient to cover planned expenditures, Management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations.

These financial statements do not reflect any adjustments related to the recoverability and classification of assets or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on October 29, 2018.

2. STATEMENT OF COMPLIANCE

Basis of preparation

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company's annual audited financial statements as at and for the year ended February 28, 2018. Accordingly, these condensed consolidated interim statements for the six months ended August 31, 2018 should be read together with the annual audited financial statements as at and for the year ended February 28, 2018.

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(a) of the Company's Annual Consolidated Financial Statements as at and for the year ended February 28, 2018.

c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars. The functional currency of each entity is determined using the currency of the primary economic envionrment in which the entity operates. The Company's functional currency, as determined by management, is the Canadian dollar. The Company's subsidiaries funcitional currency are stated in Note 2, Statement of Compliance – *Basis of consolidation*.

(Expressed in Canadian Dollars - unaudited)

2. STATEMENT OF COMPLIANCE

Basis of consolidation

During the period ended August 31, 2018, the Company acquired several subsidiaries. As of the date of these consolidated financial statements, the Company's structure is represented by ICC International Cannabis Corp. parent company incorporated pursuant to the provision of the Business Corporations Act (British Columbia), and the following subsidiaries:

Name	Functional Currency	Place of Incorporation	Interest
CannaColumbia Holdings Inc.	CAD	Ontario, Canada	100%
Cannabis Medical SAS	COP	Bogata, Colombia	100%
EU Cannabis Corp.	CAD	British Columbia, Canada	100%
Marathon Global Inc.	CAD	Ontario, Canada	100%
Ariacannabis Biotech Corp.	CAD	Ontario, Canada	100%
Pharmaceutical Development Company (PTY) Ltd.	LSL	Kingdom of Lesotho, South Africa	100%
1001350 B.C. Ltd.	CAD	British Columbia, Canada	100%

These condensed consolidated interim financial statements include the accounts of the Company and its controlled entity. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended February 28, 2018, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Adoption of Significant Accounting Policies:

Intangible assets

The Corporation's intangible assets consist of the licenses and distrubition agreements arising from the asset acquisitions described in Note 5. Intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. They are amortized on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are comprised of the Company's acquired cultivation licenses. Intangible assets not yet in use include the distribution agreements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets

Impairment of non-financial assets Non-financial assets include intangible assets. The Company's intangibles with finite lives are reviewed for an indication of impairment at each balance sheet date. If indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. 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. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss. An impairment loss, other than goodwill impairment, is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

Critical accounting estimates and judgements

The condensed consolidated interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consensed consolidated interim financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Below are areas of significant judgment and estimates in the period ended August 31, 2018:

Estimated useful lives and depreciation of intangible assets

Depreciation of finite-life intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combination and asset acquisition

Judgement is required to determine if the Company's acquisition represented a business combination or an asset purchase. More specifically, management concluded that all of the Company's acqusitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the acquisition represented the purchase of assets, there was no goodwill generated on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that the acquisition was an asset acquisition, an allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their relative fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the condensed consolidated interim statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in accounting standards

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the six-month period ended August 31, 2018:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from customers, this change had no impact on the financial statements.

IFRS 9 Financial Instruments

A finalized version of *IFRS 9 Financial Instruments* replaces *IAS 39 Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from *IAS 39*. This change had no impact on the financial statements.

New Standards and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

Applicable to the Company's annual period beginning on January 1, 2019:

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has not early-adopted this standard and is currently assessing the impact that the standard will have on the condensed consolidated interim financial statements.

(Expressed in Canadian Dollars - unaudited)

4. PREPAIDS AND DEPOSITS

The following table shows the breakdown of the Company's prepaid expenses and deposits:

	August 31, 2018	February 28, 2018
	$	$
Prepaid consulting	**214,472**	8,685
Acqusition advances	**1,569,819**	-
	1,784,291	8,685

On August 22, 2018, the Company entered into a share purchase agreement to acquire 100% interest ("Acquisition") in Danavian Cannabis Ltd. ("Danavian"). Danavian has a share purchase agreement to acquire 100% interest in Cantiva ApS ("Cantiva") from C.L.N Produktion IVS ("CLN"), a Danish limited liability corporation ("CLN Acquisition"). Cantiva owns a cannabis cultivation and manufacturing license in Denmark. The Company assumes all obligations and conditions pursuant to the CLN Acquisition. This transaction closed after period end.

As at August 31, 2018, the Company paid $1,569,819, which has been recorded as a deposit.

5. ACQUSITIONS

Acquisition of Marathon Global Inc.

On May 17, 2018 and amended on May 24, 2018, the Company entered into a share exchange agreement with Marathon Global Inc. ("Marathon"). The Company issued 15,000,000 common shares in exchange for 7,500,000 common shares of Marathon, representing a 44.12% interest in Marathon. Marathon has an exclusive distribution agreement with Cosmos Holdings Inc. ("Cosmos"), a European based pharmaceutical distributor, to procedure and distributed medical cannabis products and derivatives for clients of Cosmos in approved countries to 35,000 pharmacies in 16 countries.

Marathon is committed to the following to Cosmos:

- Within 30 days of Cosmos achieving $6,500,000 in gross sales of products supplied by Marathon, payment of $2,750,000.
- Within 30 days of Cosmos achieving $13,000,000 in gross sales of products supplied by Marathon, payment of $2,750,000.

If Cosmos fails to sell at least $1,000,000 in gross sales of products supplied by Marathon within 24 months, Cosmos will issue $2,000,000 in common stock of Cosmos at a deemed price per share equal to volume weighted average trading price of Cosmos for the 20 trading days immediately preceding the 24 month anniversary of this agreement.

On May 22, 2018, the Company subscribed to 1,000,000 common stock of Marathon for cash consideration of $1,000,000, representing a 5.88% interest in Marathon.

On June 25, 2018, the Company entered into a share exchange agreement with Marathon. The Company issued 15,000,000 common shares and paid $1,000,000 in cash in exchange for 8,500,000 common shares of Marathon to acquire the remaining 50%.

(Expressed in Canadian Dollars - unaudited)

5. ACQUSITIONS (CONTINUED)

Acquisition of Marathon Global Inc. (Continued)

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 – Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase Price:	$
Cash	2,000,000
30,000,000 common shares issued $0.49 per share	14,775,000
	16,775,000
Net Assets Acquired:	
Intangible asset – Distribution	16,775,000

The Company issued 2,400,000 common shares as finder's fees for the acquisition to an arm's length party with a fair value of $1,182,000 which have been capitalized.

Acquisition of CanAfrica Holdings:

On June 1, 2018, the Company completed a share purchase agreement to acquire 100% interest in 2635835 Ontario Inc. dba CanAfrica Holdings ("CanAfrica"). CanAfrica's owns a 100% interest in Pharmaceutical Development Company (Pty) Ltd ("PDC"). PDC owns a license to cultivate, manufacture, supply, hold, import, export and transport cannabis and derivative products in the Kingdom of Lesotho, Africa.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 – Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase Price:	$
Cash	1,288,635
29,500,000 common shares issued $0.496 per share	14,646,000
	15,934,635
Net Assets Acquired:	
Intangible assets - License	15,934,635

The Company issued 2,360,000 common shares as finder's fees for the acquisition to an arm's length party with a fair value of $1,203,600 which have been capitalized.

Acquisition of Canna Columbia

On June 25, 2018, the Company completed the acquisition of 2629429 Ontario Inc. via a three-cornered amalgamation with the Company's wholly owned subsidiary Canna Colombia Holdings Inc. 2629429 Ontario Inc. through its wholly-owned subsidiary, Cannabis Medical Group SAS ("CM Group") holds licenses to cultivate, produce, hold, sell and export cannabis and it's by products in Columbia.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 – Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

(Expressed in Canadian Dollars - unaudited)

5. ACQUSITIONS (CONTINUED)

Acqusition of Canna Colombia (Continued)

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase Price:	$
Cash	2,610,400
30,000,000 common shares issued 0.51 per share	15,300,000
	17,910,400
Net Assets Acquired:	
Intangible asset – License	17,910,400

The Company issued 2,400,000 common shares as finder's fees for the acquisition to an arm's length party with a fair value of $1,224,000 which have been capitalized.

Acquisition of EU Cannabis Corp.

On June 29, 2018, the Company entered into a definitive agreement to acquire 100% interest in EU Cannabis Corp. ("EU Cannabis"). On June 27, 2018, EU Cannabis entered into option agreement ("Option Agreement") to acquire 90% interest in three separate Greece industrial hemp licenses ("Licenses") covering 16 acres in the Greek prefecture of Imanthia from Cannatec Greece AE ("Cannatec"). The Licenses were granted to Cannatec by the Hellenic Republic Ministry of Agricultural Development and Food and permit EU Cannabis to cultivate, manufacture, distribute and export industrial hemp and Cannabidiol derived extracts. The Company assumes all obligations and conditions pursuant to the Option Agreement. The Company commitments to fulfill the Option Agreement are:

- Cumulative expenditures totaling at least $150,000 on or before the first anniversary of the Option Agreement;
- Cumulative expenditures totaling at least $500,000 on or before the second anniversary of the Option Agreement; and,
- Cumulative expenditures totaling at least $2,000,000 on or before the third anniversary of the Option Agreement.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 – Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase Price:	$
Cash	430,625
18,000,000 common shares issued 0.59 per share	10,620,000
	11,050,625
Net Assets Acquired	
Intangible asset	11,050,625

The Company issued 1,440,000 common shares as finder's fees for the acquisition to an arm's length party with a fair value of $849,600 which have been capitalized.

(Expressed in Canadian Dollars - unaudited)

5. ACQUSITIONS (CONTINUED)

Acquisition of Aricannabis Biotech Corp.

On August 15, 2018, the Company completed a share exchange agreement to acquire 100% interest in Ariacannabis Biotech Corp. ("Aricannabis"). Aricannabis has an agreement with NuCare Health (Pty) Ltd. ("NuCare") to provide cannabis products and derivatives to over 2,800 independent and corporate pharmacies across South Africa. NuCare also provides their medical partners with access to innovative consumer products, strategic partnerships with key suppliers, management of channel pressure and educational and training resources.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 – Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase Price:	$
2,000,000 common shares issued $0.56 per share	1,120,000
Net Assets Acquired:	
Intangible asset - Distribution	1,120,000

The Company issued 160,000 common shares as finder's fees for the acquisition to an arm's length party with a fair value of $89,600 which have been capitalized.

6. INTANGIBLE ASSETS

	Licenses $	Distribution Agreements $	Total $
Balance, March 1, 2018	-	-	-
Acqusition of Marathon (Note 5)	-	16,775,000	16,775,000
Acqusition of CanAfrica (Note 5)	15,934,635	-	15,934,635
Acqusition of Canna Colombia (Note 5)	17,910,400	-	17,910,400
Acqusition of EU Cannabis (Note 5)	11,050,625	-	11,050,625
Acqusition of Aricannabis (Note 5)	-	1,120,000	1,120,000
Finders fees (Note 5)	3,277,200	1,271,600	4,548,800
Balance, August 31, 2018	**48,172,860**	**19,166,600**	**67,339,460**

The Company's intention is to renew these licenses at each renewal date indefinitely. Therefore, cash inflows are expected to be generated at each store location for which the license is valid, and these assets are considered to have indefinite useful lives. As the Company's subsidiaries have not started commercial production, the distrubition assets are not yet in use. As at August 31, 2018, no amortization has been recorded.

7. LOAN PAYABLE

During the period ended August 31, 2018, the Company repaid $15,000. As at August 31, 2018, the Company loan payable was $Nil (2017 - $15,000).

8. SHARE CAPITAL

a) **Authorized**: Unlimited common shares without par value.

b) **Issued**: Common shares: 166,949,108 (February 28, 2018: 21,879,108)

Private Placements:

On April 5, 2018, the Company completed a non-brokered private placement consisting of 16,030,000 units ("Units") at a price of $0.25 per Unit for gross proceeds of $4,007,500. Each Unit was comprised of one common share and one common share purchase warrant; each warrant will be exercisable by the holder to purchase one additional common share per warrant at an exercise price of $0.50 for a two year period.

On June 19, 2018, the Company completed a non-brokered private placement consisting of 10,000,000 units ("Units") at a price of $0.50 per Unit for gross proceeds of $5,000,000. Each Unit was comprised of one common share and one common share purchase warrant; each warrant will be exercisable by the holder to purchase one additional common share per warrant at an exercise price of $0.50 for a one year period. In conjunction with the private placement, the Company incurred finders' fees consisting of cash of $108,007 and finders' warrants measured at a fair value of $44,102. A total of 120,000 finders' warrants were granted with the same terms as the warrants issued as part of the private placement units. Finders' warrants were valued using the Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.51; exercise price - $0.51; expected life – 1 year; volatility – 215%; dividend yield -$0; and risk-free rate – 1.84%.

Acquisitons:
On May 17, 2018 and amended on May 24, 2018, the Company entered into a share exchange agreement with Marathon. The Company issued 15,000,000 common shares with a fair value of $7,125,000 in exchange for 7,500,000 common shares of Marathon.

On June 1, 2018, the Company entered into a share purchase agreement with Canafrica and issued 29,500,000 common shares with a fair value of $14,646,000. The Company issued 2,360,000 common shares as finders' fees with a fair value of $1,203,600.

On June 25, 2018, the Company entered into a share exchange agreement with Marathon. The Company issued 15,000,000 common shares with a fair value of $7,650,000 in exchange for 8,500,000 common shares of Marathon. The Company issued 2,440,000 common shares as finders' fees with a fair value of $1,182,000.

On June 25, 2018, the Company completed a three-cornered amalgamation with the Company's wholly owned subsidiary, Cannabis Medical Group SAS and 2629429 Ontario Inc. The Company issued 30,000,000 common shares with a fair value of $15,300,000 pursuant to the terms of the amalgamation. The Company issued 2,400,000 finders' common shares with a fair value of $1,224,000.

On June 29, 2018, the Company entered into a definitive agreement with EU Cannabis Corp and issued 18,000,000 common shares with a fair value of $10,620,000. The Company issued 1,440,000 finders' common shares with a fair value of $849,600.

On August 15, 2018, the Company entered into a share exchange agreement with Ariacannabis Biotech Corp. and issued 2,000,000 with a fair value of $1,120,000. The Company issued 160,000 finders' common shares with a fair value of $89,600.

(Expressed in Canadian Dollars - unaudited)

8. SHARE CAPITAL (CONTINUED)

Options and warrants:

During the period ended August 31, 2018, the Company issued 700,000 common shares pursuant to warrant exercises for gross proceeds of $264,000.

During the period ended August 31, 2018, the Company issued 80,000 common shares pursuant to stock option exercises for gross proceeds of $16,000. $11,306 was transferred from the reserve to share capital.

c) Stock Option Plan

The Company has a share option plan that was approved by the shareholders on August 4, 2010, that allows it to grant options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The share option plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company’s outstanding common shares, calculated from time to time.

Pursuant to the share option plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, then the options available to grant under the plan increase proportionately. The exercise price of each option is set by the Board of Directors within regulatory guidelines. Options can have a maximum term of five (5) years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

On June 22, 2018, the Company granted incentive stock options to directors, officers, employees and consultants to purchase an aggregate of 7,591,911 common shares at an exercise price of $0.51 per common share for up to five years. The otpions vested upon grant. The grant date fair value of the otpions was measured at $4,529,644. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $0.60; exercise price - $0.51; expected life – 5 years; volatility – 244%; dividend yield – $0; and risk-free rate – 2.00%.

As at August 31, 2018 the Company has outstanding stock options exercisable to acquire 9,591,911 shares as follows:

Number of Options Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Life (in Years)
50,000	$0.20	January 23, 2019	0.00
150,000	$0.20	April 3, 2019	0.01
100,000	$0.44	July 30, 2019	0.01
300,000	$0.20	June 29, 2021	0.09
1,400,000	$0.33	December 18, 2019	0.19
7,591,911	$0.51	June 21, 2023	3.81
9,591,911			**4.10**

(Expressed in Canadian Dollars - unaudited)

8. SHARE CAPITAL (CONTINUED)

A summary of stock option activity is as follows:

	Number of Outstanding and Exercisable Options	Weighted Average Exercise Price
Balance, February 29, 2017	1,035,000	$ 0.270
Options granted	1,400,000	$ 0.330
Options forfeited	(305,000)	$ 0.270
Options expired	(50,000)	$ 0.120
Balance, February 28, 2018	2,080,000	$ 0.311
Options granted	7,591,911	$ 0.510
Options exercised	(80,000)	$ 0.200
Balance, August 31, 2018	**9,591,911**	$ 0.470

d) Warrants

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, February 28, 2017	-	$ -
Warrants issued during the year	8,845,238	$ 0.020
Warrants exercised during the year	(350,000)	$ 0.001
Balance, February 28, 2018	8,495,238	$ 0.071
Warrants issued during the period	26,030,000	$ 0.690
Warrants exercised during the period	(700,000)	$ 0.380
Balance, August 31, 2018	**33,825,238**	**$ 0.540**

During the period ended August 31, 2018, 200,000 and 500,000 warrants are exercised at a price of $0.07 and $0.50 per share, respectively.

As at August 31, 2018, the Company has outstanding warrants exercisable to acquire 33,825,238 shares as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average remaining Contractual life (Years)
1,100,000	$0.070	November 23, 2019	0.04
7,045,238	$0.070	September 23, 2019	0.22
150,000	$0.130	January 5, 2019	0.00
15,530,000	$0.500	April 5, 2020	0.73
10,000,000	$1.000	June 19, 2019	0.24
33,825,238			**1.23**

During the period ended August 31, 2018, the Company issued 120,000 finders' warrants, exercisable at $1.00 and expire on June 19, 2019.

(Expressed in Canadian Dollars - unaudited)

9. RELATED PARTY TRANSACTIONS

The following directors and/or senior officers transacted with the Company in the reporting year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. The aggregate value of transactions relating to key management personnel were as follows:

	Six months ended August 31, 2018			
		2018		2017
Mangement fees paid to former CEO	$	40,000	$	60,000
Consulting fees paid to former CFO		8,000		12,000
Consulting fees to the CFO		5,000		-
Consulting, accounting and corporate service fees to a private company controlled by the CEO		215,198		-
Share based compensation		119,328		74,699
Total	**$**	**387,526**	**$**	**146,699**

Included in accounts payable and accrued liabilities is $5,000 (February 28, 2018 - $70,221) payable to directors and officers of the Company.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period.

11. FINANCIAL INSTRUMENTS

The Company classifies its cash and cash equivalents as financial assets at fair value through profit or loss and accounts payable and accrued liabilities and loan payable as other financial liabilities.

The fair value of accounts payable and accrued liabilities and loan payable approximate their carrying value due to the short-term nature of these liabilities.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – *Financial Instruments – Disclosures.*

Level 1 – Observable inputs other than quoted prices include in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data. Cash and cash equivalents are classified as Level 1.

11. FINANCIAL INSTRUMENTS (CONTINUED)

Level 2 – Observable inputs other than quoted prices, included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash which are with a large Canadian financial institutions. The Company believes this credit risk is insignificant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2018, the Company had cash balance of $406,119 (February 28, 2018 - $73,491) to settle current liabilities of $225,246 (February 28, 2018 - $187,195). In general, the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Foreign currency risk for the Company was assessed as low.

12. SUBSEQUENT EVENTS

Subsequent to year end, the Company commenced trading on the OTC Markets under the symbol KNHBF.

On August 17, 2018, the Company entered into a strategic agreement with Auxly Cananbis Group Inc. ("Auxly"). Auxly subscribed to $5,000,000 of senior unsecured conventible debentures ("Debenture") of the Company by way of a non-brokered private placement. The Debenture bear a coupon of 8% and matures on September 17, 2021. The Debenturees can be convereted into units at the option of Auxly, at an exercise price of $0.53 per unit; each unit consists of one common share and one share purchase warrant of the Company exercisable at $1.06 for a period of three years. Auxly will provide guidance and assistance for all future production facility design and development, cannabis licensing and regulatory compliance, cultivation-strategy development, branding and marketing matters, distrubition-channel expansion and related financing.

On September 12, 2018, the Company issued 37,800,001 common shares pursuant to the acqusition of Danavian. The Company issued 3,024,000 finder common shares pursuant.

On September 13, 2018, the Company granted incentive stock options to directors, officers, employees and consultants to purchase an aggregate of 11,240,400 common shares at an exercise price of $0.51 per common share for up to five years.

12. SUBSEQUENT EVENTS (CONTINUED)

In October 2018, the Company acquired Polannabis Holdings (“Polannabis”). Polannabis, through its subsidiary, controls a Polish hemp processing and extraction licence. The licence permits the extraction and manufacturing of Cannabinoid (“CBD”) derived products from hemp. Polannabis has access to over 850 acres of premium hemp crops; estimated to produce up to 6,800 tons of material for CBD extraction.

In connection with the transaction, ICC will fund the current business for initial development and European expansion with a capital infusion, as well as make payments of CAD $2,500,000 and will issue 26,515,151 shares. A contingent consideration of up to CAD $2.5 million in cash to founding principals may be paid based on Polannabis achieving CAD $25 million in EBITDA by 2021. ICC plans to invest an additional CAD $2 million. A finders fee is payable on the transaction.

Subsequent to period end, the Company issued 750,000 common shares at a deemed value per common share of $0.75 to settle debt of $562,500.

Subsequent to period end, the Company issued 12,000,000 common shares and $200,000 to an arms length party to acquire a conditional medical cannabis cultivation license in Greece. In connection with this acquisition, the Company issued 1,200,000 common shares as a finders fee.

Subsequent to period end, 2,741,911 stock options were exercised for gross proceeds of $1,274,875 and 2,239,000 warrants were exercised for gross proceeds of $1,119,500.