

CANADABIS CAPITAL INC.
(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)
SEPTEMBER 30, 2018

CANADABIS CAPITAL INC.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

(Unaudited - prepared by management)

	September 30, 2018	December 31, 2017
ASSETS		
Current		
Cash	\$ 400,879	\$ 469,896
	<u>\$ 400,879</u>	<u>\$ 469,896</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 8,520	\$ 14,305
Shareholders' equity		
Share Capital (Note 4)	499,581	499,581
Stock-based payment reserve (Note 6)	118,519	118,519
Deficit	<u>(225,741)</u>	<u>(162,509)</u>
	<u>392,359</u>	<u>455,591</u>
	<u>\$ 400,879</u>	<u>\$ 469,896</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 financial statements.

CANADABIS CAPITAL INC.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited - prepared by management)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Ten Months Ended September 30, 2017
				(Note 1)
				(Note 12)
EXPENSES				
General and administrative	\$ 1,821	1,253	\$ 6,540	\$ 7,907
Professional fees	2,862	3,658	18,257	18,732
Due diligence for prospective business review	10,106	-	32,975	5,840
Registration and filing	-	158	5,460	28,278
Stock-based compensation	-	-	-	77,397
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (14,789)	(5,069)	\$ (63,232)	\$ (138,154)
Basic and diluted loss per common share	\$ 0.00	\$ 0.00	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	8,000,000	8,000,000	8,000,000	6,421,053

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

CANADABIS CAPITAL INC.

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CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

(Unaudited - prepared by management)

(Note 1)

(Note 12)

	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	-	(150,419)	41,122	-	(109,297)
Directors' stock options	-	-	77,397	-	77,397
Loss for the period	-	-	-	(138,154)	(138,154)
Balance, September 30, 2017	8,000,000	\$ 499,581	\$ 118,519	\$ (138,154)	\$ 479,946
Loss for the period	-	-	-	(24,355)	(24,355)
Balance, December 31, 2017	8,000,000	499,581	118,519	(162,509)	455,591
Loss for the period	-	-	-	(63,232)	(63,232)
Balance, September 30, 2018	8,000,000	499,581	118,519	(225,741)	392,359

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

CANADABIS CAPITAL INC.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

(Unaudited - prepared by management)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Ten months ended September 30, 2017
				(Note 1) (Note 12)
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss	(14,789) \$	(5,069) \$	(63,232) \$	(138,154)
Items not affecting cash				
Stock-based compensation	-	-	-	77,397
Changes in non-cash working capital items:				
Accounts receivable	-	-	-	(2,690)
Accounts payable	(1,420)	(5,795)	(5,785)	315
Net cash used in operating activities	<u>(16,209)</u>	<u>(10,864)</u>	<u>(69,017)</u>	<u>(63,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash (net of cash share issue costs of \$109,297)	-	-	-	390,703
(Decrease) Increase in cash for the period	(16,209)	(10,864)	(69,017)	327,571
Cash, beginning of period	417,088	488,435	469,896	150,000
Cash, end of period	\$ 400,879	\$ 477,571	\$ 400,879	\$ 477,571

Supplemental disclosure with respect to cash flows:

Other than as noted above, there were no significant non-cash transactions during the nine month period ended September 30, 2018 and ten month period 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 financial statements.

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(A Capital Pool Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

SEPTEMBER 30, 2018

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 chose a December 31 year end and, due to the short period between incorporation and this year end, the Company recorded a thirteen-month period for its 2017 fiscal year. Consequently, the Condensed Interim Statements of Comprehensive Loss, Cash Flows and Changes in Shareholders’ Equity in the comparative statements cover 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 the Company 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.

During the three months ended September 30, 2018, the Company entered into a Letter of Intent with 1926360 Alberta Ltd., operating as Stigma Pharmaceuticals (Stigma). Further to the Letter of Intent, subsequent to September 30, 2018, the Company entered into an amalgamation agreement with Stigma. Subject to all necessary regulatory approvals, this will become the Company’s Qualifying Transaction. Refer to Note 13 for details. A previously proposed Qualifying Transaction was announced in the first quarter of 2018 but did not go forward and the relevant agreement was terminated.

These financial statements were authorized for issue by the Board of Directors on November 20, 2018.

2. BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

These condensed interim financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards, (IAS) 31 “Interim Financial Reporting,” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of preparation

These unaudited condensed interim 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.

Use of estimates and judgments

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

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(Expressed in Canadian Dollars)

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2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

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.

Stock-based compensation

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses a Black-Scholes Option Pricing Model. This fair value estimate also requires determining the most appropriate inputs to the valuation model including the estimated expected life of the stock option, volatility, and dividend yield. The expected volatility is based on the historical volatility of the Company's shares over a period commensurate with the expected term of the share option. The risk-free interest rate for the expected life of the option is based on the yield available on government bonds, with an approximate equivalent remaining term at the end of the grant. Historical data is used to estimate the expected life of the option. As well, the Company estimates its forfeiture rate for equity settled transactions based on historical experience in order to determine the compensation expense arising from the share-based awards.

Income taxes

The Company follows the liability method for calculating deferred taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred tax assets requires the Company to make significant judgments and estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial framework and accounting policies applied in the preparation of these condensed interim financial statements are consistent with those disclosed in the Company's most recent audited annual financial statements for the period ended December 31, 2017.

a) New accounting policies

The Company did not adopt new accounting policies during the nine-month period ended September 30, 2018.

b) New accounting standards and interpretations

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee that are mandatory for future accounting periods. Many are not applicable to or do not have a significant impact on the financial statements of The Company and have been excluded from discussion below.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Effective for annual periods beginning on or after January 1, 2018

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 is effective for the Company's fiscal periods beginning on or after January 1, 2018. At this early stage in the Company's development, its financial statements are not materially affected by this new standard.

4. SHARE CAPITAL

Authorized

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

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 deposited in escrow pursuant to the terms of the escrow agreement.

The Company completed its initial public offering (IPO) of 5,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$500,000, (\$390,703 net of cash share issue costs).

As of September 30, 2018, 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 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 are being 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.

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 IPO in an amount up to 10% of the common shares sold in connection with the offering.

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4. SHARE CAPITAL (continued)**Stock Options (continued)**

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

Transactions for the period	Number of Options	Weighted Average Exercise Price
Opening balance, November 29, 2016	-	\$ -
Granted	1,300,000	\$0.10
Outstanding, September 30, 2017, December 31, 2017 and September 30, 2018	1,300,000	\$0.10

Outstanding September 30, 2018			
	Options Outstanding & Exercisable	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.

With the exception of stock options granted to directors as described in Note 6, Stock Based Compensation, there was no compensation paid to key management during the nine-month period ended September 30, 2018 or the ten-month period ended September 30, 2017.

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6. STOCK BASED COMPENSATION

The Directors' and Agents stock options summarized in Note 4, have been assigned an aggregate fair value of \$118,519 which is reflected in Stock-based Payment Reserve in the Interim Condensed 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 \$77,397 using the Black-Scholes Option Pricing Model. This amount has been expensed as stock-based compensation in the Interim Condensed Statements of Loss and Comprehensive Loss during the ten-month period ended September 30, 2017.

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

Risk-free interest rate	1.18%
Expected life of options	5 years
Annualized volatility	190%
Dividend rate	0%
Forfeiture rate	0%

b) Agent's options

The 500,000 Agent's options have been assigned a fair market value of \$41,122 using the Black-Scholes Option Pricing Model. This amount is included in share issue costs as a reduction to share capital in the Interim Condensed Statements of Changes in Shareholders' Equity.

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

Risk-free interest rate	0.79%
Expected life of options	2 years
Annualized volatility	190%
Dividend rate	0%
Forfeiture rate	0%

7. INCOME TAXES

The estimated taxable income for the nine months ended September 30, 2018 is \$Nil. Based on the level of historical taxable income it cannot be reasonably estimated at this time if it is more likely than not the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted in the period in which it is determined that it is more

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7. INCOME TAXES (continued)

likely than not that some portion or all of the future tax assets or future tax liabilities will be realized. For further information on the Company's actual losses for tax purposes, refer to the December 31, 2017 audited financial statements. The benefit of these losses, and the estimated tax loss for the period ended September 30, 2018, has not been recognized in these financial statements.

8. 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 it is available on favorable terms and is approved by the TSXV.

As a CPC, the Company is subject to externally imposed cash restrictions as outlined in TSXV 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 issuance costs and general and administrative expenses. These restrictions apply until completion of a Qualifying Transaction by the Company.

9. FINANCIAL RISK MANAGEMENT

As at September 30, 2018, 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 accounts payable and accrued liabilities approximates the 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:

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9. FINANCIAL 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.

10. RELATED PARTY TRANSACTIONS

Oakridge Financial Management Inc.

The Company has engaged Oakridge Financial Management Inc. to assist in the accounting, administration and submissions for the financial reporting requirements of the TSXV and the Canada Revenue Agency. Mr. Gregory Smith, President and a current director of CanadaBis, is the sole shareholder of Oakridge Financial Management Inc. The Company has been invoiced approximately \$6,300 by Oakridge for services provided during the nine-month period ended September 30, 2018 (\$5,900 during the ten-month period ended September 30, 2017). Included in accounts payable and accrued liabilities at September 30, 2018 is \$1,197 due to Oakridge for these services.

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11. LOSS PER SHARE

The following sets forth the computation of basic and diluted loss per share:

	Three- months ended September 30, 2018	Three- months ended September 30, 2017	Nine- months ended September 30, 2018	Ten-months ended September 30, 2017
Net loss and comprehensive loss	\$ (14,789)	\$(5,069)	\$ (63,232)	\$(138,154)
Weighted average number of common shares outstanding	8,000,000	8,000,000	8,000,000	6,421,053
Basic loss and comprehensive loss per common share	\$ 0.00	\$ 0.00	\$ (0.01)	\$ (0.02)
Effect of dilutive securities	-	-	-	-
Diluted loss and comprehensive loss per common share	\$ 0.00	\$ 0.00	\$ (0.01)	\$ (0.02)

For the periods ended September 30, 2018 and September 30, 2017, the diluted loss per common share was the same as the basic net loss per common share as the inclusion of stock options would have been anti-dilutive. Accordingly, the diluted losses per common share for the periods were calculated using the basic weighted average number of common shares outstanding.

12. PRIOR PERIOD ADJUSTMENT

Pursuant to the Company's 2017 year-end audit, adjustments were made to certain estimates and classifications that affected prior periods. The value of stock options granted and the value of agents' options issued pursuant to the Company's IPO were adjusted. Further, certain professional fees were reclassified as share issue costs. The comparative period financial statements for the ten-month period ended September 30, 2017 have been adjusted to reflect these changes as follows:

	Share Capital	Stock- based payment reserve	Deficit	Professional Fees	Stock-based compensation
Amounts per previously issued September 30, 2017 interim condensed financial statements	\$521,630	\$100,700	\$142,384	\$31,859	\$68,500
Revaluation of directors' stock options	-	8,897	8,897	-	8,897
Revaluation of agents' options	(8,922)	8,922	-	-	-
Reclassification of professional fees	(13,127)	-	(13,127)	(13,127)	-
Restated amounts in comparative September 30, 2017 interim condensed financial statements	\$499,581	\$118,519	\$138,154	\$ 18,732	\$77,397

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13. SUBSEQUENT EVENTS

Subsequent to September 30, 2018, and further to a Letter of Intent dated July 19, 2018, the Company has entered into an amalgamation agreement, (the “Amalgamation Agreement”), pursuant to which a subsidiary of the Company will amalgamate with Stigma Pharmaceuticals, (Stigma), a life sciences products company specializing in the growth and marketing of medical cannabis and cannabis products with a facility located in Alberta, Canada. The Company’s subsidiary, 2146541 Alberta Ltd., (“The Subsidiary”), will amalgamate with Stigma, with each shareholder of Stigma receiving one common share of CanadaBis for every common share of Stigma that he/she holds. The amalgamated company, (the “Resulting Issuer”), will be the reporting issuer going forward. The transaction, if it receives all regulatory approvals, is expected to constitute a Qualifying Transaction of CanadaBis pursuant to TSXV Policy 2.4 Capital Pool Companies. Upon completion thereof, the Company will be a Tier 2 Life Sciences Issuer engaged in the business of the growth and marketing of medical cannabis and cannabis products.

Immediately after the completion of the amalgamation, on a non-diluted basis, the former shareholders of Stigma will own approximately 90,060,000 CanadaBis common shares representing 93.27% of the shares of the Resulting Issuer, including shares issued in connection with the Escrow Transfer described below. The existing shareholders of CanadaBis will own 6,500,000 of the Resulting Issuer common shares or 6.73% . A value of \$0.27 per share has been placed on the CanadaBis common shares issued in connection with the amalgamation, resulting in total consideration paid to Stigma common shareholders of approximately \$24.32 million.

On or prior to the close of the Qualifying Transaction, subject to Stock Exchange approval, an aggregate of 1,500,000 common shares of CanadaBis shall be transferred from the current directors of CanadaBis to Stigma or its assignees at a purchase price of \$0.05 per common share, (the “Escrow Transfer”). Existing Directors’ and Agents’ stock options described in Note 4 to the Condensed Interim Financial Statements will remain in effect after the transaction, subject to early termination in accordance with their terms.

As a condition of the transaction, Stigma must complete a financing, from arm’s length investors, in a minimum amount of \$4 million in additional funds, by the issuance of Stigma common shares, (the “Financing”). The proceeds of the financing will be used by the Resulting Issuer for improvements to Stigma’s facility, the purchase of equipment, and general and administrative expenses.

The closing of the Amalgamation Agreement is subject to satisfaction or waiver of terms and conditions, customary or otherwise, including all other applicable approvals including but not limited to the approval of the shareholders of Stigma and the TSXV. There can be no assurance that the Amalgamation will be completed as proposed or at all.

For further information refer to the Company’s news releases dated August 1, 2018 and October 17, 2018.