AMENDED AND RESTATED

CANNABIS ONE HOLDINGS INC. (FORMERLY METROPOLITAN ENERGY CORP.)

Condensed Consolidated Interim Financial Statements (Unaudited)

Three and Nine Months Ended October 31, 2018 and 2017

(Expressed in Canadian Dollars)

AMENDED AND RESTATED

CANNABIS ONE HOLDINGS INC.
(FORMERLY METROPOLITAN ENERGY CORP.)

(the "Company")

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and nine months ended October 31, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

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

February 22, 2019

Cannabis One Holdings Inc.
(formerly Metropolitan Energy Corp.)
Condensed Consolidated Interim Statements of Financial Position
As at October 31, 2018 and January 31, 2018
(Expressed in Canadian Dollars)
(Unaudited)

	October 31, 2018	January 31, 2018
	$	$
Assets		
Current asset:		
Cash	1,535,629	727
Deposit (Note 5)	50,000	-
	1,585,629	727
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable (Note 5)	53,559	158,310
Accrued liabilities	8,000	8,000
Loans payable and accrued interest (Note 4)	-	94,554
	61,559	260,864
Shareholders' equity (deficiency):		
Share capital (Note 6)	3,864,997	1,615,505
Reserves (Note 6)	298,437	248,163
Deficit	(2,639,364)	(2,123,805)
	1,524,070	(260,137)
	1,585,629	727

Nature of Operations and Going Concern (Note 1)
Definitive Business Combination Agreement (Note 10)

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

Cannabis One Holdings Inc.
(formerly Metropolitan Energy Corp.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended October 31, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Expenses:				
Professional fees (Note 5)	$ 385,225	$ 4,725	$ 402,550	$ 15,559
Consulting fees	-	-	141,750	-
Filing and listing fees (recovery)	(618)	2,137	10,245	3,923
Office and miscellaneous	121	-	282	-
Share-based compensation (Notes 5 and 6)	-	-	50,274	-
Transfer agent	336	1,077	7,605	2,148
Loss before other items	(385,064)	(7,939)	(612,706)	(21,630)
Foreign exchange loss	(2)	(4)	(10)	-
Finance and other cost (Note 7)	(1,892)	(5,101)	(13,275)	(14,491)
Gain on debt settlement (Note 4)	-	-	110,432	-
Net loss and comprehensive loss for the period	(386,958)	(13,044)	(515,559)	(36,121)
Basic and diluted loss per share	$ (0.03)	$ (0.01)	$ (0.05)	$ (0.04)
Weighted average number of shares outstanding	15,157,853	918,050	11,194,879	918,050

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

Cannabis One Holdings Inc.
(formerly Metropolitan Energy Corp.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
For the nine months ended October 31, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited)

		Share capital		Reserves				
	Note	Common shares	Amount	Stock options	Warrants	Total	Deficit	Total
		#	$	$	$	$	$	$
Balance, January 31, 2017		**918,050**	**1,615,505**	**102,062**	**146,101**	**248,163**	**(2,059,666)**	**(195,998)**
Comprehensive loss for the period		-	-	-	-	-	(36,121)	(36,121)
Balance, October 31, 2017		**918,050**	**1,615,505**	**102,062**	**146,101**	**248,163**	**(2,095,787)**	**(232,119)**
Comprehensive loss for the period		-	-	-	-	-	(28,018)	(28,018)
Balance, January 31, 2018		**918,050**	**1,615,505**	**102,062**	**146,101**	**248,163**	**(2,123,805)**	**(260,137)**
Shares issued for private placement	6	12,142,145	1,499,750	-	-	-	-	1,499,750
Exercise of warrants	6	2,142,120	749,742	-	-	-	-	749,742
Share-based compensation	6	-	-	50,274	-	50,274	-	50,274
Comprehensive loss for the period		-	-	-	-	-	(515,559)	(515,559)
Balance, October 31, 2018		**15,202,315**	**3,864,997**	**152,336**	**146,101**	**298,437**	**(2,639,364)**	**1,524,070**

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

Cannabis One Holdings Inc.
(formerly Metropolitan Energy Corp.)
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended October 31, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited)

	2018	2017
	$	$
Operating activities:		
Net loss for the period	(515,559)	(36,121)
Adjustments for non-cash items:		
Share-based compensation	50,274	-
Accrued interest on loans	-	14,195
Gain on debt settlement	(110,432)	-
Changes in non-cash working capital item:		
Deposit	(50,000)	-
Accounts payable and accrued liabilities	(41,226)	21,783
	(666,943)	(143)
Financing activities:		
Proceeds from issuance of shares	1,499,750	-
Exercise of warrants	749,742	-
Loan repayment	(47,647)	-
	2,201,845	-
Change in cash	1,534,902	(143)
Cash, beginning of period	727	906
Cash, end of period	1,535,629	763

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

1. Nature of Operations and Going Concern

Cannabis One Holdings Inc. (formerly Metropolitan Energy Corp.) (the "Company") was incorporated on July 16, 2007, under the Business Corporations Act of British Columbia and is currently engaged in identifying and evaluating potential transactions and/or acquisitions in the resource or other business sectors. On November 8, 2018, the Company changed its name to Cannabis One Holdings Inc. (see Note 10 and 11). The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015, under the trading symbol "MOE.H". On October 3, 2018, the Company incorporated Metropolitan Acquisition Corp. under the laws of Colorado, USA, as a direct, wholly-owned subsidiary of the Company for the sole purpose of effecting the Merger in connection with the Business Combination.

The head office and principal address of the Company are located at Suite 610 - 700 West Pender Street, Vancouver, British Columbia V6C 1G8. The Company's registered office address is Suite 800, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The ability of the Company to attain profitable operations is dependent upon the continued forbearance of its creditors, the identification of acquisitions, the ability to obtain additional financing to make payments as they become due, and the ability to complete acquisitions. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These condensed consolidated interim financial statements have been prepared using accounting policies applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business. As at October 31, 2018, the Company had no operating revenue, an accumulated deficit of $2,671,864 (January 31, 2018 - $2,123,805), a working capital of $1,491,570 (January 31, 2018 - deficiency of $260,137) and expects to incur further losses in the development of its business. The Company will require additional financing in order to fund working capital requirements, and as it determines, for acquisitions. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations. These material uncertainties cast significant doubt on the entity's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

2. Significant Accounting Policies

(a) Basis of Presentation

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "*Interim Financial Reporting*" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended January 31, 2018.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended January 31, 2018.

2. Significant Accounting Policies (continued)

(a) Basis of Presentation (continued)

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on February 22, 2019.

(b) Functional and Presentation of Foreign Currency

These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company is the Canadian dollar.

(c) Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency gains and losses arising from translation are included in profit or loss for the reporting period.

(d) Use of Estimates and Judgments

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The presentation of these condensed consolidated interim financial statements requires judgments regarding the ability of the Company to continue as a going concern, as described in Note 1.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments having maturities of three months or less from the date of purchase which are readily convertible into cash and that are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents are held by major financial institutions in business and savings accounts or guaranteed investment certificates which are readily available on demand by the Company. As at October 31, 2018, the Company only held cash and no cash equivalents.

2. Significant Accounting Policies (continued)

(f) Exploration and Evaluation Expenditures

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Exploration and evaluation expenditures incurred prior to the determination of commercially viable mineral resources, the feasibility of mining operations and a positive development decision are expensed as incurred. Mineral property acquisition costs and development expenditures incurred subsequent to such a determination are capitalized and amortized over the estimated life of the property following the commencement of commercial production, or are written off if the property is sold, allowed to lapse or abandoned or when an impairment is determined to have occurred.

(g) Decommissioning Obligations

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for the same amount. Subsequently, these capitalized decommissioning costs will be depreciated over the life of the related assets. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at October 31, 2018 and January 31, 2018, the Company has determined that it does not have material decommissioning obligations with respect to its previous mineral property interests.

(h) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset, or in the case of amounts receivable are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2. Significant Accounting Policies (continued)

(i) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss/income.

(j) Share Capital

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds received from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on the fair value of the common shares on the date of issue.

(k) Share-based Payments

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the stock options at the grant date and amortized to expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The corresponding amount is recorded in equity as a stock option reserve. The fair value of options is determined using a Black–Scholes option pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(l) Loss Per Share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

All potential common shares are anti-dilutive for the years presented.

2. Significant Accounting Policies (continued)

(m) Change in Accounting Policies - Financial Instruments

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of February 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	**Original classification IAS 39**	**New classification IFRS 9**
Cash	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on February 1, 2018.

(ii) Measurement

Financial assets at FVTOCI
Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

2. Significant Accounting Policies (continued)

(m) Change in Accounting Policies - Financial Instruments (continued)

(ii) Measurement (continued)

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net income (loss).

(n) Consolidation

These consolidated financial statements include the accounts of the Company and its 100% owned subsidiary, Metropolitan Acquisition Corp. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All inter-company transactions and balances have been eliminated in the consolidated financial statements.

3. Recent Accounting Pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements. These include, but are not limited to, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*. IFRS 15 has an effective date for annual reporting periods beginning on or after January 1, 2018 and IFRS 16 has an effective date for years beginning on or after January 1, 2019. The adoption of IFRS 16 is not expected to have an impact on the Company's financial statements as the Company has no leases.

4. Loans Payable and Accrued Interest

(a) The Company entered into a loan agreement dated May 28, 2014, with a former director of the Company (the "Lender") in the principal amount of $11,000. The loan is unsecured, bears interest at 24% per annum, compounded monthly, and originally matured on May 28, 2015. In consideration for the loan, the Company issued 27,500 common shares to the Lender at a fair value of $2,200. On May 21, 2015, the Lender signed an amended letter agreement granting the Company an extension to the term of the loan to November 28, 2015.

On June 28, 2018, the loan, including its accumulated interest, of $28,749 have been paid in full and the Company recorded a gain on loan settlement of $16,649. During the nine months ended October 31, 2018, the Company incurred $2,721 (2017 - $4,118) in interest on this loan. As at October 31, 2018, the balance of the loan and accrued interest is $Nil (January 31, 2018 - $26,525).

(b) The Company entered into unsecured loan agreements dated April 22, 2015 in the aggregate principal amount of $30,000, of which $20,000 was received from a former director of the Company. The loans are unsecured, bear interest at 18% per annum, compounded monthly, and matured on April 22, 2016. If the loans are not repaid at maturity, interest will be charged at 24% per annum. In consideration for the loans, the Company issued 120,000 common shares of the Company to the lenders at a fair value of $6,000. The fair value of the shares were presented as a deferred finance cost netted against the loan and were accreted over the term of the loans.

On June 28, 2018, the loan, including its accumulated interest, of $60,030 have been paid in full and the Company recorded a gain on loan settlement of $25,774. During the nine months ended October 31, 2018, the Company incurred $5,565 (2017 - $8,421) in interest on these loans. As at October 31, 2018, the balance of the loan and accrued interest is $Nil (January 31, 2018 - $54,785).

(c) The Company entered into unsecured loan agreements dated May 27, 2016 in the aggregate principal amount of $10,000. The loans bear interest at a rate of 18% per annum, compounded and payable monthly. The loans have a term of 12 months maturing on May 27, 2017 and are payable on demand. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total loans, $5,000 was from a director of the Company. In consideration for the loans, the Company has received the approval of the TSX Venture Exchange to pay a 20% fee, payable in common shares in the capital of the Company, which has resulted in 40,000 common shares of the Company being issued at a fair value of $2,000. The fair value of the shares are presented as a deferred finance cost netted against the loans and is being accreted over the term of the loans.

On June 28, 2018, the loan, including its accumulated interest, of $15,484 have been paid in full and the Company recorded a gain on loan settlement of $4,484. During the nine months ended October 31, 2018, the Company incurred $1,423 (2017 - $1,655) in interest on these loans. As at October 31, 2018, the balance of the loan and accrued interest is $Nil (January 31, 2018 - $13,244).

(Expressed in Canadian Dollars)

5. Related Party Transactions (Restated – See Note 11)

(a) Related Party Transactions

	Three months ended October 31, 2018	Three months ended October 31, 2017	Nine months ended October 31, 2018	Nine months ended October 31, 2017
	$	$	$	$
Professional fees paid to:				
Bridgemark Financial Corp., a company controlled an officer,	4,725	4,725	22,050	14,175
Wildhorse Capital Partners Inc., a company with directors and officers in common	380,500	-	380,500	-
Share-based compensation	-	-	50,274	-
	385,225	4,725	452,824	14,175

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

During the nine months ended October 31, 2018, the Company granted 200,000 stock options to a director and an officer of the Company at an exercise price of $0.35 per share valued at $50,274.

(b) Related Party Balances

In addition to the loans payable to a director of the Company (Note 4), the following related party amounts are included in accounts payable and accrued liabilities:

	October 31, 2018	January 31, 2018
	$	$
Officer of the Company (Jordan Shapiro)	-	12,625
Former officer of the Company (Michael Thomson)	-	1,000
BridgeMark Financial Corp., a company with directors and officers in common	6,300	37,800
Avarone Metals Inc., a company with directors and officers in common	-	48,300
EHR Hydrocarbon Recovery, a company with directors and officers in common	18,000	18,000
Remstar Resources Ltd., a company with directors and officers in common	-	14,700
Wildhorse Capital Partners Inc., a company with directors and officers in common	17,500	-
	41,800	132,425

Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

During the nine months ended October 31, 2018, the Company settled $82,634 (January 31, 2018 - $Nil) of accounts payable owing to an officer, a former officer of the Company and companies having directors and officers in common.

As at October 31, 2018, the Company has a deposit of $50,000 (January 31, 2018 - $Nil) with Wildhorse Capital Partners Inc. (“Wildhorse”).

5. Related Party Transactions (Restated – See Note 11) (continued)

(b) Related Party Balances (continued)

In June 2018, the Company entered into an advisory services agreement with Wildhorse whereby the Company paid a deposit of $50,000 to Wildhorse, incurred expenses of $380,500 related to advisory services and has a commitment to pay a further $250,000 to Wildhorse should the definitive agreement with Bertram be completed (Note 10).

Further, upon closing of the transaction with Bertram, the Company will issue that number of common share purchase warrants of the publicly-listed entity resulting from the completion of the transaction ("Resulting Issuer") equal to the greater of 2.5% of the total number of common shares of the Resulting Issuer issued in connection with the transaction at the closing date or 1,575,000 resulting issuer warrants, with each common share purchase warrant entitling the holder to acquire one common share of the Resulting Issuer at an exercise price equal to $0.40 for two years from the closing date.

6. Share Capital

(a) Authorized

The Company is authorized to issue an unlimited number of common voting shares without par value.

(b) Issued

On April 2, 2018, the Company completed the consolidation of its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares. No fractional shares were issued under the consolidation and any fraction was rounded down to the nearest whole number. Share figures and references have not been retroactively adjusted except weighted average common shares related to the loss per share calculation.

On March 21, 2018, the Company closed a non-brokered private placement of 10,000,000 post-consolidated units for gross proceeds of $750,000. Each unit comprises one common share in the capital of the Company and one transferable common share purchase warrant of the Company. Each whole warrant entitles the holder thereof to purchase one common share at a price of $0.25 per share expiring 12 months from the date of issuance.

On June 8, 2018, the Company closed its previously announced non-brokered private placement of units in the capital of the Company pursuant to which the Company issued an aggregate of 2,142,145 units for gross proceeds of $749,750. Each unit is composed of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at a price of $0.35 per share for 60 days from the date of issuance.

During the nine months ended October 31, 2018, the Company issued a total of 2,142,120 common shares pursuant to the exercise of warrants at an exercise price of $0.35 per share for gross proceeds of $749,742.

At October 31, 2018, there were 15,202,315 issued and fully paid common shares (January 31, 2018 - 918,050).

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) Stock Options

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

As at January 31, 2018, the Company has no stock options outstanding.

On May 11, 2018, the Company granted 200,000 stock options to certain directors and officers of the Company. The options are exercisable at a price of $0.35 for a period of five years from the date of grant. The 200,000 stock options vested upon grant.

The Company's stock option transactions are summarized as follows:

	Options Outstanding	Weighted Average Exercise Price
	#	$
Balance, January 31, 2018	-	-
Granted	200,000	0.35
Balance, October 31, 2018	200,000	0.35

During the nine months ended October 31, 2018, the Company recorded share-based payment expense of $50,274 (2017 - $Nil) related to the stock options issued. The fair value of the options granted was calculated using the Black-Scholes option pricing model with the following assumptions:

	May 11, 2018
Weighted average exercise per option	$0.35
Risk-free interest rate	2.15 %
Expected volatility	148.65%
Expected life	5 years
Forfeiture rate	0%
Weighted average fair value per option	$0.25

The following summarizes information about stock options at October 31, 2018 is as follows:

Options Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (Years)
#	$		
200,000	0.35	May 11, 2023	4.53

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) Warrants

The continuity of share purchase warrants issued and outstanding is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
	#	$
Balance, January 31, 2018	-	-
Granted	12,142,145	0.29
Exercised	(2,142,120)	0.35
Expired	(25)	0.35
Balance, October 31, 2018	10,000,000	0.25

Share purchase warrants outstanding at October 31, 2018 is as follows:

Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (Year)
#	$		
10,000,000	0.25	March 21, 2019	0.39

(e) Reserves

The stock options reserve includes stock-based compensation expense related to fair value of stock options granted. The warrants reserve includes the residual value of attachable warrants issued as a part of units in conjunction with private placements of common shares and fair value attributed to attachable warrants that have been modified subsequent to their issuance.

7. Finance and Other Costs

	Three months ended October 31, 2018	2017	Nine months ended October 31, 2018	2017
	$	$	$	$
Interest expense (Note 4)	-	5,054	9,709	14,349
Other interest charges	1,864	-	3,321	-
Bank charges	28	47	245	142
	1,892	5,101	13,275	14,491

8. Financial Instruments and Risk Management

(a) Fair Value of Financial Instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at October 31, 2018 and January 31, 2018 at fair value. As at October 31, 2018, the Company's financial instruments consist of cash and accounts payable. The carrying values of these financial instruments approximate their fair values because of their short-term nature and as such fair value hierarchy disclosure is not required.

(b) Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the Company's risk management processes.

(i) Credit Risk

Credit risk primarily arises from the Company's cash and the risk exposure is limited to the carrying amounts at the statement of financial position date. Cash are cash deposits with Canadian banks and Trust account. Credit risk is assessed as low.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 9 of these financial statements. The Company's approach to managing liquidity is to ensure, when reasonably possible, that it will have sufficient liquidity to settle obligations and liabilities when due. The Company have current funds available to settle existing liabilities.

The Company is dependent on the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financings to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company (Note 1). Liquidity risk is assessed as low.

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8. Financial Instruments and Risk Management (continued)

(b) Financial Instruments Risk (continued)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans payable have a fixed rate of interest and have been fully paid during the period ended October 31, 2018, and thus does not expose the Company to interest rate risk.

From time to time, the Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements.

9. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support its business and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not subject to externally imposed capital requirements.

The Company's historical sources of capital have consisted of the sale of equity securities and loans payable. In order for the Company to acquire mineral properties and pay for administrative costs, the Company will need to raise additional amounts externally as needed. There were no changes in the Company's management of capital during the nine months ended October 31, 2018.

10. Definitive Business Combination Agreement

Letter of Intent with Bertram Capital Finance Inc.

Further to the announcement on July 5, 2018, the Company has entered into a definitive business combination agreement dated October 17, 2018, to acquire all of the issued and outstanding securities of Bertram Capital Finance Inc. (Cannabis One), which operates under the business name of Cannabis One. Cannabis One, based in the United States, is a professional management corporation formed to service the fast-growing, legal cannabis industry through real estate development and leaseback equipment financing, operating lines of credit, consultation, and intellectual property and brand management within U.S. state-legal markets. Cannabis One, headquartered in Denver, Colorado, intends to redefine the traditional, vertically integrated, seed-to-sale business model with a specific focus on aggregating cannabis retail distribution and brand manufacturing.

Under the terms of the definitive agreement, the Company will acquire, indirectly through its wholly owned subsidiary incorporated in Colorado (AcquireCo), all of the issued and outstanding equity securities of Cannabis One in exchange for newly created Class A subordinated voting shares and Class B super voting shares, as applicable, of the Company pursuant to a merger of Cannabis One and AcquireCo, the result of which will constitute a reverse takeover of the Company by the shareholders of Cannabis One. Following the proposed transaction, the Company will have cannabis operations within a number of state-legal markets throughout the United States and will retain manufacturing, distribution and licensing agreements with state-licensed cannabis companies.

10. Definitive Business Combination Agreement (continued)

Pursuant to the terms of the definitive agreement, the Company will seek to delist from the NEX board of the TSX Venture Exchange and intends to apply for listing of the subordinated voting shares on the Canadian Securities Exchange, with such listing to be effective concurrent with the closing of the proposed transaction. Having already received the necessary approvals from both the shareholders of the Company and Cannabis One, the closing of the proposed transaction remains subject to customary conditions for a transaction of this nature, which includes approval from the TSX Venture Exchange for voluntary delisting of the Company's common shares, from the Canadian Securities Exchange for the listing of the subordinated voting shares and any other regulatory approvals.

In connection with the proposed transaction, the Company will be required to, among other things: (i) change its name to Cannabis One Holdings Inc., or such other name as is agreed to by the board of directors of the Company and acceptable to regulatory authorities; (ii) replace all directors and officers of the Company (other than Christopher Fenn) on closing of the proposed transaction with nominees of Cannabis One; (iii) redesignate the common shares of the Company as subordinated voting shares; and (iv) create a new class of super voting shares.

Further details of the proposed transaction are available in the information circular of the Company dated September 11, 2018, and more particularly described in the definitive agreement, which are filed on the Company's SEDAR profile and will be included in subsequent news releases and disclosure documents (which will include business and financial information in respect of Cannabis One) to be filed by the Company in connection with the proposed transaction. It is anticipated that the closing of the proposed transaction will take place prior to the end of 2018 or early 2019. It is intended that the common shares of the Company will remain halted until the proposed transaction closes or the definitive agreement is terminated.

Private Placement

In conjunction with the execution of the letter of intent on July 5, 2018, the Company and Cannabis One determined that the private placement described in the press release dated July 5, 2018 be structured as an offering of subscription receipts in the capital of Cannabis One and be upsized to up to $8,000,000. Pursuant to the terms of the subscription receipts, the subscription receipts are automatically converted into one share in the common stock of Cannabis One and one-half of one Cannabis One share purchase warrant upon execution of the definitive agreement.

As of the date hereof, Cannabis One has closed on subscription receipts and issued instructions for the registration of the underlying Cannabis One shares and Cannabis One warrants, representing aggregate gross proceeds of approximately $6,900,000. Cannabis One anticipates that an additional tranche of subscription receipts shall be sold under the private placement for additional gross proceeds of up to $977,693. Cannabis One intends to use the net proceeds of the private placement for general working capital.

11. Restatement for the Three and Nine-Month Periods Ended October 31, 2018

Based on a review of the condensed consolidated financial statements for the periods ended October 31, 2018 and 2017, it was determined that certain disclosure was missing from Note 5 - Related Party Transactions and the related party transactions disclosed were understated by $380,500. As a result, the Company has restated the disclosure in Note 5 to include the following related party transaction for the three months and nine months ended October 31, 2018:

11. Restatement for the Three and Nine-Month Periods Ended October 31, 2018 (continued)

Professional fees paid to Wildhorse, a company with directors and officers in common, in the amount of $380,500.

As a result of this restatement, related party transactions for the three months ended October 31, 2018 were restated to $385,225 from $4,725 and related party transactions for the nine months ended October 31, 2018 were restated to $452,824 from $72,324.

In addition, the Company added the disclosure that $17,500 included in accounts payable at October 31, 2018 is owed to Wildhorse and $50,000 included in deposit at October 31, 2018 was paid to Wildhorse. The significant terms of the advisory services agreement with Wildhorse has also been disclosed in Note 5.