SLANG Worldwide Inc.

Consolidated Financial Statements

For the year ended December 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017

Contents

Independent Auditor’s Report

To the Shareholders of SLANG Worldwide Inc.:

Opinion

We have audited the consolidated financial statements of SLANG Worldwide Inc. (formerly Fire Cannabis Inc.) and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2018 and the period ended December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and 2017 and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2018 and for the period ended December 31, 2017, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Marufur Raza.

MNP LLP

Toronto, Ontario
April 10, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP

SLANG Worldwide Inc.

Consolidated Statements of Financial Position

As at December 31, 2018 and 2017

(Prepared in Canadian dollars)

	Notes	2018	2017
Assets			
Current			
Cash		**$ 176,432**	$ 165,340
Trust assets		**63,929,156**	
Accounts receivable	5	**617,857**	62,367
Other receivables		**918,346**	60,899
Prepaids		**78,694**	96,462
Loans and notes receivable	6	**-**	802,679
Total current		**65,720,485**	1,187,747
Investments, at fair value	7	**16,236,073**	-
Notes receivable	6	**4,644,769**	-
Due from related parties	6	**66,424**	-
Investment properties	10	**4,434,392**	-
Property, plant and equipment	11	**174,714**	-
Total assets		**$ 91,276,857**	$ 1,187,747
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities		**$ 5,685,888**	$ 244,981
Loan payable	17	**2,728,400**	-
Dues to related party		**26,483**	-
Total current		**8,440,771**	244,981
Derivative Liability	12	**17,236,727**	-
Total liabilities		**25,677,498**	244,981
Equity			
Share capital	13	**29,315,764**	1,366,300
Shares to be issued	13	**-**	420,000
Contributed surplus		**3,971,005**	5,332
Warrants	13	**2,173,464**	-
Foreign currency translation reserve		**225,020**	-
Subscription receipt	13	**59,041,705**	
Deficit		**(29,127,599)**	(848,866)
Total shareholders' equity		**65,599,359**	942,766
Total liabilities and shareholders' equity		**$ 91,276,857**	$ 1,187,747

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

SLANG Worldwide Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the year ended December 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017
(Prepared in Canadian dollars)

	Notes	2018	2017
Revenue			
Rental income	**10**	**$ 4,774,441**	$ -
Interest income		**455,536**	16,596
Consulting income		**-**	43,636
		5,229,977	60,232
Expenses			
Consulting and subcontractors		**2,574,949**	727,941
Marketing	**17**	**8,232,807**	-
Expected credit losses	**5,6,19**	**4,766,902**	-
Professional fees		**1,753,820**	-
General and administrative		**472,821**	175,825
Depreciation	**10, 11**	**74,059**	-
Share based payments	**13**	**2,066,582**	5,332
Loss from operation		**19,941,940**	909,098
Impairment	**9**	**7,689,874**	-
Financing cost and FV adjustment	**15**	**5,876,896**	-
Loss before income taxes		**(28,278,733)**	(848,866)
Income tax	**20**	**-**	-
Net loss for the year		**(28,278,733)**	(848,866)
Other comprehensive loss for the year			
Exchange differences on translation of foreign operations		**225,020**	-
Total comprehensive loss for the year		**$ (28,053,713)**	$ (848,866)
Earnings per common share based on net loss for the year			
Basic		**$ (0.37)**	$ (0.03)
Diluted		**$ (0.37)**	$ (0.03)
Weighted average number of common shares outstanding			
Basic		**76,764,927**	28,455,556
Diluted		**76,764,927**	28,455,556

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

SLANG Worldwide Inc.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017
(Prepared in Canadian dollars)

	Notes	Share capital	Shares to be issued	Warrants	Subscription receipt	Contributed surplus	Foreign currency translation reserve	Deficit	Total equity
Balance as at May 29, 2017									
Net loss for the year		$ -	$ -	$ -	$ -	$ -	$ -	$ (848,866)	$ (848,866)
Stock-based compensation expense	13	-	-	-	-	5,332	-	-	5,332
Issued pursuant to private placements, net	13	1,366,300	-	-	-	-	-	-	1,366,300
Shares to be issued	13	-	420,000	-	-	-	-	-	420,000
Balance as at December 31, 2017		$ 1,366,300	$ 420,000	$ -	$ -	$ 5,332	$ -	$ (848,866)	$ 942,766
Net loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(28,278,733)**	**(28,278,733)**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**225,020**	**-**	**225,020**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**225,020**	**(28,278,733)**	**(28,053,713)**
Stock-based compensation expense	13	**-**	**-**	**-**	**-**	**1,366,582**	**-**	**-**	**1,366,582**
Issued pursuant to services	13	**1,120,000**	**(420,000)**	**-**	**-**	**-**	**-**	**-**	**700,000**
Issued pursuant to investments	13	**14,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**14,000,000**
Issued pursuant to subscription receipt offering, net		**-**	**-**	**-**	**59,041,705**	**2,020,595**	**-**	**-**	**61,062,300**
Issued pursuant to private placements, net	13	**-**	**-**	**14,985,461**	**-**	**583,463**	**-**	**-**	**15,568,924**
Options exercised		**17,467**	**-**	**-**	**-**	**(4,967)**	**-**	**-**	**12,500**
Conversion of special warrants to common shares	13	**12,811,997**	**-**	**(12,811,997)**	**-**	**-**	**-**	**-**	**-**
Balance as at December 31, 2018		**$ 29,315,764**	**$ -**	**$ 2,173,464**	**$ 59,041,705**	**$ 3,971,005**	**$ 225,020**	**$ (29,127,599)**	**$ 65,599,359**

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

SLANG Worldwide Inc.

Consolidated Statements of Cash Flows

For the year ended December 31, 2018 and from the date of incorporation, May 29, 2017 to December 31, 2017
(Prepared in Canadian dollars)

	Notes	2018	2017
Cash flows used in operating activities			
Net loss for the year		$ (28,278,733)	$ (848,866)
Items not affecting cash			
Expected credit losses	5,6,19	4,766,902	-
Interest not paid in cash		16,775	
Interest not received in cash		(258,019)	-
Impairment	9	7,689,874	-
Marketing	17	8,211,000	
Depreciation	10,11	74,059	-
Fair value adjustment derivative liability	12,15	11,812,210	
Fair value adjustment investments	7,15	(9,087,997)	-
Loss on extinguishment of convertible debt	12	3,059,668	-
Share-based payment	13	2,066,582	5,332
		72,321	(843,534)
Changes in non-cash working capital balances			
Increase in accounts receivable		(4,795,825)	(62,367)
Increase in other receivables		(832,597)	(60,899)
Increase in prepaids and receivables		(70,039)	(96,462)
Increase in accounts payable and accrued liabilities		2,549,635	664,981
		(3,076,505)	(398,281)
Cash flows from financing activities			
Repayment of note payable	8	(2,177,350)	-
Advances from related party		26,483	-
Proceeds pursuant to issuance of special warrants, net	13	15,568,924	-
Proceeds pursuant to issuance of subscription receipt	13	63,929,156	-
Proceeds pursuant to exercise of options		12,500	-
Proceeds pursuant to private placement financing, net	13	-	1,366,300
		77,359,713	1,366,300
Cash flows from (used in) investing activities			
Advances to loans receivable	6	(3,658,013)	(802,679)
Repayment of loan receivable	6	36,344	-
Investments	7	(6,028,092)	-
Purchase of property, plant and equipment	10,11	(592,002)	-
Cash acquired through business combination	8	16,241	-
Due from related party	6,16	(66,424)	-
		(10,291,946)	(802,679)
Net increase in cash and funds in trust during the year		63,991,262	165,340
Exchange rate changes on foreign currency cash balances		(51,014)	-
Cash, beginning of year		165,340	-
Cash and funds held in trust, end of year		64,105,588	-
Cash, end of year		176,432	-
Funds held in trust, end of year		$ 63,929,156	$ 165,340
Supplemental cash flow information			
Income taxes paid		$ 130,550	$ -
Interest expense paid		48,049	-

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

1. Nature of operations

SLANG Worldwide Inc., formerly known as Fire Cannabis Inc. (the "Company") was incorporated in May 29, 2017 under the laws of Canada Business Corporations Act. On November 26, 2018 the Company filed articles of amendment to change its name to SLANG Worldwide Inc.

The address of the Company's registered office is 77 King Street West, Suite 400, Toronto, Ontario, Canada.

The Company invests and operates in the cannabis industry. The Company invests in companies that have a consumer centric product portfolio with best in class brands that have widespread distribution.

The consolidated financial statements were approved by the Company's Board of Directors on April 10, 2019.

2. Basis of presentation

2.1 Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the periods ended December 31, 2018 and 2017.

2.2 Basis of measurement

The Company's consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

2.3 Basis of consolidation

The consolidated financial statements for the year ended December 31, 2018 include the accounts of the Company and its wholly-owned subsidiary- The Purple Organization, Inc. on a consolidated basis after elimination of intercompany transactions and balances.

The subsidiary is an entity controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are fully consolidated from the date that control commences and de-consolidated from the date control ceases.

The functional currency of the Company is Canadian Dollar which is also the presentation currency of the consolidated financial statements. The functional currency of The Purple Organization, Inc. is the US dollar.

2.4 Adoption of new and revised standards and interpretations

New standards and interpretations

At the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee ("IFRIC") has issued certain new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods; however, the Company has early adopted IFRS 15 and IFRS 9 from the date of incorporation as detailed below. The Company is currently assessing the remaining standards and what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

Early Adoption of IFRS 15 – Revenue from Contracts with Customers

As permitted, the Company elected to early-adopt IFRS 15 for the periods reported.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Early Adoption of IFRS 9 – Financial Instruments

As permitted, the Company elected to early-adopt IFRS 9 for the periods reported.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

2.4 Adoption of new and revised standards and interpretations (continued)

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of accounts and other receivables, due from related parties and loans and notes receivable.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents and investments (note 7).

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

2.4 Adoption of new and revised standards and interpretations (continued)

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company assesses whether there has been a significant increase in credit risk since initial recognition or a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets with significant increase in credit risk since initial recognition and financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

2.4 Adoption of new and revised standards and interpretations (continued)

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Summary of the Company's classification and measurements of financial assets and liabilities

	IFRS 9	
	Classification	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Accounts receivables	Amortized cost	Amortized cost
Loans and notes receivable	Amortized cost	Amortized cost
Investments	FVTPL	Fair value
Due to/ from related parties	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost
Derivative liability	FVTPL	Fair value

2.4 Adoption of new and revised standards and interpretations (continued)

- IFRS 2 'Share-based Payments'. In June 2016, the IASB issued final amendments to this standard. IFRS 2 clarifies the classification and measurement of share-based payments transactions. These amendments deal with variations in the final settlement arrangements including: (a) accounting for cash settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) accounting for modifications of share-based payment transactions from cash settled to equity. IFRS 2 is effective for annual periods beginning on or after January 2018, with early adoption permitted. The Company has assessed this standard and will account for share-based payments on this basis as they occur. There has been no impact on the consolidated financial statements as a result of the adoption of IFRS 2.

- IAS 12 'Income taxes'. The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets This statement is effective for periods beginning on or after 1 January 2017. There has been no impact on the consolidated financial statements as a result of the adoption of these amendments.

New and revised standards not yet adopted:

- IFRS 16, Leases, was issued in January 2016 and is intended to replace International Accounting Standard (IAS) 17, Leases, and related IFRIC's. 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. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is assessing the impact on the consolidated financial statements as a result of adoption of the standard.

3. Summary of significant accounting policies

The significant account policies used in the preparation of these financial statements are described below.

Revenue

Revenue is derived from, interest income on deposits, rental income and advisory fees.

Interest income is recognized based on the number of days the investment was held during the year using the effective interest rate method.

Rental income is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than functional currencies are translated into functional currencies at the rate of exchange in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period.
The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the statement of the financial position date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions) for the year or period presented;
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as foreign currency translation reserve.

3. Summary of significant accounting policies (continued)

Accounts Receivable and Expected Credit Loss

Accounts receivable are recorded at the invoiced amount and do not bear interest except rent receivable which bears interest based on the terms of lease agreement. Expected credit loss reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

Investment properties

Investment properties include properties held to earn rental income. Investment property is owned by the company and measured using the cost model under IAS 40. The property is recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. Investment properties comprise non-owner occupied properties held to earn rentals and for capital appreciation.

Depreciation is provided for at the following rates and method:

Building 4%

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bring the asset to the location and condition necessary for its use in operation.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in the consolidated statement of loss and comprehensive loss.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is computed using a percentage of asset or the declining balance based on the following percentages:

	Percentage
Vehicles	25%
Office equipment	20%
Equipment and machinery	20%

3. Summary of significant accounting policies (continued)

Business combinations, goodwill and intangible assets

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is re-measured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the consolidated statements of loss and comprehensive loss immediately as a gain or loss on acquisition.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Convertible promissory note

The convertible promissory note is considered to contain an embedded derivative relating to the conversion feature. The conversion feature was measured at fair value upon initial recognition using the Black-Scholes valuation model and was separated from the debt component of the note. The debt component of the note was measured at residual value upon initial recognition. Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting date while the debt component is accreted to the face value of the note using the effective interest rate through periodic charges to finance expense over the term of the note.

3. Summary of significant accounting policies (continued)

Share-based payments

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled share-based payments under share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for share-based payments, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Provisions and contingent liabilities

Provisions, where applicable, are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

3. Summary of significant accounting policies (continued)

Income taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

i) Current tax

Current income tax assets and liabilities for the current and prior periods 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 date of the statement of financial position.

ii) Deferred tax

Deferred tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss except where they related to items that are recognized in other comprehensive income or directly in equity, in which case, related deferred tax is also recognized in other comprehensive income or equity, respectively.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

3. Summary of significant accounting policies (continued)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of common shares outstanding during each of the years presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding Common Shares and consequently are not included in the loss per share calculations.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has two categories of dilutive potential common shares: warrants and stock options. In order to determine diluted loss per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase common shares at the average market price during the period. The diluted loss per share calculation excludes any potential conversion of options that would increase earnings per share or decrease loss per share.

4. Significant accounting judgements and estimation uncertainties

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements relate to, but are not limited to the following:

Expected credit loss

Management determines the expected credit loss by evaluating individual receivable balances and considering accounts and other receivable financial condition and current economic conditions. Accounts receivable and financial assets recorded in other receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the statement of financial position date.

4. Significant accounting judgements and estimation uncertainties (continued)

Share-based payments

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for option pricing models, such as the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate are used. Actual results could differ from those estimates. The estimates are considered for each new grant of stock options or warrants.

Estimated useful lives and depreciation of property, plant and equipment

Depreciation of property, plant and equipment 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.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Impairment of goodwill

The values associated with goodwill involve significant estimates and assumptions, including those with respect to the determination of cash generating units, future cash inflows and outflows, discount rates and asset lives. At least annually, the carrying amount of goodwill is reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. These significant estimates require considerable judgment which could affect the Company's future results if the current estimates of future performance and fair value change.

5. Accounts Receivable

	December 31, 2018	December 31, 2017
Accounts receivable	**$5,192,519**	$62,367
Expected credit losses (Note 19)	**(4,574,662)**	-
	$617,857	$62,367

6. Loans and Notes Receivable and Due from related parties

On November 8, 2017 the Company loaned $750,000 to Pine River Consulting Ltd. (controlled by the Company's CEO) ("Original Promissory Note"). The loan was pursuant to a credit facility in the amount of $1,000,000. Pine River and the Company subsequently amended and restated the original Pine River Note on July 30, 2018 (the "First A&R Pine River Note"), and again on October 15, 2018 (the "Second A&R Pine River Note"). During the current reporting period the Company advanced an additional $743,205 to Pine River. The maturity of the loan was extended to November 8, 2020 at 15% interest for up to $1,500,000. Ten percent of the quarterly interest shall be payable by Pine River to the Company and remaining five percent of the quarterly interest payment shall be added to the principal amount. As at December 31, 2018 principal due is $1,548,001 ($755,445 – December 31, 2017- presented in current assets). As at December 31, 2018, the Company estimated a lifetime expected credit loss of $192,240, the remaining balance of the loan is $1,355,761. Interest accrued to December 31, 2018 amounted to $108,008 (December 31, 2017 - $10,890- presented in current assets) and recorded in loans and notes receivable. The loan remains outstanding at the date of these financial statements.

On November 22, 2017 the Company loaned $30,646 (December 31, 2018 – Nil) to Agripharm Corp. in which the CEO has a significant equity interest and management control. The loan bears interest at 10%, was evidenced by a promissory note and was repaid in February 2018. Interest accrued to December 31, 2017 amounted to $260. The loan was repaid during the period ended December 31, 2018.

Advances were made to Peter Miller Enterprises (controlled by the Company's CEO) during the year. There were no specified terms of repayment. The amount receivable at December 31, 2018 is nil, (December 31, 2017 - $5,438).

On July 31, 2018 the Company loaned USD $750,000 (CAD $979,808) to NWT Holdings LLC. (NWT). The amount is due the earlier of the following dates (i) July 30, 2020, (ii) on demand and (iii) an insolvency default. The loan bears interest at 12% payable monthly. Interest accrued to December 31, 2018 amounted to $51,465 (December 31, 2017 - $nil) and recorded in loans and notes receivable. The remaining balance of the loan is $1,023,150 remains outstanding at the date of these financial statements. In addition, the amount of $141,775 receivable form NWT is recorded in Other receivables in the Company's Statement of financial position (December 31, 2017- nil).

On October 3, 2018 the Company loaned USD $1,500,000 (CAD $1,935,000) to National Concessions Group, Inc. ("NCG"). The loan matures the earlier of September 30, 2020 or in the event of default. The loan bears interest at 12% payable monthly. Interest accrued to December 31, 2018 amounted to $60,085 (December 31, 2017 - $nil) and recorded in loans and notes receivable. The remaining balance of the loan is $2,046,300 remains outstanding at the date of these financial statements. One of the Company's directors (Chris Driessen) is part of the ownership group and management team of NCG.

Advances were made to Green House Holdings North America Inc. (a company partially owned the Company's CEO) during the year. There were no specified terms of repayment. The amount receivable at December 31, 2018 is $66,424 (December 31, 2017 - nil).

6. Loans and Notes Receivable and Due from related parties (continued)

Summary of the Company's Loans and Notes Receivable:

May 29, 2017	-
Advance to Pine River	750,000
Pine River interest accrued and interest added to principal	16,335
Loan to Agripharm	30,906
Advances to Peter Miller Enterprises	5,438
December 31, 2017- presented in current assets	**802,679**
Repayment Agripharm and Peter Miller Enterprises	(36,344)
Advance to Pine River	743,205
Pine River interest accrued and interest added to principal	146,469
Pine River credit loss	(192,240)
Advance to NWT	979,808
NWT interest accrued	51,465
NWT foreign currency translation gain	43,342
Advance to NCG	1,935,000
NCG interest accrued	60,085
NCG foreign currency translation gain	111,300
December 31, 2018- presented in non-current assets	**4,644,769**

7. Investments

a. Slang Organa Brands, Inc.

On February 20th, 2018 the Company entered into a share exchange agreement with National Concessions Group, Inc. whereby the Company acquired 500,000 shares (50%) of Slang Organa Brands, Inc., a Delaware corporation, in exchange for 3,000,000 shares of the Company, which were estimated at $0.56 per share on the date of transaction. This resulted in a transaction value of $1,680,000. As Slang Organa Brands, Inc. will remain inactive given the pending acquisition of National Concessions Group, Inc, the investment has been fully impaired as at December 31, 2018.

b. National Concessions Group, Inc. (NCG), Allied Concessions Group, Inc. (ACG), NS Holdings, Inc. (NSH)

On March 20th, 2018 the Company entered into an agreement to acquire shares of NCG and obtained a warrant for ACG and NSH. The total investment and allocation were as follows;

Cash consideration	$5,861,330
Share consideration	$1,120,000
Total consideration	$6,981,330

7. Investments (continued)

The share consideration was 2,000,000 Company shares with an estimated value of $0.56 per share. If the estimated share price was lower (higher) by 10%, the value of the investment would decrease (increase) by $112,000.

The investment is allocated as follows;

NCG common shares	$3,491,272
NSH warrant	$1,745,636
ACG warrant	$1,744,422
Total investment	$6,981,330

The NSH and ACG warrant entitle the Company to acquire 339,930 and 327,601 common shares of the respective entities once US regulatory hurdles permit investment in NSH and ACG. The warrants can be exercised at USD $0.001 until March 20, 2028.

As at December 31, 2018 the Company owns 7.5% of outstanding common shares of NCG. Had the ACG and NSH warrants been exercised before or on December 31, 2018, the Company would have owned 7.5% outstanding common shares of ACG and NSH respectively.

As at December 31, 2018 the Company estimated no change in the fair value of the investment in ACG and NSH.

As at December 31, 2018, the Company estimated an increase in the fair value of the investment in NCG, resulting in a gain of $8,754,743 which was recorded in the consolidated statements of loss and comprehensive loss in the reporting period. The fair value of the investment in NCG was determined based on the implied value of the consideration in share purchase agreement with the shareholders of NCG as detailed in Note 21. The share consideration in the agreement was estimated at $1.50 per share at December 31, 2018.

c. On May 31, 2018, the Company entered into an investment agreement with Greenhouse Juice (10663522 Canada Inc.) whereby the Company acquired 1,111,111 shares of Greenhouse Juice, representing 10% ownership of Greenhouse Juice. The Company paid $166,746 in consideration of the shares. As at December 31, 2018, the Company estimated an increase in the fair value of the investment in Greenhouse Juice, resulting in a gain of $333,254 which was recorded in the consolidated statements of loss and comprehensive loss in the reporting period. The fair value at year end was estimated by reference to recent financing.

8. Acquisitions – The Purple Organization, Inc.

The Company has determined that the below acquisition is a business combination under IFRS 3, Business Combinations. It is accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these Financial Statements from the date of the acquisition. Any goodwill recognized is attributed based on CGUs.

On April 3, 2018, the Company and The Purple Co., an Ontario corporation (the "**Vendor**") controlled by the Company's CEO, entered into an amended and restated share purchase agreement (the "**SPA**") amending, restating, superseding and replacing the share purchase agreement dated November 22, 2017. Pursuant to the SPA, the Company agreed to purchase from the Vendor 50 shares of common stock of the Purple Organization, Inc., a Delaware corporation (the "**Target**"), and, the ownership of which amounts to one hundred percent (100%) of the issued and outstanding shares of common stock in the capital of the Target (collectively, the "**Purple Shares**") after the redemption of 2 share of common stock of the Target from two previous shareholders.

As consideration for the Purple Shares, the Company issued 10,000,000 common shares, which were estimated at $0.56 per share on the date of transaction.

The acquisition by the Company of all of the shares of common stock of the Target closed on April 30, 2018.

Fair Value of Identifiable Net Assets	
Cash and cash equivalents	16,241
Accounts receivable	334,327
Property and equipment and investment property	3,852,355
Trade payables, accruals and loans	(70,598)
Note payable#1	(2,177,350)
Note payable#2 (Note 12)	(2,364,849)
Net liabilities acquired	**(409,874)**
Consideration paid	
Shares issued	5,600,000
Total consideration paid	**5,600,000**
Total goodwill	**6,009,874**

8. Acquisitions – Purple Organization Inc. (continued)

On a pro-forma basis, had the above noted business combination occurred on January 1, 2018, the revenues and net loss for the period ended December 31, 2018 would have been $6,598,705 and $28,905,725, respectively. The Purple Organization, Inc.'s revenue and net loss for the period from the date of acquisition to December 31, 2018 are $4,774,441 and $230,792, respectively.

The recoverable amount of the Purple Organization, Inc. CGU was determined based on a value in use calculation which uses rent cash flow projections at a discount rate of 12% to 14% per annum.

The carrying value of Purple Organization, Inc CGU at December 31, 2018 exceeded its recoverable amount due to an expectation for reduced rent receivables from the current tenant and the Company recognized a full impairment of the goodwill in its consolidated statements of loss and comprehensive loss. Key assumptions the company used to calculate the value in use includes: market rental income of approximately USD$388,000 (CAD$507,000) per annum, cap rate of 12% to 14% per annum.

9. Impairment

A summary of impairment expense for the year ended December 31, 2018 is as follows:

Investment in Slang Organa Brands, Inc (note 7(a))	$1,680,000
Goodwill (note 8)	6,009,874
Total	$7,689,874

10. Investment Properties

	Building and Land Improvements	Property	Total
Cost - January 1, 2018	$ -	$ -	$ -
Additions - April 30, 2018 (Note 8)	1,848,161	1,989,580	3,837,741
Additions	413,564		413,564
Currency translation	112,960	124,930	237,890
Balance at December 31, 2018	$ 2,374,685	$ 2,114,510	$ 4,489,195
Accumulated depreciation	$ -	$ -	$ -
Depreciation expense	54,803	$ -	54,803
Balance at December 31, 2018	$ 54,803	$ -	$ 54,803
Net Book Value, December 31, 2018	$ 2,319,882	$ 2,114,510	$ 4,434,392

The investment property is leased out on an operating lease with an arm lengths party. The current lease term ends December 31, 2020 with monthly rental amounts of US$40,000. In addition, annual rents of US$100,000 (2017), US$300,000 (2018) and US$500,000 (2019 and 2020) are due starting in 2017.

The rental income recorded in the Company's statement of loss and comprehensive loss in 2018 includes $4,241,108 in additional rent due to late penalty charges. The lease terms require rents be paid monthly and annually. The nature of the business is periodic revenue associated with crop sales. The mismatch in lease terms, ie monthly payment requirements, and revenue generation, i.e., annual cash generation, trigger weekly penalty charges which are cumulative. The penalty charges accrue at 15% on the total amount outstanding.

The fair value of the Company's main property assets is estimated based on replacement cost basis. Management used an external valuator with experience in the Cannabis industry to assist with the investment property valuation. As at December 31, 2018, the fair value of property was estimated to be between US$3,196,200 to US$3,897,000 (CAD4,172,639- CAD5,087,534). The major assumptions within the replacement cost basis include the replacement cost of US$120 to US$150 (CAD157- CAD196) per square foot of building area.

11. Property, Plant and Equipment

	Office Equipment	Equipment and Machinery	Vehicles	Total
Cost - January 1, 2018	$ -	$ -	$ -	$ -
Additions - April 30, 2018 (Note 8)	$ 14,614	$ -	$ -	$ 14,614
Additions	$ -	$ 138,876	$ 39,562	$ 178,438
Currency translation	$ 918	$ -	$ -	$ 918
Balance at December 31, 2018	$ 15,532	$ 138,876	$ 39,562	$ 193,970
Accumulated depreciation	$ -	$ -	$ -	$ -
Depreciation expense	$ 2,071	$ 13,888	$ 3,297	$ 19,256
Balance at December 31, 2018	$ 2,071	$ 13,888	$ 3,297	$ 19,256
Net Book Value, December 31, 2018	$ 13,461	$ 124,988	$ 36,265	$ 174,714

12. Derivative Liability

On April 30, 2018, the Company issued a 4-year, 4% unsecured convertible promissory note to The Purple Co. (controlled by the Company's CEO) in the amount of USD $1,843,031 (CAD $2,364,849) (the "**Purple Note**") to exchange an existing loan to Purple Organization, Inc. The expiry date of the Purple Note is April 30, 2022. The transaction met the definition of extinguishment, and the Company recognized a loss on extinguishment in its consolidated statements of loss and comprehensive loss. The Company has the right to prepay all or a portion of the amount due under the Purple Note any time and from time to time. The Purple Co. has the right to convert the principal amount outstanding under the Purple Note into common shares in the capital of the Company, at a conversion price of CAD$0.20 per share, on thirty (30) days' written notice.

The conversion option created an embedded derivative which meets the definition of a financial liability as it being denominated in a currency other than the Company's functional currency. Accordingly, it must be bifurcated and recorded at fair value on initial recognition and at the end of each reporting period. The host contract is a financial liability that is stated at amortized cost using the effective interest method.

12. Derivative Liability (continued)

The Company estimated the fair value of the derivative liability as $5,424,517 and $17,236,727 on issuance date, April 30, 2018, and December 31, 2018 respectively and assigned a nominal value to the host contract on April 30, 2018. The amortised cost of the host contract on December 31, 2018 is nominal. The loan is accreted using an effective interest rate of 428.94%.

The loss on extinguishment of $3,059,668, the fair value adjustment of derivative liability of $11,812,210 and the interest on convertible note of $64,825 was recorded in the consolidated statements of loss and comprehensive loss.

The fair value of the derivative liability as at December 31, 2018 was estimated using Black-Scholes valuation model based on the following assumptions:

Share price	$1.50
Stock price volatility	104%
Expected life of the derivative liability	3.67 years
Risk free rate	1.57%

Inter-relationship between key unobservable inputs and fair value measurement as at December 31, 2018:
If the share price was lower (higher) by 10%, the fair value would decrease (increase) by $1,843,810 ($1,848,579).
If the volatility was lower (higher) by 10%, the fair value would decrease (increase) by $186,489 ($188,288).

13. Share capital

Authorized

Unlimited number of Class A preferred shares

Unlimited number of common shares

There are no outstanding Class A preferred shares as at December 31, 2018 and 2017.

	Number of shares	Total $
Common shares - no par value		
Opening balance - May 29, 2017	-	-
Issued during the year	38,300,000	1,366,300
Balance - January 1, 2018	38,300,000	1,366,300
Issued during the reporting period	53,872,028	27,931,997
Options exercised during the reporting period	250,000	17,467
Balance - December 31, 2018	**92,422,028**	**29,315,764**

13. Share capital (continued)

2017

On May 29, 2017 10,000,000 common shares were issued in a private placement at $0.005 for gross proceeds of $50,000.

On August 4, 2017 17,000,000 common shares were issued in a private placement at $0.05 for gross proceeds of $850,000.

On August 11, 2017 8,600,000 common shares were issued in a private placement at $0.05 for gross proceeds of $430,000.

On October 6, 2017, 2,700,000 common shares were issued in a private placement at $0.05 for gross proceeds of $135,000.

Total share issuance cost from the date of incorporation, May 29, 2017 to December 31, 2017 is $98,700.

2018

The Company entered into an advisory services agreement with Powerone Management & Advisory Services Limited ("Powerone") whereby Powerone agreed to provide corporate and financial advisory services to the Company in exchange for 750,000 common shares. The common shares were issued during 2018 at estimated value of $0.56 per share.

A special warrant offering was announced on January 8th, 2018 and closed on February 21, 2018.
Transaction details were as follows:

Offering price of units was $0.75 per unit comprised of one common share and one-half common share purchase warrant. A total of 22,393,366 units were issued. On July 21, 2018 the units were converted to common shares and warrants. In total, 26,872,028 common shares were issued which included penalty shares for not meeting specific listing timelines.

In 2018, the Company appointed XIB Consulting Inc. ("XIB") and 1821 Capital Inc. to act as consultants with respect to capital markets strategy and private and public transactions. The Company issued XIB 750,000 common shares and 1821 Capital Inc. 500,000 common shares at estimated value of $0.56 per share.

In 2018 an option to acquire 250,000 common shares was exercised at a price of $0.05 per share.

13. Share capital (continued)

Shares issued for investments:

On February 20, 2018 the company issued 3,000,000 shares at estimated value of $0.56 per share in connection with its investment in Slang Organa Brands, Inc (see note 7).

On March 20, 2018, the Company issued 2,000,000 shares at estimated value of $0.56 per share in connection with its investment in NCG, ACG and NSH. Cash consideration was $5,861,330 for this investment (see note 7).

On April 30, 2018, the Company acquired The Purple Organization, Inc. As consideration for the Purple Shares, the Company issued 10,000,000 common shares at estimated value of $0.56 per share (see note 8).

On August 3, 2018, the Company issued 10,000,000 common shares at estimated value of $0.56 per share to GHNA and has a loan payable of USD $2,000,000 (CAD $2,611,000) in connection with the transaction (see note 17).

Share-based payments

During 2017, the shareholders of the Company approved the stock option plan (the Plan). Stock options granted under the Plan (options) are equity settled, will be non-transferable and will be exercisable for a period not to exceed ten years. Stock options vest evenly over the related service period between one to four years.

The following provides a summary of the status of the Plan as at December 31, 2018:

	Number of stock options	Weight exercise price $	Exercise price $
Options outstanding - May 29, 2017	-		
Granted	1,750,000	0.05	0.05
Options outstanding - December 31, 2017	1,750,000	0.05	0.05
Granted	1,960,000	0.75	0.75
Exercised	(250,000)	0.05	0.05
Options outstanding - December 31, 2018	**3,460,000**	**0.45**	**-**

13. Share capital (continued)

Grant date	Expiry date	Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable
Nov 2017	Nov 2027	$0.05	1,500,000	2.84	375,000
July 2018	July 2023	$0.75	1,960,000	4.52	462,500

The options granted in November 2017 vest over 4 years annually. The options granted in July 2018 vest over the period between 1 and 4 years.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 1.57%; volatility: 102%; Dividend yield: 0%; and expected life: four years.

Compensation expense is recognized over the years in which entitlement to the compensation vests. For the year ended December 31, 2018, the Company recorded $437,652 in its statement of loss and comprehensive loss (period ended December 31, 2017- $5,332).

The expected volatility is based on the historical volatility of comparable companies, which may not necessarily be the actual outcome.

Compensation options

On February 21, 2018, pursuant to the terms of an agency agreement as between the Company and the Agents ("February Agency Agreement"), the Company issued 1,414,177 compensation options (the "February Compensation Options"). Each February Compensation Option entitles the holder thereof to purchase one (1) Compensation Unit an at exercise price of $0.75 per Compensation Unit until the date that is the earlier of (i) twenty-four (24) months following the Liquidity Date (as defined in the February Agency Agreement) and (ii) July 21, 2020. Each Compensation Unit issued upon exercise of the Compensation Option shall consist of one common share and one-half of one Compensation Warrant. Each whole Compensation Warrant will entitle the holder thereof to purchase one common share at a price of $1.15 per Compensation Warrant Share.

On September 26, 2018, pursuant to the terms of an agency agreement as between the Company and the Agents ("Agency Agreement"), the Company issued 1,465,448 broker warrants and 974,467 corporate finance warrants (together "Compensation Options"). Each compensation option will entitle the holder to acquire one unit at the subscription price of $1.50 for the period of 24 months from the listing date as defined in the Agency Agreement. Each compensation option will be comprised of one common share ("compensation share") and one half of one common share purchase warrant (each whole common share purchase warrant, a "compensation warrant"). Each compensation warrant shall entitle the holder to acquire one common share ("compensation warrant share") at an exercise price of $2.25 per warrant for the period of 24 months following the listing date.

13. Share capital (continued)

Warrants issued (other than compensation options detailed above)

Warrants	# of warrants	Total $
Opening balance – May 29, 2017	-	$ -
Issued	-	-
Balance – January 1, 2018	-	-
Issued pursuant to the special warrants	13,436,005	2,173,464
Issued pursuant to XIB warrants	3,275,000	928,930
Outstanding, at December 31, 2018	**16,711,005**	**$ 3,102,394**

During the period ended December 31, 2018, the Company issued 3,275,000 units of share purchase warrants to XIB Consulting Inc. in exchange for services. The warrants are valued at $928,930 and are recorded as share-based compensation. The warrants can be exercised at a price of $0.75 per share until the date on the later of (i) September 30, 2020; or (ii) the date that is 24 months from the date of a Liquidity Event.

In December 2017 the Company issued a warrant certificate to a third-party to acquire up to 19.99% of the issued shares of the Company. The warrants meet the definition of a share-based payment under IFRS 2 and will be recognised as a service expense with associated increase in equity. Since no service has been provided during the reporting period and terms of the warrant certificate for an exercise start date have not been met, the Company did not record any expenses related to these warrants. The expiry date of the warrants is the earlier of 15 years from issuance or 2 years after the trigger event, which is when cannabis can legally be sold in the US.

On February 21, 2018, the Company completed a special warrant private placement (the “Special Warrants”) offering for aggregate gross proceeds of approximately $16,800,000 (net $14,985,461 after closing costs and agents’ fees). A total of 22,393,366 Special Warrants were issued. Each Special Warrant was sold at a price of $0.75 per warrant. Each Special Warrant was comprised of one common share and one-half of one common share purchase warrant. Terms of the Special Warrant stated that they will automatically be exercised (without payment of any further consideration and subject to customary anti-dilution adjustments) into a unit (a “Unit”) comprised of one common share (a “Unit Share”) and one half (½) of one common share purchase warrant of the Company (each whole warrant, a “Warrant”) on the date (the “Automatic Exercise Date”) that is the earlier of: (i) the date that is three business days following the date on which the Company obtains a receipt from the applicable security regulatory authorities in Canada (the “Securities Commissions”) for a (final) long form prospectus qualifying the distribution of the Units issuable upon exercise of the Special Warrants (the “Qualification Prospectus”), and (ii) the date that is 150 days following the Closing Date. The Automatic Exercise Date did not occur within 150 days following the Closing Date, thereby entitling the holder to receive 1.20 Units (comprised of 1.20 Unit Shares and 0.60 Warrants).

13. Share capital (continued)

The Special Warrants were automatically converted on July 21, 2018. As a result, holders received an additional 4,478,662 common shares which added to the 22,393,366 original special warrants totaled 26,872,028. Holders also received an additional 2,209,331 warrants bringing the total issued to holders of 13,436,005. Each warrant holder is entitled to acquire one common share at an exercise price of $1.15 for a period of two years following the liquidity date, which is July 21, 2018. The terms of the warrants contain an acceleration provision, applicable in the event that, at any time during the term of the warrants, the closing price of the common shares of the Company is greater than $1.75 for 20 consecutive trading days.

On September 26, 2018, Subscription Receipts were sold at a price of $1.50 per Subscription Receipt. Each receipt entitles the holder to receive one unit of the Company upon satisfaction of the escrow requirements. Each Subscription Receipt will entitle the holder thereof to receive, upon satisfaction or waiver of the escrow release conditions prior to the escrow release deadline and without payment of additional consideration or further action, one unit (the "**Unit**") of the Company. Each Unit will be comprised of one common share in the capital of the Company (a "**Underlying Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one common share of the Company (each, a "**Warrant Share**") at an exercise price of $2.25 for a period of twenty-four (24) months from the date the common shares of the Company are listed for trading on the Canadian Securities Exchange. The warrants will be subject to an accelerated expiry in the event that the closing price of the common shares of the Company is above $3.50 for ten (10) consecutive trading days. On September 26, 2018, the Company closed the Subscription Receipt Offering and issued 43,998,590 Subscription Receipts for total gross proceeds to the Company of approximately $65,997,885 (net $63,929,156 after agents' fees paid in cash and net $59,041,705 after closing costs and agents' fees paid in cash and compensation options and to be paid in cash).

Each Subscription Receipt will automatically convert, without payment of any additional consideration and without any further action by the holder and subject to adjustment, for one Common Share and one-half of one Warrant on the satisfaction of the following escrow release conditions (the "**Escrow Release Conditions**"):

(i) the Corporation obtaining a receipt for the prospectus from the securities regulatory authorities in each of the Qualifying Provinces;

(ii) the satisfaction or waiver of all conditions precedent to completion of:
   (a) the Organa Brands Acquisition; and

   (b) the Firefly Acquisition,

   other than the closing of such transactions, each of which closing will be completed forthwith upon release of the Escrowed Funds and in each case in accordance with the definitive agreement governing such transactions, to the satisfaction of the Lead Agent;

(iii) the receipt of all required shareholder and regulatory approvals in connection with the Liquidity Event, including, without limitation, the conditional approval of the CSE for the listing of the Corporation's Common Shares and the relevant listing documents having been accepted for filing with the CSE; and

13. Share capital (continued)

(iv) the Corporation and the Lead Agent having delivered a joint notice and direction to the Escrow Holder, confirming that the conditions set forth in (i) to (iii) above have been met or waived.

The Escrow Release Conditions were satisfied subsequent to year end.

14. Loss per share

Basic	**2018**	2017
Net loss attributable to shareholders	**$ (28,278,733)**	$ (848,866)
Basic and diluted loss per share	**$ (0.37)**	$ (0.03)
Weighted average number of shares	**76,764,927**	28,455,556

15. Financing cost and fair value adjustment

Loss on extinguishment (Note 12)	$ 3,059,668
Fair value adjustment (Note 12)	11,812,210
Foreign currency exchange loss	28,190
Interest on convertible note (Note 12)	64,825
Fair value adjustment of investments (Note 7)	(9,087,997)
Total	**$ 5,876,896**

16. Related party transactions

Key management includes the Company's directors and members of the management team.

Type of expense		2018		2017
Management fees and directors' expense	**$**	**1,316,391**	$	150,928
Stock-based compensation expense (Note 13)		**86,660**		5,332
	$	**1,403,051**	$	156,260

Included in the above, in the normal course of business expenses were incurred with the Purple Company Inc., a company controlled by a senior management member and director. The expense amounted to $111,611 (2017 - $84,750). Services provided were marketing and finance consulting.

Included in the above, in the normal course of business expenses were incurred with The Wppd Initiative, a company controlled by a board director and senior management member. The expense amounted to $698,018 (2017 - $75,928). Services provided were business consulting.

Included in the above, in the normal course of business expenses were incurred with Peter Miller Enterprise Inc., a company controlled by the CEO. The expense amounted to $172,393 (2017 - $75,000). Services provided were business consulting.

Included in the above, in the normal course of business expenses were incurred with a company controlled by the CFO. The expense amounted to $334,369 (2017 - nil). Services provided were business consulting.

In connection with a rights agreement with Green House Holdings North America Inc. ("Green House"), a non-interest bearing advance of $66,424 was made, refer to Note 6. Green House is a company jointly controlled by the CEO.

As at December 31, 2018, included in accounts payable and accrued liabilities is $37,144 (2017 - nil) due to the related companies controlled by senior management members and directors.

Related party loans are disclosed in note 6.

17. Commitments

On July 9, 2018, the Company entered into a rights agreement with Green House Holdings North America Inc. ("**GHNA**") (a company partially owned by the Company's CEO), pursuant to which the Company has the right to license certain intellectual property of GHNA for use in certain territories. The Company and GHNA agreed on a future revenue share model based on a 60/40 split in favor of the Company, but subject to adjustment based on market conditions and potential opportunity for a particular territory. In consideration of the grant of rights, the Company owes GHNA USD $2,000,000 (CAD $2,728,400) and issued 10,000,000 common shares at estimated price of $0.56 per share. Terms of the cash due is non-interest bearing and due in one year, repayable at any time. The issuance of shares was ratified by the Company on August 3, 2018 and the Company recorded the full amount of $8,211,000 as marketing expense in the consolidated statement of loss and comprehensive loss. The Company recorded foreign currency translation loss of $117,400 in the consolidated statements of loss and comprehensive loss.

On July 11, 2018, the Company entered into a letter of intent with Agripharm Corp. ("**Agripharm**"), a company with a common management team as the Company, pursuant to which the Company agreed to license certain intellectual property to Agripharm.

18. Segmented information

a. Geographical Information:

The Company operates in two geographical locations: Canada and USA. The following tables present the Company's revenues and non-current assets by location.

	For the year ended December 31, 2018	From the date of incorporation, May 29, 2017 to December 31, 2017
Revenue		
Canada	$ 455,536	$ 60,232
USA	4,774,441	-
Total	**$ 5,229,977**	$ 60,232

	December 31, 2018	December 31, 2017
Non-current assets		
Canada	$ 20,947,266	$ -
USA	4,609,106	-
Total	**$ 25,256,372**	$ -

b. Information about major customers:

The Company had one major customer in 2017 (Canada segment) which represented 72% of total revenues for 2017. In 2018 the Company had one major customer which represented 91% (USA segment) of total revenues. 100% (USA segment – 100%) of the Company’s accounts receivable at December 31, 2018 was from one customer. The Company is exposed to credit losses due to the non-performance of its counterparties. The Company estimates its maximum credit risk for accounts receivable as the amount recorded on the statements of financial position.

19. Financial instruments and capital management

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for invested assets are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3).

The fair value of other financial assets and financial liabilities is considered to be the carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates.

Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's statement of financial position as at December 31, 2018 and 2017. These assets and liabilities have been categorized into hierarchical levels, according to the significance and reliability of the inputs used in determining fair value measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices
Represents unadjusted quoted prices for identical instruments exchanged in active markets.

Level 2 – significant other observable inputs
Includes directly or indirectly observable inputs, other than quoted prices for identical instruments exchanged in active markets.

Level 3 – significant unobservable inputs
Includes inputs that are not based on observable market data. (See Note 7 and Note 12 for inter-relationship between key unobservable inputs and fair value measurement.)

				As at December 31, 2018
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	
Cash and cash equivalents	$176,432	$ -	$ -	**$ 176,432**
Trust assets	63,929,156	-	-	**63,929,156**
Investments	-	-	16,236,073	**16,236,073**
Derivative liability	-	-	(17,236,727)	**(17,236,727)**
	$64,105,588	$ -	$ (1,000,654)	**$ 63,104,934**

19. Financial instruments and capital management (continued)

	As at December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	
Cash and cash equivalents	$ 165,340	$ -	$ -	**$ 165,340**
	$ 165,340	$ -	**$ -**	**$ 165,340**

Foreign currency risk

The operating results and financial position of the Company are reported in CAD. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the CAD. The results of the Company's operations are subject to currency transaction and translation risks. The Company holds cash in US dollars. The Company's main risk is associated with fluctuations in the US dollar. Assets and liabilities are translated based on the foreign currency translation policy described in Note 3. As at December 31, 2018 and December 31, 2017, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. The Company has estimated that the effect of a 10% increase or decrease in the US dollar against the Company's functional currency (CAD) on the financial assets and liabilities, as at December 31, 2018, including cash, accounts receivable and accounts payable would result in an increase or decrease of approximately $53,000 (2017 - $Nil) in the net loss and comprehensive loss for the period ended December 31, 2018.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates on the notes payable to shareholders and third parties are fixed.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company typically settles its financial obligations in cash. The ability to settle obligations in cash dependent on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at December 31, 2018 the Company had a cash balance of $176,432 (December 31, 2017- $165,340) and current liabilities of $8,440,771 (December 31, 2017- $244,981). All of the Company's current liabilities are expected to be settled within the next 12 months.

19. Financial instruments and capital management (continued)

Credit risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash, accounts receivable, other receivables and loans and notes receivable. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company's objective with regard to credit risk in its operating activities is to reduce its exposure to losses. As of December 31, 2018, the overdue accounts receivable balance is $617,857 (December 2017- Nil). The Company believes that the balance is collectable and that no additional allowance is required.

The provision matrix below shows the expected credit loss rate at each aging category of receivables.

	Current	Aged 1-30 days past due	Aged 31-60 days past due	Aged > 60 days past due
Expected loss rate	37.50%	57.45%	66.10%	98.92%
Gross carrying amount	$ 742,125	$ 128,235	$ 160,975	$ 4,161,184
Loss allowance provision, end of the period	$ 278,296	$ 73,669	$ 106,407	$ 4,116,290

Management of capital

The Company's objective of managing capital (comprising share capital) is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the board of directors, management will adjust its capital structure through the issue of new shares, convertible debentures, debt or other activities deemed appropriate under the specific circumstances. Management and the board of directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and the Company's strategy with respect to capital risk management has not changed since the period ended December 31,2018.

20. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) to the effective tax rate is as follows:

		2018		2017
Net loss before recovery of income taxes	**$**	**(23,278,734)**	$	(848,866)
Expected income tax (recovery) expense	**$**	**(7,493,864)**	$	(224,949)
Share issuance cost booked to equity		**(468,190)**		(26,160)
Share based compensation and non-deductible expenses		**752,128**		1,530
Loss on extinguishment of convertible debt		**810,810**		-
Unrealized loss from convertible debt		**3,130,238**		-
Goodwill Impairment		**1,592,620**		-
Unrealized gain on investment		**(1,204,160)**		-
True up		**(81,537)**		-
Change in tax benefits not recognized		**2,961,955**		249,579
Income tax expense	**$**	**-**	$	-

Deferred tax

The following table summarizes the components of deferred tax:

		2018		**2017**
Deferred Tax Assets				
Non-capital losses carried forward-Canada	**$**	**984,025**	$	-
Non-capital losses carried forward-US		**176,498**		-
Deferred Tax Liabilities				
Investments at fair value		**(981,558)**		
Unrealized FX gain		**(2,467)**		
Property, plant and equipment		**(176,498)**		-
Net deferred tax Asset	**$**	**-**	$	-

20. Income taxes (continued)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2018		2017
Intangible assets	**$**	**8,005,730**	$	-
Share issuance costs		**1,487,426**		93,770
Non-capital losses carried forward		**2,257,568**		428,030
Related party interest - US		**558,719**		-

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2023.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses and US net operating losses expire as follows:

		Canadian	**US**
2037	**$**	**848,000**	**-**
2038		**4,920,865**	**-**
Indefinitely		**-**	**917,766**
	$	**5,768,865**	**917,766**

21. Subsequent events

The Company evaluated subsequent events through to April 10, 2019, the date these financial statements were issued.

On November 29, 2018, the Company entered into a Unit and Membership Interest Purchase Agreement with shareholders of NWT Holdings LLC to acquire 100% of the equity of NWT Holdings LLC (the "Firefly Acquisition"). The aggregate purchase price of the Firefly Acquisition is USD $16,000,000, which is comprised of USD $8,000,000 cash and common shares in the capital of the Company equivalent in value to USD $8,000,000. The deal closed on January 22, 2019.

On November 29, 2018, the Company entered into a share purchase agreement with the shareholders of NCG to acquire 92.5% of the equity of NCG (the Company acquired 7.5% of the equity of NCG on March 20, 2018, see note 7(b)) ("NCG purchase") and an option to purchase 100% of the equity of Allied Concessions Group, Inc and NS Holdings Inc. The NCG purchase is to be satisfied with USD $20,000,000 cash and 65,000,000 common shares and 17,500,000 restricted shares of the Company. The deal closed on January 22, 2019.

On January 29, 2019, the Company's shares began trading on the Canadian Securities Exchange under the ticker symbol "SLNG."

On January 29, 2019 the company gave notice of proposed stock option grant for a total of 4,623,528 with an expiry date of January 28, 2024 at an exercise price of $1.50 a share.

From January 31st, 2019 to April 8, 2019 a total of 2,935,520 warrants were exercised for a total of 2,935,520 common shares at an exercise price of $1.15 for total cash proceeds of $3,375,848.

On February 29, 2019, the Company announced that it has entered into a partnership with Trulieve Cannabis Corp. ("Trulieve"), the largest vertically integrated cannabis production and retail company in Florida, to offer the state's more than 180,000 registered medical marijuana patients access to Slang's portfolio of leading cannabis brands in Trulieve's dispensaries across the state. Pursuant to the partnership, Trulieve has an exclusive license to distribute Slang's portfolio of branded cannabis products across its Florida distribution network, which currently includes 24 dispensaries and home delivery available statewide. Trulieve has recently been granted regulatory approval to expand its network to 49 dispensaries. Sales in Florida under this agreement are expected to commence in Q2 2019.

On March 6, 2019, the Company announced that it has entered into a partnership with Southern Development Holdings ("SDH") to offer its branded cannabis products to patients across Puerto Rico. Pursuant to the partnership, SDH has been granted an exclusive license in Puerto Rico to the SLANG product suite. SDH will produce the Company's products at its state-of-the-art GMP facility and distribute them broadly to medical cannabis dispensaries throughout Puerto Rico. The Company will receive royalty payments for each SLANG branded product sold in Puerto Rico, with sales expected to begin in Q2 2019.

On March 11, 2019, the Company announced the launch of the RESERVE product line in the California market as an extension of its OpenVAPE brand. Marketed as a curated selection of top strains at market-leading prices, RESERVE will complement the Company's existing product line.

21. Subsequent events (continued)

On March 21, 2019 the Company agreed to loan NS Holdings, Inc ("NS") USD $4,234,943.40 pursuant to a promissory note and security agreement. The loan matures the earlier of February 28, 2020 or in the event of default. Interest accrues at 12% and is calculated and payable monthly in arrears, in USD. The first tranche of the funds was advanced on March 22, 2019 for $3,206,187.99 USD. One of the Company's directors (Chris Driessen) is part of the ownership group and management team of NS.

On March 18, 2019, the Company, through its subsidiary NWT Holdings, LLC, entered into an amendment to its existing distribution agreement with Warehouse Goods LLC dba Greenlane, to be the exclusive distributor of the Firefly 2+ in the exclusive territory which shall consist of Canada and the United States of America and all states, provinces, and territories.

On March 25, 2019, the Company announced that its shares are now trading on the Frankfurt Stock Exchange under the trading symbol 84S.