

Trusted Brand 2016 Inc.
(A Capital Pool Company)
Condensed interim financial statements
For the three months ended March 31, 2019
(Expressed in Canadian dollars)

June 18, 2019

Management's Report to the Shareholders

Management is responsible for the reliability and integrity of these. The accompanying condensed interim condensed interim financial statements have been prepared by management in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim condensed interim financial statements are presented in Canadian Dollars.

The accompanying condensed interim financial statements have been prepared using policies and procedures established by management and reflect fairly the Corporation's financial position, results of operations and changes in financial position, within reasonable limits of materiality and within the framework of the accounting policies outlined in the notes to the interim condensed interim financial statements. Management has established and maintains a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of a majority of non-management directors. The Audit Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the condensed interim condensed interim financial statements and to recommend approval of the condensed interim condensed interim financial statements to the Board.

The following condensed interim financial statements are unaudited.

Signed "Ted Geier"

Ted Geier, CEO

Signed "Kevin Saskiw"

Kevin Saskiw, CFO

Trusted Brand 2016 Inc.
Condensed Interim Statements of Financial Position

As at:

	March 31 2019	December 31 2018
Assets		
Current		
Cash	\$ 316,539	\$ 344,837
	\$ 316,539	\$ 344,837
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 25,559	\$ 21,608
Shareholders' Equity		
Share capital (Note 5)	\$ 557,986	\$ 557,986
Contributed surplus (Note 5)	\$ 118,557	\$ 118,557
Deficit	\$ (385,563)	\$ (353,314)
	\$ 290,980	\$ 323,229
	\$ 316,539	\$ 344,837

Nature of operations (Note 1)

Subsequent events (Note 10)

Approved on behalf of the Board

“signed”
Director

“signed”
Director

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

Trusted Brand 2016 Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2019 and March 31, 2018

	March 31, 2019	March 31, 2018
Expenses		
Professional fees	\$ 17,551	\$ 8,005
Finance costs	\$ 59	\$ -
General and administrative expenses	\$ 9,179	\$ 120
Regulatory and filing fees	\$ 5,460	\$ 5,460
Total expenses	\$ 32,249	\$ 13,585
Loss and comprehensive loss	\$ (32,249)	\$ (13,585)
Basic and diluted loss per share	\$ (0.02)	\$ (0.00)
Weighted average common shares outstanding – basic and diluted <i>(Note 5)</i>	2,143,700	2,143,700

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

Trusted Brand 2016 Inc.
Condensed Interim Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2019 and March 31, 2018

	Common Shares (#)	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Equity (\$)
As at December 31, 2017	3,962,900	557,986	118,557	(303,546)	372,997
Net loss and comprehensive loss	-	-	-	(13,585)	(13,585)
As at Mach 31, 2018	3,962,900	557,986	118,557	(317,131)	359,412
As at December 31, 2018	3,962,900	557,986	118,557	(353,314)	323,229
Net loss and comprehensive loss	-	-	-	(32,249)	(32,249)
As at March 31, 2019	3,962,900	557,986	118,557	(385,563)	290,980

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

Trusted Brand 2016 Inc.
Statements of Cash Flows

For the three months ended March 31, 2019 and March 31, 2018

	March 31 2019	March 31 2018
Cash (used in) provided by the following activities:		
Operating activities		
Net loss and comprehensive loss	\$ (32,249)	\$ (13,585)
Net change in non-cash operating activities:		
Other receivables	\$ -	\$ 25,000
Accounts payable and accrued liabilities	\$ 3,951	\$ (9,808)
Cash (used in) provided by operating activities	\$ (28,298)	\$ 1,607
Change in cash resources	\$ (28,298)	\$ 1,607
Cash resources, beginning of year	\$ 344,837	\$ 365,923
Cash resources, end of period	\$ 316,539	\$ 367,530

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

Trusted Brand 2016 Inc.
Notes to the Condensed interim financial statements
For the period ended March 31, 2019

1. Nature of operations

Trusted Brand 2016 Inc. (the "Corporation") was incorporated under the laws of Alberta on March 4, 2016. The Corporation is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a Qualifying Transaction under the Exchange policies.

These financial statements of the Corporation for the quarter ended March 31, 2019 were authorized for issue in accordance with a resolution of the directors on June 18, 2019.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

2. Basis of preparation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reported on a basis consistent with the accounting, estimation and valuation policies described in the Company's audited Financial Statements as at and for the year ended December 31, 2018 (the "Annual Financial Statements") except as noted in note 4. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with International Financial Reported Standards ("IFRS") have been condensed or omitted. These condensed interim financial statements should be read in conjunction with the Annual Financial Statements.

The condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect on January 1, 2019.

Basis of measurement

These condensed interim financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost convention, except for financial instruments and share-based compensation.

3. Significant accounting policies

Cash

Cash consists of the proceeds generated on the issuance of common shares, which is held with a major Canadian financial institution.

Share-based payments

The Corporation applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based payment expense when applicable. On the exercise of stock options share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Corporation uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Trusted Brand 2016 Inc.
Notes to the Condensed interim financial statements

For the period ended March 31, 2019

3. Significant accounting policies (continued)

Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the condensed interim statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

IFRS 9 Financial Instruments ("IFRS 9")

Classification and measurement of financial instruments

The Corporation measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Corporation's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Corporation does not employ hedge accounting for its risk management contracts currently in place.

Amortized cost

The Corporation classifies its cash, and accounts payable and accrued liabilities measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

3. Significant accounting policies (continued)

Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset. If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

Loss per share

Basic earnings or loss per share is calculated by dividing loss by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted earnings or loss per share is calculated by adjusting the number of common shares for the effects of dilutive options and other dilutive potential units. Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

4. Recent accounting adoptions

Effective January 1, 2019 the Corporation adopted IFRS 16 “Leases” which replaces IAS 17 “Leases. Adoption of this standard did not have an impact on the condensed interim financial statements.

5. Share capital

Authorized

Unlimited number of Common Shares and Preferred Shares

Issued common shares	Number of shares	\$
Balance as at March 31, 2019, and December 31, 2018	3,962,900	557,986

Escrow

The Corporation has issued 1,819,200 Common Shares (December 31, 2018 - 1,819,200) subject to an escrow agreement whereby 10% of the shares will be released upon completion and approval by the Exchange of the Corporation’s Qualifying Transaction. An additional 15% of the escrowed Common Shares will be released on each six month anniversary thereafter unless otherwise permitted by the Exchange. Common Shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions. Common Shares issued upon the exercise of the Agent’s options are restricted such that only 50% of the issued shares on exercise of such options may be sold prior to the Corporation completing a Qualifying Transaction. These common shares which are considered contingently issuable until the Corporation completes a Qualifying Transaction are not considered to be outstanding for the purposes of the loss per share calculation.

Trusted Brand 2016 Inc.
Notes to the Condensed interim financial statements

For the period ended March 31, 2019

5. Share capital (continued)

Stock options

The Corporation has adopted an incentive stock option plan which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable 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. However, other than in connection with a Qualifying Transaction, during the time that the Corporation is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the Common Shares of the Corporation issued and outstanding at the closing of the Corporation's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

The following table summarizes information about stock options outstanding:

	Number of options (#)	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)
As at March 31, 2019	295,090	7.40	0.25

6. Capital disclosures

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or transaction as disclosed in Note 1.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at year end.

7. Financial instruments

The Corporation, as part of its operations, carries financial instruments consisting of cash, and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Trusted Brand 2016 Inc.
Notes to the Condensed interim financial statements

For the period ended March 31, 2019

7. Financial instruments (continued)

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributed to cash. Cash balances are held with the Corporation's major Canadian financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Corporation had a cash balance of \$316,539 (December 31, 2018 - \$344,837) to settle future obligations of \$25,559 (December 31, 2018 - \$21,608). All the Corporation's financial liabilities have contractual maturities of 30 days and are due on demand and are subject to normal track terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. As at March 31, 2019, the Corporation was not materially exposed to any market risks.

8. Taxes

As at March 31, 2019, the Corporation has non-capital loss carry-forwards of \$411,876 (December 31, 2018 \$379,627) available to reduce future years' income for tax purposes. These losses, if not fully utilized, will begin to expire in 2036.

9. Related party transactions

Key management include all officers and directors of the Corporation and did not earn compensation during the period. At March 31, 2019, included in accounts payable and accrued liabilities is \$nil (December 31, 2018 - \$nil) related to key management compensation.

10. Subsequent events

The Board of Directors has approved the grant of 101,200 options that have an exercise price of \$0.40 per Common Share. The Corporation has determined that exemptions from the various requirements of the TSX Venture Exchange Policy 5.9 are available for the grant of these Options. The Options are subject to TSX Venture Exchange acceptance and are expected to be granted at a future date when the Corporation is out of black out.

On December 10, 2018, the Corporation received notice from the Exchange that it must satisfy certain conditions by March 11, 2019, or it will be delisted from trading on the Exchange. The conditions require the Corporation to either:

- (i) complete its Qualifying Transaction by March 11, 2019; or
- (ii) receive shareholder approval to transfer the listing of its common shares to the NEX trading board of the Exchange and cancel up to 1,680,000 common shares held by the current directors and officers of the Corporation

On March 11, 2019, the Corporation received approval from its shareholders to transfer the listing of its common shares to the NEX trading board and cancel the common shares held by current directors and officers. The approval was granted subject to any extensions to the condition date set by the Exchange. On March 18, 2019, the Exchange provided an extension to the condition date from March 11, 2019 to April 1, 2019. Future extensions are subject to the discretion of the Exchange. As of the date of these condensed interim financial statements, the Corporation has not yet received notice from the Exchange regarding an additional extension to the condition date nor transfer of its listing to the NEX trading board.

Trusted Brand 2016 Inc.
Notes to the Condensed interim financial statements

For the period ended March 31, 2019

10. Subsequent events (continued)

On May 31, 2019, the Corporation entered into a definitive agreement with TheraCann International Benchmark Corporation ("TheraCann"), an arm's length private corporation. Pursuant to the agreement, the Corporation and 2172014 Alberta Ltd. a wholly owned subsidiary of TheraCann, intend to complete a business combination to form a new company which will continue as a wholly owned subsidiary of TheraCann (the "Transaction"). Pursuant to the proposed Transaction, the common shares of the Corporation will be consolidated on a basis of one (1) new common share for each existing 18.75 common shares of the Corporation. The current shareholders of the Corporation will hold approximately 1.32% of the outstanding Resulting Issuer Shares. It is anticipated that the completion of the Transaction will constitute the Corporation's Qualifying Transaction.

Pursuant to the Transaction, the parties intend to use their "commercially reasonable efforts" to cause TheraCann to complete a brokered private placement of up to \$15,000,000 Subscription Receipts. Each Subscription Receipt will entitle the holder thereof to receive one Unit consisting of one Resulting Issuer common share and one half (1/2) common share purchase warrant of the Resulting Issuer. Each whole Resulting Issuer Warrant will entitle the holder to acquire one (1) Resulting Issuer Share at a price equal to a 25% premium to the issue price for a period of 24 months following the closing date of the Transaction.

TheraCann has engaged Laurentian Bank Securities Inc. to act as lead agent in connection with the brokered private placement of Subscription Receipts. The agent will receive a cash commission equal to 7.0% of the aggregate gross proceeds of the Subscription Receipt Financing as well as an option to purchase up to an additional 7.0% of the number of Resulting Issuer Shares issued upon settlement and conversion of the Subscription Receipt Units.

The gross proceeds from the brokered private placement will be held in escrow until satisfaction of the escrow release conditions, including the confirmation that all conditions precedent to the Transaction, other than the release of the Escrowed Proceeds, have been satisfied. In the event that the Escrow Release Conditions are not met by the date which is three months from the closing date of the brokered private placement, the escrowed proceeds together with accrued interest thereon, shall be returned to the purchasers pro rata and the Subscription Receipts shall be automatically cancelled.

The Transaction is subject to the receipt of all necessary regulatory and shareholder approvals required by the Exchange, applicable corporate law, and the Corporation's shareholder's agreement, as well as, the satisfaction of conditions to closing as set out in the definitive agreement.