Speakeasy Cannabis Club Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Speakeasy Cannabis Club Ltd.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

		As at April 30, 2019		As at July 31, 2018
ASSETS				
Current assets				
Cash	$	11,205,286	$	588,041
GST/HST recoverable		500,024		326,385
Prepaids		23,000		10,000
Construction deposit (note 7)		-		385,769
Total current assets		11,728,310		1,310,195
Non-current assets				
Property, plant and equipment (note 7)		7,309,204		4,221,461
Total non-current assets		7,309,204		4,221,461
Total assets	$	19,037,514	$	5,531,656
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 8 and 10)	$	1,331,748	$	912,258
Total current liabilities		1,331,748		912,258
Non-current liabilities				
Loans payable (note 9)		100,000		-
Total non-current liabilities		100,000		-
Total liabilities		1,431,748		-
Shareholders' equity				
Common share capital (note 11)		39,829,285		19,989,543
Contributed surplus (note 11)		6,178,981		5,042,324
Share subscriptions received in advance (note 11)		-		360,000
Deficit		(28,402,500)		(20,772,469)
Total shareholders' equity		17,605,766		4,619,398
Total liabilities and shareholders' equity	$	19,037,514	$	5,531,656

Nature of operations (note 1)
Going concern assumption (note 2)
Subsequent event (note 15)

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

Speakeasy Cannabis Club Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	For the three months ended April 30, 2019	For the three months ended April 30, 2018	For the nine months ended April 30, 2019	For the nine months ended April 30, 2018
Operating Expenses				
Advertising and promotion	**$ 1,187**	$ 23,140	**$ 33,721**	$ 23,140
Automobile	**23,124**	13,233	**60,304**	18,570
Consulting fees (note 10)	**1,604,312**	1,637,165	**2,070,566**	1,644,665
Filing and listing fees	**30,905**	19,349	**54,862**	19,349
Interest income	**-**	(7,335)	**-**	(7,335)
Loss on settlement of debt (note 11)	**15,459**	-	**15,459**	-
Legal and professional fees	**94,667**	87,118	**374,370**	98,242
Listing expense (reversal)	**-**	10,446,447	**(52,000)**	10,446,447
Meals and entertainment	**1,584**	738	**7,123**	808
Office and general expenses	**216,563**	37,176	**406,795**	47,254
Repairs and maintenance	**-**	8,019	**66**	28,059
Share-based compensation (note 11)	**778,865**	530,188	**896,936**	530,188
Travel	**29,105**	50,158	**119,154**	72,932
Wages, fees salaries and labour	**2,581,489**	367,871	**3,642,675**	559,292
Net and comprehensive loss	**$ (5,377,260)**	$ (13,213,267)	**$ (7,630,031)**	$ (13,481,611)
Basic and diluted net loss per share	**$ (0.08)**	$ (0.79)	**$ (0.13)**	$ (2.43)
Weighted average number of common shares outstanding - basic and diluted	**68,209,325**	16,625,267	**59,564,706**	5,541,756

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

Speakeasy Cannabis Club Ltd.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended April 30,

		2019		2018
Operating activities				
Net loss for the period	**$**	**(7,630,031)**	$	(13,481,611)
Adjustment for non-cash item				
Loss on settlement of debt		**15,459**		-
Listing expense		**-**		10,446,447
Share-based compensation		**896,936**		530,188
Net changes in non-cash working capital:				
GST/HST recoverable		**(173,639)**		(88,715)
Prepaid and deposit		**372,769**		222,062
Accounts payable and accrued liabilities		**3,877,485**		348,472
Net cash used in operating activities		**(2,641,021)**		(2,023,157)
Investing activities				
Expenditures on property, plant and equipment		**(3,087,746)**		(2,134,007)
Loan receivable		**-**		(100,000)
Loans received (note 9)		**300,000**		-
Repayment of loan (note 9)		**(200,000)**		-
Net cash used in investing activities		**(2,987,743)**		(2,234,007)
Financing activities				
Cash assumed on reverse takeover		**-**		2,981,453
Advances received prior to reverse takeover		**-**		2,023,672
Proceeds from issuance of shares		**16,345,163**		-
Proceeds from exercise of warrants		**232,285**		-
Share issuance costs		**(331,439)**		-
Due to related parties		**-**		996
Net cash provided by financing activities		**16,246,009**		5,006,121
Net change in cash		**10,617,245**		748,957
Cash, beginning of period		**588,041**		30
Cash, end of period	**$**	**11,205,286**	$	748,987

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

Speakeasy Cannabis Club Ltd.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Common share capital					
	Number of shares	Amount	Subscription received in advance	Contributed surplus	Deficit	Total
Balance July 31, 2017	**300**	**$ 30**	**$ -**	**$ -**	**$ -**	**$ 30**
Reversal of 10161233 Canada Ltd. shares	(300)	(30)	-	-	-	(30)
Shares issued - Transaction	12,000,000	-	-	-	-	-
Recapitalization - Transaction	29,750,686	14,875,343	-	2,423,681	-	17,299,024
Finder's fee	1,000,000	500,000	-	-	-	500,000
Share based compensation	-	-	-	530,188	-	530,188
Net loss	-	-	-	-	(13,481,611)	(13,481,611)
Balance April 30, 2018	42,750,686	$ 15,375,343	$ -	$ 2,953,869	$ (13,481,611)	$ 4,847,601
Balance July 31, 2018	49,720,312	$ 19,989,543	$ 360,000	$ 5,042,324	$ (20,772,469)	4,619,398
Private placements (note 11)	28,921,949	16,345,163	-	-	-	16,345,163
Share issuance costs	-	(571,159)	-	239,721	-	(331,438)
Warrants exercised (note 11)	3,134,285	592,285	(360,000)	-	-	232,285
Shares issued for debt settlement	5,130,202	3,473,453	-	-	-	3,473,453
Share based compensation	-	-	-	896,936	-	896,936
Net loss	-	-	-	-	(7,630,031)	(7,630,031)
Balance April 30, 2019	**86,906,748**	**$ 39,829,285**	**$ -**	**$ 6,178,981**	**$ (28,402,500)**	**$ 17,605,766**

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

1. Nature of Operations

Speakeasy Cannabis Club Ltd. (the "Company") is a publicly traded company listed on the Canadian Securities Exchange ("CSE"), trading under the symbol EASY, and has an application for a license under the Access to Cannabis for Medical Purposes Regulations ("AMCPR") to become licensed producer of medical cannabis in Canada. The head office and registered records office of the Company is located at 1515 Meyers Creek Road West Rock Creek, British Columbia V0H 1Y0, Canada.

On April 2, 2018, the Company acquired 100% of the issued and outstanding common shares of 10161233 Canada Ltd. ("Speakeasy") in exchange for 12,000,000 of the Company's common shares (the "Transaction"). The Transaction was accounted for as a reverse takeover whereby Speakeasy obtained a listing of its shares on the CSE as well as financing for the further development of its business.

2. Going Concern Assumption

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. At April 30, 2019, the Company has incurred losses totaling $28,402,500 (July 31, 2018 - $20,772,469) since inception. The Company's ability to continue as a going concern is dependent on its ability in the future to achieve profitable operations and in the meantime, obtain the necessary financing to meet its obligations and repay its liabilities when they come due. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

3. Statement of Compliance and Basis of Presentation

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), in particular IAS 34, Interim Reporting, and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as of July 2, 2019, the date the Company's Board of Directors approved these financial statements.

(b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods, and have been prepared using the accrual basis of accounting except for cash flow information.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 10161233 Canada Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

4. Significant Accounting Policies

a) Property, plant and equipment

Property, plant and equipment are recorded at cost net of accumulated amortization and impairment charges. The cost of repairs and maintenance is expensed as incurred. Amortization is provided on the straight-line method over the estimated lives of assets. Upon sale of other disposition of a depreciable asset, cost and accumulated amortization are removed from property, plant and equipment and any gain or loss is reflected as a gain or loss from operations. Depreciation is provided using the following annual rates.

Buildings and Improvements	4%	straight-line
Equipment	20%	straight-line

b) Future accounting policies not yet adopted

IFRS 16 - In 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted, in certain circumstances. The Company has not yet determined the impact of the amendments on the Company’s financial statements.

c) Critical Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i. Impairment

Assets, property, plant, land and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed their recoverable amounts. As at April 30, 2019, there were no indications that certain tangible and intangible assets of the Company are impaired. The effect of this impairment is recorded in the Company’s consolidated statement of loss and comprehensive loss.

ii. Identifying acquirer in transaction with Speakeasy

Significant judgment is required in determining which party to the transaction was the acquirer. Refer to Note 5 for the factors management considered in reaching their conclusion that the acquirer was Speakeasy.

4. Significant Accounting Policies (continued)

c) Critical Accounting Estimates and Judgments (continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

i.Share-based compensation

The Company records all share-based compensation and warrants issued in connection with private placements, using the fair value method. The Company uses the Black- Scholes option pricing model to determine the fair value of share-based compensation. This estimate also requires determining the most appropriate inputs to the valuation model. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

ii.Estimated useful lives of property and equipment and intangible assets

The Company makes estimates and utilizes assumptions in determining the useful lives of property and equipment and intangible assets, and the related depreciation and amortization. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain assets.

iii.Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

d) Loss per Share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of common shares.

4. Significant Accounting Policies (continued)

e) Share based payments transactions

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee, including directors of the Company. The fair value of the stock options granted is measured at grant date and each tranche is recognized on a graded basis over the vesting period. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense for unvested options is adjusted to reflect the number of the options that are expected to vest. If the options are forfeited or expired, the amount recorded to the reserves is transferred to deficit.

f) Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

4. Significant Accounting Policies (continued)

f) Financial instruments (continued)

The classification and measurement bases of the Company's financial instruments as at August 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39) are as follows:

	IAS 39 Classification	IFRS 9 Classification
Cash	FVTPL	FVTPL
Other receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Income tax payable	Other liabilities	Amortized cost
Loan payable	Other liabilities	Amortized cost

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs for all classifications of financial instruments, other than those at FVTPL, that are directly attributable to the acquisition or issuance of a financial asset or financial liability are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

5. Reverse Takeover Transaction

The Transaction was accounted for as a reverse takeover whereby Speakeasy obtained a listing on the CSE as well as obtaining financing for the further development of its business. Management determined that, for accounting purposes, the acquirer was Speakeasy on the basis that:

- Excluding a financing completed by the Company prior to and in anticipation of the Transaction, the shareholders of Speakeasy obtained a larger number of the combined entity's common shares than the existing shareholders;
- Senior management of the Company, subsequent to the Transaction, is substantially comprised of that of Speakeasy;
- The only assets of the Company prior to the Transaction were cash and assets that were directly related to and dependent on the completion of the Transaction; and
- The shareholders of Speakeasy obtained a large minority voting interest.

(Expressed in Canadian Dollars)

5. Reverse Takeover Transaction (continued)

At the time of the Transaction the Company did not constitute a business as defined under IFRS 3; therefore, the Transaction is accounted under IFRS 2.

The following table summarizes the consideration paid and the fair value of the assets acquired and liabilities assumed as the date of Transaction:

Consideration paid:		
29,750,686 shares at $0.50 per share	$	14,875,343
Finders fees – 1,000,000 shares at $0.50 per share		500,000
Fair value of warrants		2,423,681
Total consideration paid	**$**	**17,799,024**

Fair value of the assets and liabilities of the Company		
Cash	$	2,981,453
GST/HST recoverable		134,986
Loans receivable		578,654
Deposit on building		1,500,000
Accounts payable		(134,067)
Fair value of net assets acquired	**$**	**5,061,026**
Listing expense	**$**	**12,737,998**

The difference between the fair value of the consideration paid and the fair value of the net assets of the Company of $12,737,998 has been reflected as a listing expense, being the cost of Speakeasy obtaining a listing on the CSE.

The fair value of the 29,750,686 shares deemed to be issued was estimated to be $0.50 per share using the price of the private placement that occurred closed to the transaction.

The Company assumed 5,000,000 warrants exercisable at a price of $0.18 per share expiring on February 21, 2019. The fair value of the warrants was $1,704,233, estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.31%
Estimated life	0.91 years
Expected volatility	100%
Expected dividend yield	0.00%
Forfeiture rate	0.00%

(Expressed in Canadian Dollars)

5. Reverse Takeover Transaction (continued)

The Company assumed an additional 12,911,710 warrants exercisable at a price of $1.00 per share expiring on November 6, 2018. Of these warrants, 396,412 were exercised during the year ended July 31, 2018 and subsequent to the year ended July 31, 2018, all remaining warrants expired. The fair value of the warrants was $719,448, estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.31%
Estimated life	0.62 years
Expected volatility	100%
Expected dividend yield	0.00%
Forfeiture rate	0.00%

6. Loan Receivable

On December 4, 2017, the Company entered into a loan agreement with a company controlled by a director of the Company, whereby the Company loaned $100,000 to a company controlled by the chairman of the Company's board of directors. The loan bears interest at 4%, is unsecured and is due on or before December 3, 2018. On July 31, 2018, management identified evidence this loan was impaired, and recognized an impairment loss of $103,000.

7. Property, Plant and Equipment

COST	Building and Improvements	Equipment	Land	Total
Balance, July 31, 2017	$ -	$ -	$ -	$ -
Additions	3,076,763	694,782	449,916	4,221,461
Balance, July 31, 2018	3,076,763	694,782	449,916	4,221,461
Additions	2,178,740	909,003	-	3,087,743
Balance, April 30, 2019	**$ 5,255,503**	**$ 1,603,785**	**$ 449,916**	**$ 7,309,204**

No depreciation has been taken on the Property, Plant and Equipment as at April 30, 2019, as they are not available for use.

Included in Buildings and Improvements is a payment of $2,000,000 paid to a company controlled by the chairman of the Company's board of directors for a 290 acre property.

During the year ended July 31, 2018, the Company paid a deposit of $385,769 for construction of buildings. The construction was completed during the period ended April 30, 2019.

8. Accounts Payable and Accrued Liabilities

	As at April 30, 2019	As at July 31, 2018
Accounts payable	**$ 1,208,261**	$ 786,353
Accrued liabilities	**37,500**	125,905
Payroll tax liabilities	**85,987**	-
	$ 1,331,748	$ 912,258

9. Loans Payable

During the period ended April 30, 2019, the Company received the following loans:

i) $100,000 unsecured non-interest bearing loan with no set repayment term.

ii) $200,000 unsecured loan from the president of the Company bearing interest at 8% per annum with no set repayment terms. The loan accrued the interest of $1,333.33. The Company settled the loan and interest by issuing 442,760 common shares valued at $221,380, which resulted in a gain of $725.27 (note 11).

10. Related Party Transactions and Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

During the nine months ended April 30, 2019 the Company,

i) incurred wages, fees salaries and labour, of $960,333 (2018 - $Nil) to the CEO of the Company for CEO services, of which $813,333 was a performance bonus paid in common shares.

ii) incurred consulting fees of $45,000 (2018 - $1,875) to a company controlled by a director of the Company.

iii) incurred professional fees of $31,000 (2018 - $Nil) to a partnership in which the CFO has an interest.

iv) incurred wages fees of $770,000 (2018 - $Nil) to a director of the Company, of which $610,000 was a performance bonus paid in common shares.

v) incurred wages, fees salaries and labour of $98,000 (2018 - $Nil) to the corporate secretary of the Company for corporate secretary services, of which $30,500 was a performance bonus paid in common shares.

vi) issued 200,000 stock options to related parties with a fair value of $115,615.

As at April 30, 2019, the Company had balances due to related parties of:

i) $996 (July 31, 2018 - $996), which is due to a former director and CEO of the Company. The amount has no set repayment term, is unsecured and is non-interest bearing.

ii) $2,500 (July 31, 2018 - $2,500), which is due to a former director and CFO of the Company. The amount has no set repayment term, is unsecured and is non-interest bearing

iii) $163,800 (July 31, 2018 - $163,800), which is due to a company controlled by a former director and CFO of the Company who resigned on September 10, 2018. The amount has no set repayment term, is unsecured and is non-interest bearing.

iv) $1,875 (July 31, 2018 - $1,875), which is due to a company controlled by a former director and CFO of the Company. The amount has no set repayment term, is unsecured and is non-interest bearing.

10. Related Party Transactions and Disclosures (continued)

v) $1,086 (July 31, 2018 - $3,794) which is due to the corporate secretary of the Company. The amount has no set repayment term, is unsecured and is non-interest bearing.

vi) $713 (July 31, 2018 - $Nil) which is due to the president of the Company. The amount has no set repayment term, is unsecured and is non-interest bearing.

vii) $4,574 (July 31, 2018 - $Nil) which is due to a company owned by a director of the Company. The amount has no set repayment term, is unsecured and is non-interest bearing.

viii) $69,945 (July 31, 2018 - $Nil) which is due to a director of the Company. The amount has no set repayment term, is unsecured and is non-interest bearing.

ix) $55,125 (July 31, 2018 - $Nil) which is due to a partnership in which the CFO has an interest. The amount has no set repayment term, is unsecured and is non-interest bearing.

During the period ended April 30, 2019, The Company received $200,000 unsecured loan from the president of the Company bearing interest at 8% per annum with no set repayment terms. The loan accrued the interest of $1,333.33. The Company settled the loan and interest by issuing 442,760 common shares valued at $221,380, which resulted in a gain of $725.27 (note 11).

11. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

Nine month period ended April 30, 2019

On September 4, 2018, the Company issued 2,000 common shares at a price of $0.50 per unit for proceeds of $1,000 relating to the second tranche of a private placement.

On September 27, 2018, the Company closed its private placement of 3,863,804 units at a price of $0.60 per unit for proceeds of $2,318,282. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $143,188 in finders' fees were paid by the Company and issued 238,648 finders warrants valued at $44,933. Each Broker Warrant entitles the holder to acquire one Common Share at an exercise price of $1.00 per share for the period of 24 months following closing.

On March 4, 2019, the Company issued 720,833 common shares priced at $0.84 per unit for performance bonus to key management personnel.

On March 8, 2019, the Company closed its private placement of 5,370,758 units at a price of $0.50 per unit for proceeds of $2,685,379. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $122,500 in finders' fees were paid by the Company and issued 245,000 finders warrants valued at $148,147. Each Broker Warrant entitles the holder to acquire one Common Share at an exercise price of $0.50 per share for the period of 24 months following closing.

On March 8, 2019, the Company issued 929,242 units valued at $464,621 to settle outstanding debt, which resulted in a loss on settlement of debt of $15,459. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

On March 11, 2019, the Company closed its private placement of 9,700,000 units at a price of $0.50 per unit for proceeds of $4,850,000. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

11. Share Capital (continued)

On March 11, 2019, the Company issued 500,000 units at a price of $0.50 per unit to settle outstanding debt of $250,000. Each unit comprises of one common share and one-half warrant. Each one whole warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

On March 11, 2019, the Company issued 1,441,666 common shares priced at $0.80 per unit for performance bonus to key management personnel.

On April 24, 2019, the Company closed its private placement of 8,240,002 units at a price of $0.65 per unit for proceeds of $5,356,000. Each unit comprises of one common share and one warrant. Each warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $9,425 in finders' fees were paid by the Company and issued 14,500 finders warrants valued at $6,690. Each Broker Warrant entitles the holder to acquire one Common Share at an exercise price of $0.65 per share for the period of 24 months following closing.

On April 24, 2019, the Company issued 1,538,461 units at a price of $0.65 per unit to settle outstanding debt of $1,000,000. Each unit comprises of one common share and warrant. Each warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry.

On April 25, 2019, the Company closed its private placement of 1,745,385 units at a price of $0.65 per unit for proceeds of $1,134,500. Each unit comprises of one common share and one warrant. Each warrant is exercisable into a common share at an exercise price of $1.00 with a 24 months expiry. In connection with this private placement, $56,325 in finders' fees were paid by the Company and issued 86,500 finders warrants valued at $39,923. Each Broker Warrant entitles the holder to acquire one Common Share at an exercise price of $0.65 per share for the period of 24 months following closing.

During the period ended April 30, 2019, the Company issued 1,134,285 common shares pursuant to the exercise of warrants for proceeds of $232,285.

Fiscal 2018

On July 24, 2018, the Company closed its private placement of 4,285,714 units at a price of $0.70 per unit for proceeds of $3,000,000. Each unit comprises of one common share and one warrant. Each warrant is exercisable into a common share at an exercise price of $1 with a year expiry. In connection with this private placement, $19,250 in finders' fees were paid by the Company. Of the proceeds raised, $1,213,809 was immediately paid pursuant to consulting agreement that were entered into concurrently with the financing.

During the year ended July 31, 2018, the Company received gross proceeds of $360,000 for the exercise of 2,000,000 warrants of the Company. Subsequent to the year end the shares were issued.

During the year ended July 31, 2018, the Company issued 2,296,412 common shares pursuant to the exercise of warrants for proceeds of $738,412.

During the year ended July 31, 2018, the Company issued 387,500 shares with a fair value of $224,750 for services provided.

During the year ended July 31, 2018, the Company entered into performance agreements with the CEO and a former CFO of the Company. Per the agreement, the Company is to issue up to up to 6,500,000 common shares to the CEO and a former CFO should the Company receive a license to cultivate under the Access to Cannabis for Medical Purposes Regulations license application (“ACMPR”) from Health Canada. Furthermore, should the Company receive a license to sell under the ACMPR the Company will issue an additional 4,500,000 shares to the CEO (the CFO portion has expired). The Company recorded a total of $1,745,317 in share-based compensation in relation to the contingency to issue shares.

(Expressed in Canadian Dollars)

11. Share Capital (continued)

During the year ended July 31, 2018, the Company entered into employment agreements with officers and key management of the Company under which they will issue up to 2,162,499 should the Company reach certain market capitalization targets. The Company has recorded a total of $31,692 in share-based compensation in relation to the contingency to issue shares.

Stock Options

On March 15, 2019, a total of 100,000 incentive stock options were granted to employees and consultants with a fair value of $77,792. The options are exercisable at a price of $0.90 per share for a period of 5 years.

On March 12, 2019, a total of 925,000 incentive stock options were granted to employees and consultants with a fair value of $560,904. The options are exercisable at a price of $0.80 per share for a period of 5 years.

On February 28, 2019, a total of 200,000 incentive stock options were granted to employees and consultants with a fair value of $139,951. The options are exercisable at a price of $0.90 per share for a period of 5 years.

On October 2, 2018, a total of 200,000 incentive stock options were granted to employees and consultants with a fair value of $91,277. The options are exercisable at a price of $0.70 per share for a period of 5 years.

Fiscal 2018

On March 26, 2018, a total of 1,605,000 incentive stock options were granted to directors, officers and consultants with a fair value of $530,188. The options are exercisable at a price of $0.95 per share for a period of 5 years.

On July 23, 2018, the Company granted 1,300,000 incentive stock options to senior management and a consultant with a fair value of $560,846 exercisable at a price of $0.70 per share for a period of 5 years. Of these options, 1,250,000 vest immediately. During the period ended April 30, 2019, the remaining 50,000 options were vested at $27,012.

On July 23, 2018, the Company granted 1,000,000 incentive stock options to directors, officers and consultants with a fair value of $420,888. The options are exercisable at a price of $0.95 per share for a period of 5 years.

	Number of stock options	Weighted average exercise price ($)
Balance, July 31, 2017	**-**	**-**
Granted	3,905,000	0.87
Balance, July 31, 2018	3,905,000	0.87
Granted	1,425,000	0.81
Expired/Cancelled	(780,000)	0.95
Balance, April 30, 2019	**4,550,000**	**0.83**

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Stock Options (continued)

The following table sets out the details of the stock options granted and outstanding as at April 30, 2019:

Expiry date	Exercise price ($)	Number of options outstanding
March 26, 2023	0.95	900,000
July 23, 2023	0.70	1,300,000
July 23, 2023	0.95	925,000
October 23, 2023	0.70	200,000
February 28, 2024	0.90	200,000
March 12, 2024	0.80	925,000
March 15, 2024	0.90	100,000
		4,550,000

The fair value of the options granted was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

Nine month period ended April 30, 2019

Expected Volatility	100%
Risk-free interest rate	2.12%
Expected life in years	5 years
Expected dividend yield	0.00%

Nine month period ended April 30, 2018

Expected Volatility	100%
Risk-free interest rate	2.09%
Expected life in years	5 years
Expected dividend yield	0.00%

Warrants

	Number of warrants	Weighted average exercise price ($)
Balance, July 31, 2017	**-**	**-**
Warrants of Speakeasy at time of Transaction (Note 5)	17,911,710	0.18
Issued	4,285,714	1.00
Exercised	(2,296,412)	0.34
Balance, July 31, 2018	**19,901,012**	**0.45**
Issued	22,290,398	0.99
Exercised	(3,134,285)	0.19
Expired	(12,515,298)	1.00
Balance, April 30, 2019	**26,541,827**	**0.99**

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Warrants (continued)

The following table sets out the details of the warrants issued and outstanding as at April 30, 2019:

Expiry date	Exercise price ($)	Number of warrants outstanding
July 10, 2019	1.00	4,251,429
September 27, 2020	1.00	2,170,550
March 8, 2021	1.00	8,250,000
March 8, 2021	0.50	245,000
April 24, 2021	1.00	9,778,463
April 24, 2021	0.65	14,500
April 25, 2021	1.00	1,745,385
April 25, 2021	0.65	86,500
	0.99	**26,541,827**

12. Commitments and Contingencies

In the normal course of its operations, the Company may be subject to other litigation and claims.

The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

13. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the development of its projects and to sustain future development of the business. The capital structure of the Company consists of working and share capital. There are no restrictions on the Company's capital. There were no changes in the Company's approach to capital management during the year.

14. Financial instruments and risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's management team approves and monitors the risk management processes, with guidance from the Audit Committee under policies approved by the Board of Directors. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As all of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institutions as determined by rating agencies.

14. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 14, in normal circumstances.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest rate risk

As February 28, 2019, the Company did not hold any material interest bearing investments or liabilities and has no significant interest rate risk.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At February 28, 2019, the Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has limited foreign currency exposure.

iii) Price risk

The recoverability of the Company's exploration and evaluation assets is indirectly related to the market price of commodities. The Company's ability to continue with its exploration of the Toni Property is also indirectly subject to commodity prices. The Company is not currently directly exposed to fluctuations in commodity prices as the Company is currently in the exploration phase and has no production.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities.

15. Subsequent events

Subsequent to the period ended April 30, 2019, the Company:

i) granted 100,000 stock options to an employee of the Company. The options are exercisable at $0.86 per option for five years.

ii) granted 1,738,333 stock options exercisable at $0.67 per option for five years.