

Tree of Knowledge International Corp.

Unaudited Interim Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2019 and 2018

(Expressed in US Dollars)

Tree of Knowledge International Corp.

Unaudited Interim Condensed Consolidated Financial Statements

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

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Tree of Knowledge International Corp.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

Michael Caridi
Chief Executive Officer

Spence Walker
Chief Financial Officer

NOTICE TO READER

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

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

		September 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 404,712	\$ 1,466,905
Accounts receivable	4	457,934	613,256
Inventory	5	23,352	122,151
Prepaid and other assets		380,331	119,593
Total Current Assets		1,266,329	2,321,905
Non-Current Assets			
Equity investments	6	1,120,088	1,079,907
Equipment	7	835,042	759,750
Intangible assets	10	10,973,024	11,115,313
Right-of-use assets	9	1,568,415	-
Goodwill		5,409,627	5,409,627
Total Assets		\$ 21,172,525	\$ 20,686,502
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 1,409,212	\$ 1,964,163
Notes payable to shareholders		679,462	566,784
Lease liability - current portion	8	262,266	-
Total Current Liabilities		2,350,940	2,530,947
Non-Current Liabilities			
Lease liability	8	1,373,655	-
Total Liabilities		3,724,595	2,530,947
Shareholder's Equity			
Share capital	11	41,751,890	40,735,390
Equity reserves	12	4,948,705	2,644,704
Shares to be cancelled	11	-	(1,000,000)
Accumulated other comprehensive income		357,597	289,030
Accumulated deficit		(29,610,262)	(24,513,569)
Total Equity		17,447,930	18,155,555
Total Liabilities and Shareholder's Equity		\$ 21,172,525	\$ 20,686,502

Approved on Behalf of the Board

(Signed) - "Michael Caridi", Director

(Signed) - "Scott Reeves", Director

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

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenue	\$ 599,744	\$ 135,028	\$ 2,045,996	\$ 617,972
Cost of sales	62,791	130,287	387,284	535,300
Gross Margin	536,953	4,741	1,658,712	82,672
Expenses				
Salaries, benefits, and consulting	\$ 299,684	\$ 160,973	\$ 1,067,275	\$ 2,717,561
Office and general	304,129	101,594	1,001,550	222,981
Share based payments	1,328,988	490,281	2,651,234	2,554,534
Research and Development	-	-	-	67,000
Depreciation and amortization	328,383	46,723	958,153	124,182
Professional fees	92,342	291,556	693,710	462,272
Travel and promotion	53,237	120,238	256,022	233,349
Interest expenses	51,215	2,358	144,266	8,216
Total Expenses	2,457,978	1,213,723	6,772,210	6,390,095
Loss before the following items	(1,921,025)	(1,208,982)	(5,113,498)	(6,307,423)
Listing costs	-	-	-	(1,561,271)
Finder fees	-	-	-	(1,576,778)
Loss on settlement of debt	-	25	-	(267,463)
Interest income	2,334	155	20,686	2,235
Foreign exchange gain (loss)	1,216	(84)	(3,881)	4,321
Net loss	\$ (1,917,475)	\$ (1,208,886)	\$ (5,096,693)	\$ (9,706,379)
Other comprehensive income				
Foreign currency translation adjustment	68,204	59,257	68,569	(448,312)
Comprehensive loss	(1,849,271)	(1,149,629)	(5,028,124)	(10,154,691)
Loss per weighted average number of shares outstanding - basic and diluted	\$ (0.009)	\$ (0.016)	\$ (0.024)	\$ (0.154)
Weighted average number of shares outstanding - basic and diluted	219,500,546	76,481,803	212,788,933	63,070,863

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

Tree of Knowledge International Corp.

Condensed Consolidated Interim Statements of Change in Equity

For the nine months ended September 30, 2019 and the year ended December 31, 2018

(Expressed in US Dollars)

	Common Shares (Note 11)	Share Capital (Note 11)	Equity reserves	Shares to be Issued (Cancelled)	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance - January 1, 2019	201,896,623	\$ 40,735,390	\$ 2,644,704	\$ (1,000,000)	\$ 289,030	\$ (24,513,569)	\$ 18,155,555
Shares and warrants issued for cash	7,566,876	625,497	495,179	-	-	-	1,120,676
Shares issued for services	4,900,000	561,412	-	-	-	-	561,412
Shares and warrants issued for services	2,391,607	219,236	175,984	-	-	-	395,220
Shares issued for intangible asset	4,036,362	502,035	-	-	-	-	502,035
Shares issued for settlement	800,000	61,204	-	-	-	-	61,204
Shares issued for exercise of warrants	226,904	27,601	(2,034)	-	-	-	25,567
Shares issued for exercise of options	100,000	19,515	(10,949)	-	-	-	8,566
Cancellation of shares	(1,720,000)	(1,000,000)	-	1,000,000	-	-	-
Share based payment for options and performance warrants	-	-	1,645,821	-	-	-	1,645,821
Foreign currency translation adjustment	-	-	-	-	68,567	-	68,567
Net loss for the period	-	-	-	-	-	(5,096,693)	(5,096,693)
Balance - September 30, 2019	220,198,372	\$ 41,751,890	\$ 4,948,705	\$ -	\$ 357,597	\$ (29,610,262)	\$ 17,447,930

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

Tree of Knowledge International Corp.

Condensed Consolidated Interim Statements of Change in Equity (Continued)

For the nine months ended September 30, 2019 and the year ended December 31, 2018

(Expressed in US Dollars)

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

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

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

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
OPERATING ACTIVITIES		
Net loss	\$ (5,096,693)	\$ (9,706,379)
Items not requiring an outlay of cash:		
Depreciation and amortization	958,153	124,182
Interest expenses	136,731	-
Consulting fees paid by issuance of shares	-	2,142,695
Share based payments	2,651,234	2,554,534
Listing costs	-	1,561,271
Finder fees	-	1,576,778
Loss on settlement of debt	-	267,463
Changes in non-cash working capital:		
Accounts receivable	155,322	(185,572)
Inventory	98,799	55,388
Prepaid expenses and other assets	(260,738)	(23,413)
Accounts payable and accrued liabilities	(554,951)	783,102
Notes payable to shareholders	112,679	53,998
Cash Flow Used in Operating Activities	(1,799,466)	(795,953)
INVESTING ACTIVITIES		
Purchase of equipment	(241,952)	(79,447)
Purchase of intangible assets	-	(150,000)
Cash Flow Used in Investing Activities	(241,952)	(229,447)
FINANCING ACTIVITIES		
Proceeds from issuances of shares and warrants	1,120,676	360,000
Proceeds from exercise of warrants	25,567	-
Proceeds from exercise of options	8,566	-
Repayment of lease liability	(190,897)	-
Repayment of shareholder loan	-	150,000
Repayment of commercial loan	-	(15,807)
Cash Flow Provided by Financing Activities	963,912	494,193
Net Decrease in Cash	(1,077,506)	(531,207)
Effect of Foreign Currency Translation	15,313	622,430
Cash at the Beginning of the Period	1,466,905	21,947
Cash at the End of the Period	\$ 404,712	\$ 113,170

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

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

1. Nature of Operations and Going Concern

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

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

The Company has a net loss for the nine months ended September 30, 2019 of \$5,096,693 (2018 - \$9,706,379) and negative cash flows from operating activities of \$1,799,466 (2018 - \$795,953 negative cash flow). In addition, as at September 30, 2019, the Company has an accumulated deficit of \$29,610,262 (December 31, 2018 - \$24,513,569), and working capital deficiency of \$1,084,611 (December 31, 2018 - \$209,042 working capital deficiency). These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

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

2. Basis of Preparation

Statement of Compliance

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

These financial statements were authorized by the Board of Directors on November 27, 2019.

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

2. Basis of Preparation (Continued)

Basis of Presentation

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

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

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

3. Significant Accounting Policies

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

IFRS 16 – Leases

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

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

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

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

3. Significant Accounting Policies (Continued)

Lease obligations

The Company recognized lease obligation and right-of-use asset for its premises lease at the date of adoption of IFRS 16. The lease obligation is measured at the present value of the remaining lease payments as of January 1, 2019, discounted using the interest rate implicit in the lease terms. If that rate cannot be readily determined, the Company will use its incremental borrowing rate. On January 1, 2019, The Company recognized the lease obligation of \$1,690,124 for its premises lease by discounting the remaining lease payments of \$3,658,566 at the implicit interest rate of 12%.

The Lease term determined by the Company comprises:

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

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

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

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

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

3. Significant Accounting Policies (Continued)

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

Right-of-use assets

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

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

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

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

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

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

4. Accounts Receivable

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

	September 30, 2019	December 31, 2018
Trade receivable	\$ 425,848	\$ 192,849
Loan receivable - Lupos	-	311,483
Other receivables	32,086	108,924
Accounts Receivable	\$ 457,934	\$ 613,256

5. Inventory

The following is a breakdown of items in inventory:

	September 30, 2019	December 31, 2018
Raw materials	\$ 19,264	\$ 12,975
Finished goods	4,088	109,176
Total Inventory	\$ 23,352	\$ 122,151

6. Equity Investment

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

	Sweet Natural Trading	Cannenta	Total
Balance, January 1, 2019	\$ 102,606	\$ 977,301	\$ 1,079,907
Impact on foreign exchange	10,661	29,520	40,181
Balance, September 30, 2019	\$ 113,267	\$ 1,006,821	\$ 1,120,088

Tree of Knowledge International Corp.

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

7. Equipment

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

Cost	Equipment	Leasehold Improvements	Total
Balance, January 1, 2019	\$ 569,495	\$ 438,466	\$ 1,007,961
Additions	10,916	231,036	241,952
Disposals	-	-	-
Impact on foreign exchange	2,818	8,380	11,198
Balance, September 30, 2019	\$ 583,229	\$ 677,882	\$ 1,261,111

Accumulated Amortization	Equipment	Leasehold Improvements	Total
Balance, January 1, 2019	\$ 179,117	\$ 69,094	\$ 248,211
Amortization	118,035	59,637	177,672
Impact on foreign exchange	(64)	(122)	(186)
Balance, September 30, 2019	\$ 297,216	\$ 128,853	\$ 426,069

Net Book Value	Leasehold Improvements	Equipment	Total
Balance, January 1, 2019	\$ 390,378	\$ 369,372	\$ 759,750
Balance, September 30, 2019	\$ 286,013	\$ 549,029	\$ 835,042

8. Lease Liability

The following table presents the lease obligation for the Company:

Balance, January 1, 2019	\$ -
Adoption of IFRS 16	1,648,789
Interest expenses on lease obligation	136,731
Rent payments	(190,897)
Impact on foreign exchange	41,298
Balance, September 30, 2019	\$ 1,635,921
Current portion	262,266
Non-current portion	1,373,655
Balance, September 30, 2019	\$ 1,635,921

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

Tree of Knowledge International Corp.

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

9. Right-of-use Assets

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

Balance, January 1, 2019	\$ -
Adoption of IFRS 16	1,648,789
Depreciation	(121,458)
Impact on foreign exchange	41,084
Balance, September 30, 2019	\$ 1,568,415

10. Intangible Assets

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

Cost	Intellectual Property - Licenses	Patent	Acquired with Asterion			Total
			Patient Relation- ships	Strategic Alliance Agree- ment	Brand Names	
Balance, January 1, 2019	315,000	-	2,941,136	3,402,131	4,509,546	11,167,813
Additions	-	502,035	-	-	-	502,035
Impact on foreign exchange	-	872	-	-	-	872
Balance, September 30, 2019	315,000	502,907	2,941,136	3,402,131	4,509,546	11,670,720
Accumulated Amortization						
Balance, January 1, 2019	52,500	-	-	-	-	52,500
Amortization	47,250	66,807	283,041	261,924	-	659,022
Impact on foreign exchange	-	(247)	7,309	6,764	-	13,826
Balance, September 30, 2019	99,750	67,054	275,732	255,160	-	697,696
Net Book Value						
Balance, January 1, 2019	262,500	-	2,941,136	3,402,131	4,509,546	11,115,313
Balance, September 30, 2019	215,250	435,853	2,665,404	3,146,971	4,509,546	10,973,024

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

11. Share Capital

The Company has authorized an unlimited number of common shares and has 220,198,372 common shares issued and outstanding as at September 30, 2019 (201,896,623 as at December 31, 2018).

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

On February 15, 2019, the Company issued:

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

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

On March 20, 2019, the Company issued:

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

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11. Share Capital (Continued)

On March 25, 2019, the Company issued:

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

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

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

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

On July 10, 2019, the Company issued 4,900,000 common shares at a price of CAD \$0.15 per common share as a compensation for consulting services to be provided to the Company.

On July 19, 2019, the Company issued 800,000 common shares at a price of CAD \$0.10 per common share for advisory services received.

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12. Equity Reserves

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

	Warrants	Stock Options	Performance Warrants	Other Reserve	Total
Balance, January 1, 2019 \$	1,449,923 \$	1,194,781 \$	-	\$ -	\$ 2,644,704
Warrants issued for services	495,179	-	-	-	495,179
Warrants issued for services	175,984	-	-	-	175,984
Exercise of warrants	(2,034)	-	-	-	(2,034)
Exercise of stock options	-	(10,949)	-	-	(10,949)
Stock ptions vesting	-	635,833	-	-	635,833
Performance warrants vesting	-	-	1,009,988	-	1,009,988
Expiration of stock options	-	(557,400)	-	557,400	-
Expiration of performance warrants	-	-	(205,145)	205,145	-
Balance, September 30, 2019	\$ 2,119,052	\$ 1,262,265	\$ 804,843	\$ 762,545	\$ 4,948,705

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12. Equity Reserves (Continued)

Warrants

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

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

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

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12. Equity Reserves (Continued)

Warrants (Continued)

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

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

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

Number of Warrants Outstanding	Exercise Price (CAD \$)	Expiry Date	Remaining Life (Years)
8,757,600	0.1142	December 6, 2019	0.18
593,750	0.15	February 28, 2020	0.41
1,355,902	0.15	June 29, 2020	0.75
2,627,280	0.11	July 10, 2022	2.78
656,820	0.16	July 10, 2022	2.78
875,760	0.11	July 10, 2022	2.78
12,464,393	0.39	December 19, 2022	3.22
3,538,460	0.25	February 15, 2023	3.38
769,230	0.39	March 20, 2023	3.47
1,538,460	0.39	March 25, 2023	3.48
2,249,000	0.25	May 3, 2023	3.59
1,863,333	0.25	May 8, 2023	3.61
37,289,988	0.26		2.40

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12. Equity Reserves (Continued)

Stock Options

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

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

	Number of stock options	Weighted average exercise price per share (CAD)
Balance, January 1, 2019	15,535,810	\$ 0.42
Granted (ii)	850,000	0.18
Granted (iii)	2,000,000	0.24
Granted (iv)	3,100,000	0.19
Granted (vi)	4,266,667	0.18
Granted (ix)	1,000,000	0.18
Exercised (v)	(100,000)	0.11
Cancelled (i)	(6,500,000)	0.70
Cancelled (vii) & (viii)	(3,744,700)	Various
Balance, September 30, 2019	16,407,777	\$ 0.17

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

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12. Equity Reserves (Continued)

Stock Options (Continued)

- (iv). On April 1, 2019 the Company granted 3,100,000 stock options to a director and an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of CAD \$0.190. The options vest in one-third on the grant date, one-third on the first anniversaries of the date thereof, and one-third on the second anniversaries of the date thereof. The options expire in five years from the date of grant.
- (v). On April 17, 2019 an employee of the Company exercised 100,000 stock options for total proceeds of CAD \$11,420.
- (vi). On June 12, 2019 the Company granted 4,266,667 stock options to directors and an employee of the Company. Each stock option is exercisable into common shares of the Company at an exercise price of CAD \$0.180. The options expire in five years from the date of grant.
- (vii). On June 28, 2019, 3,228,034 options were cancelled in relation to the termination of an employee and the resignation of a director. Of this amount, 1,296,466 options represent the vested portion of the options.
- (viii). On June 29, 2019, 400,000 options previously issued to former directors were cancelled.
- (ix). On July 11, 2019, the Company issued 1,000,000 stock options as compensation for consulting services to be provided to the Company. Each option entitles the holder thereof to acquire a common share at a price of CAD \$0.18. The options expire in five years from the date of grant.
- (x). On July 29, 2019, 116,666 options previously issued to former directors were cancelled.

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12. Equity Reserves (Continued)

Stock Options (Continued)

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

Number of Options Outstanding	Number of Options Exercisable	Exercise Price (CAD \$)	Expiry Date	Remaining Life (Years)
1,423,110	1,423,110	0.1142	September 29, 2020	1.00
2,736,750	1,824,500	0.1142	December 13, 2020	1.21
175,152	116,768	0.1553	February 15, 2021	1.38
735,638	616,000	0.1142	February 16, 2021	1.38
1,970,460	1,313,640	0.1142	December 13, 2022	3.21
500,000	333,333	0.70	June 29, 2023	3.75
500,000	166,667	0.245	March 20, 2024	4.47
3,000,000	1,000,000	0.19	April 1, 2024	4.51
100,000	33,333	0.20	April 2, 2024	4.51
4,266,667	1,416,667	0.18	June 12, 2024	4.70
1,000,000	500,000	0.18	July 11, 2024	4.78
16,407,777	8,744,018			3.37

Performance Warrants

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

	Number of performance warrants	Weighted average exercise price per share (CAD)
Balance, January 1, 2019	3,100,000	\$ 0.42
Cancelllled and reissued after	(3,100,000)	0.42
Granted	9,600,000	0.18
Granted	9,333,333	0.06
Cancelled	(4,000,000)	0.18
	-	-
Balance, September 30, 2019	14,933,333	\$ 0.11

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

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12. Equity Reserves (Continued)

Performance Warrants (Continued)

On September 23, 2019, the Company issued 9,333,333 performance warrants. Each performance warrant is exercisable into common shares of the Company at an exercise price of CAD \$0.06. The performance warrants vest immediately. The options expire in five years from the date of grant.

During the nine months period ended September 30, 2019, the Company cancelled 2,666,667 performance warrants representing the unvested portion of performance warrants for directors whom have terminated their contracts. Each performance warrant was exercisable into common shares of the Company at an exercise of CAD \$0.18. 1,333,333 performance warrants representing the vested portion of performance warrants expired 3 months after the termination.

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

Number of Performance Warrants Outstanding	Number of Performance Warrants Exercisable	Exercise Price (CAD \$)	Expiry Date	Remaining Life (Years)
5,600,000	1,866,667	0.18	February 2, 2024	4.35
9,333,333	9,333,333	0.06	September 18, 2024	4.97
14,933,333	11,200,000			4.74

13. Related Party Transactions and Key Management

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

For the nine months period ended September 30, 2019, \$112,500 (2018 - \$112,500) was incurred for salary to Mr. Michael Caridi, Chairman and interim Chief Executive Officer.

During the period ended September 30, 2019, the Company recognized \$212,862 in legal expenses as professional fees provided by Tingle Merits LLP of which Mr. Scott Reeves is a partner. Mr. Reeves is a director of the Company. As at September 30, 2019, \$16,356 due to Tingle Merritt LLP is included in accounts payable and accrued liabilities.