

CANADABIS CAPITAL INC.
(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of the Company for the period ended September 30, 2017 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards.

These unaudited condensed interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditor has not performed a review of these financial statements.

CANADABIS CAPITAL INC.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	September 30, 2017	November 30, 2016
		(Note 1)
ASSETS		
Current		
Cash	\$ 477,571	\$ 150,000
Account Receivable	2,690	-
	<u>\$ 480,261</u>	<u>\$ 150,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 315	\$ -
	<u>315</u>	<u>-</u>
Shareholders' equity		
Share Capital (Note 3)	521,630	150,000
Share-based payment reserve (Note 6)	100,700	-
Deficit	<u>(142,384)</u>	<u>-</u>
	<u>479,946</u>	<u>150,000</u>
	<u>\$ 480,261</u>	<u>\$ 150,000</u>

Nature of operations (Note 1)

On Behalf of the Board:

"Gregory Smith"

Director

"Barbara O'Neill"

Director

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

CANADABIS CAPITAL INC.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Three Months Ended September 30, 2017	Ten Months Ended September 30, 2017
		(Note 1)
EXPENSES		
General and administrative	\$ 1,253	\$ 7,907
Professional fees	3,658	31,859
Due diligence for prospective business review	-	5,840
Registration and filing	158	28,278
Stock option compensation	-	68,500
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (5,069)	\$ (142,384)
Basic and diluted loss per common share	0.00	\$ (0.02)
Weighted average number of common shares outstanding	8,000,000	6,421,053

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

CANADABIS CAPITAL INC.
(A Capital Pool Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	Three Months Ended September 30, 2017	Ten Months Ended September 30, 2017 (Note 1)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (5,069)	\$ (142,384)
Items not affecting cash		
Share-based compensation	-	68,500
Changes in non-cash working capital items:		
Account receivable	-	(2,690)
Accounts payable and accrued liabilities	(5,795)	315
Net cash used in operating activities	<u>(10,864)</u>	<u>(76,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash (net of cash share issue costs of \$96,170)	-	<u>403,830</u>
Increase (decrease) in cash for the period	(10,864)	327,571
Cash, beginning of period	<u>488,435</u>	<u>150,000</u>
Cash, end of period	\$ <u>477,571</u>	\$ <u>477,571</u>

Supplemental disclosure with respect to cash flows:

Other than as noted above, there were no significant non-cash transactions during the three and ten month periods ended September 30, 2017

Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

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

CANADABIS CAPITAL INC.
(A Capital Pool Company)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
Ten Months Ended September 30, 2017
(Note 1)

	Number of Shares	Share Capital	Stock-Based Payment Reserve	Deficit	Shareholders' Equity
Balance, November 29, 2016 (Inception of company)	-	\$ -	\$ -	\$ -	\$ -
Shares issued to Directors	3,000,000	150,000	-	-	150,000
Balance, November 30, 2016	3,000,000	\$ 150,000	\$ -	\$ -	\$ 150,000
Shares issued for cash	5,000,000	\$ 500,000	\$ -	\$ -	500,000
Share issue costs	-	(128,370)	32,200	-	(96,170)
Directors' stock options	-	-	68,500	-	68,500
Loss for the period	-	-	-	(142,384)	(142,384)
Balance, September 30, 2017	8,000,000	\$ 521,630	\$ 100,700	\$ (142,384)	\$ 479,946

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

CANADABIS CAPITAL INC.
(A Capital Pool Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2017

1. NATURE OF OPERATIONS

CanadaBis Capital Inc. (the “Company”) was incorporated under the *Business Corporations Act* (Alberta) on November 29, 2016. Its head office is located at 4303 – 9th Street SE, Calgary, Alberta, T2G 3C8. As the Company has chosen a December 31 year-end and, due to the short period between incorporation and this year-end, the Company has recorded a four month first quarter for its 2017 fiscal year. Consequently, the Condensed Interim Statements of Comprehensive Loss and Cash Flows cover the ten and three-month periods ended September 30, 2017. The condensed Interim Statements of Changes in Shareholders’ Equity reflect the ten month period ended September 30, 2017.

On March 7, 2017, the Company completed its Initial Public Offering (the “Offering”) of 5,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$500,000 and filed for listing as a Capital Pool Company (“CPC”) on the TSX Venture Exchange. Richardson GMP Limited (the “Agent”) acted as agent on the offering. The common shares of CanadaBis commenced trading on the TSX Venture Exchange (“TSXV”) on March 10, 2017 under the trading symbol CANB.P.

The principal business of the Company is the identification and evaluation of assets or a business (Qualifying Transaction) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. Qualifying Transaction means a transaction where a CPC acquires significant assets, other than cash, by the way of purchase, amalgamation, merger or arrangement with another company or by other means.

These condensed interim financial statements were authorized for issue by the Board of Directors on November 27, 2017.

These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. While the Company has positive working capital of \$479,946 at September 30, 2017, it has a deficit of \$142,384 on this date. The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses by March 10, 2019. Management believes that the Company has sufficient working capital to maintain its operations for the upcoming fiscal year.

There is no assurance that the Company will complete a Qualifying Transaction by March 10, 2019, at which time the TSX-V may suspend or de-list the Company’s shares from trading.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Financial Accounting Standard (“IAS”) 34 Interim Financial Reporting.

Basis of preparation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount 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.

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

There have been no significant judgements made by management in the application of IFRS that have a significant effect on these financial statements.

Share issue costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Financial instruments and risk management

Financial assets

The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies its receivable in this category.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized as a loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments and risk management (continued)

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities in to one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method, and includes accounts payable and accrued liabilities.

As at September 30, 2017, the Company does not have any derivative financial assets or liabilities.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value 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 assets or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivable and accounts payable and accrued liabilities approximate their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments and risk management (continued)

(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 Company has deposited the cash with its bank from which management believes the risk of loss is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk is not material to the Company's current financial position.

(d) Currency risk

The Company's operations and financing activities are conducted in Canadian dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Accounting pronouncements not yet adopted

IFRS 9, *Financial Instruments*, is part of the IASB's wider project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. This final version of IFRS 9 will be effective for the Company's fiscal periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of this standard.

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(A Capital Pool Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

3. SHARE CAPITAL

Issued:

During the period from incorporation on November 29, 2016 to November 30, 2016, the Company issued 3,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$150,000 pursuant to a private placement. The 3,000,000 common shares will be held in escrow pursuant to the requirements of the Exchange and terms of the escrow agreement and will be released from escrow in stages over a period of up to three years after the date the Company receives final Exchange acceptance of the Qualifying Transaction. All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be held in escrow pursuant to the terms of the escrow agreement.

The Company completed its initial public offering of 5,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$500,000, (\$403,830 net of cash share issue costs).

As of September 30, 2017, the Company has 8,000,000 common shares issued and outstanding (3,000,000 of which are subject to escrow restrictions), 500,000 common shares reserved for issuance upon the exercise of the agent's options granted upon the completion of the IPO, (the "Agent's Options") and 800,000 common shares reserved for issuance upon the exercise of directors' stock options.

The Agent received a cash commission equal to 10% of the total gross proceeds of the IPO, a corporate finance fee and the Agent's Options exercisable at a price of \$0.10 per common share to March 7, 2019.

The net proceeds of the offering will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction under the Capital Pool Company program of the TSXV as disclosed in the Company's prospectus dated February 22, 2017.

Authorized:

The authorized share capital of the Company consists of an unlimited number of Class A common shares.

4. STOCK OPTIONS

The Company, in accordance with its stock option plan, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 10% of its issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of ten years. Further the Company is authorized to issue stock options to its Agent pursuant to its initial public offering in an amount up to 10% of the common shares sold in connection with the offering.

CANADABIS CAPITAL INC.
(A Capital Pool Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
SEPTEMBER 30, 2017

4. STOCK OPTIONS (continued)

Stock option transactions and the number of stock options outstanding are summarized as follows:

Transactions

	Number of Options	Weighted Average Exercise Price
Opening balance, November 29, 2016	-	\$ -
Granted	1,300,000	\$0.10
Outstanding, September 30, 2017	1,300,000	\$0.10

Stock Options outstanding at September 30, 2017:

	Options Outstanding	Exercise Price	Expiry Date
Directors' options	800,000	\$0.10	March 7, 2022
Agent's options	500,000	\$0.10	March 7, 2019
	1,300,000	\$0.10	

None of the Director's options may be exercised before the completion of the Qualifying Transaction unless the optionee deposits the shares acquired into escrow until the issuance of the final exchange bulletin.

5. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

There was no compensation paid to key management during the three and ten month period ended September 30, 2017, apart from the stock options granted to directors disclosed in Note 4 above.

CANADABIS CAPITAL INC.

(A Capital Pool Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

6. STOCK BASED COMPENSATION

The Directors' and Agents stock options summarized in Note 4, have been assigned an aggregate fair value of \$100,700 which is reflected in Share-based Payment Reserve in the Interim Statements of Financial Position and recognized in the financial statements as follows:

a) Directors' options

The 800,000 Directors' stock options have been assigned a fair market value of \$68,500 using the Black-Scholes Option Pricing Model. This amount has been expensed as share-based compensation in the Condensed Interim Statements of Loss and Comprehensive Loss.

The following assumptions were used for the Black-Scholes valuation of directors' options granted during the period:

Risk-free interest rate	0.5%
Expected life of options	5 years
Annualized volatility	130%
Dividend rate	0%
Forfeiture rate	0%

b) Agent's options

The 500,000 Agent's options have been assigned a fair market value of \$32,200 using the Black Scholes Option Pricing Model. This amount is included in share issue costs as a reduction to share capital in the Condensed Interim Statements of Changes in Shareholders' Equity.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period:

Risk-free interest rate	0.5%
Expected life of options	2 years
Annualized volatility	130%
Dividend rate	0%
Forfeiture rate	0%

CANADABIS CAPITAL INC.

(A Capital Pool Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

SEPTEMBER 30, 2017

7. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to consist of components of shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed cash restrictions as outlined in TSX-V Policy 2.4. The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. Consequently the Company is restricted to expending \$195,000 on prescribed share issuance costs and administrative and general expenses. These restrictions apply until completion of a Qualifying Transaction by the Company.

8. RELATED PARTY TRANSACTIONS

Oakridge Financial Management Inc.

The Company has engaged Oakridge Financial Management Inc. (Oakridge), to assist in the accounting, administration and submissions to the TSX-V and Canada Revenue Agency. Mr. Gregory Smith, President and a current director of CanadaBis, is the sole shareholder of Oakridge. The Company has incurred costs of approximately \$5,900 which have been billed by Oakridge during the ten month period ending September 30, 2017. Included in accounts payable and accrued liabilities at September 30, 2017 is \$315 relating to these billings.