BLISSCO CANNABIS CORP.

(formerly Trigen Resources Inc.)

Condensed Interim Consolidated Financial Statements

For the Nine Months ended October 31, 2018

(In Canadian Dollars)

(Unaudited)

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NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

December 20, 2018

BLISSCO CANNABIS CORP. (formerly Trigen Resources Inc.)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

	Notes		**October 31, 2018**		January 31, 2018
			(Unaudited)		(Audited)
ASSETS					
Cash and cash equivalents	4	**$**	**2,401,683**	$	97,757
Receivables			**138,783**		129,906
Biological assets	5		**9,030**		-
Inventory	6		**697,000**		-
Prepaids and deposits			**44,955**		29,335
			3,291,451		256,998
Property, plant and equipment	8		**5,844,548**		4,622,488
Intangibles	7		**15,000**		-
		$	**9,150,999**	$	**4,879,486**
LIABILITIES					
Accounts payable and accrued liabilities	13	**$**	**379,730**	$	759,761
Note payable	9		**-**		144,754
Loan payable	10		**-**		250,000
Mortgage payable-current	11		**7,792**		7,792
			387,522		1,162,307
Mortgage payable	11		**1,100,000**		1,100,000
			1,487,522		2,262,307
SHAREHOLDERS' EQUITY					
Share capital	12		**9,816,580**		2,964,995
Reserves	12		**2,366,052**		150,787
Deficit			**(4,519,155)**		(498,603)
			7,663,477		2,617,179
		$	**9,150,999**	$	4,879,486

Nature and Continuance of Operations (Note 1)
Reverse takeover of Bliss Co Holdings (Note 3)
Commitments (Note 14)
Subsequent events (Note 17)

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

BLISSCO CANNABIS CORP. (formerly Trigen Resources Inc.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

		Three months ended October 31,		Nine months ended October 31,	
	Note	**2018**	2017	**2018**	2017
Operating expenses					
General and administration	13(b)	**$ 297,072**	$ 113,622	**$ 1,055,144**	$ 135,031
Selling and Marketing		**199,200**	1,099	**431,617**	1,099
Share based compensation	12(f)	**176,637**	-	**451,242**	-
Amortization	8	**68,540**	-	**175,288**	-
		(741,449)	(114,721)	**(2,113,291)**	(136,130)
NET LOSS BEFORE OTHER ITEMS		**(741,449)**	(114,721)	**(2,113,291)**	(136,130)
Other items					
Interest and other		**(72,840)**	(21,527)	**(72,578)**	(21,689)
Gain on fair value of biological assets	5	**122,926**	-	**210,602**	-
Listing expense	3	**-**	-	**(2,045,285)**	-
		50,086	(21,527)	**(1,907,261)**	(21,689)
NET LOSS FOR THE PERIOD		**$ (691,363)**	$ (136,248)	**$ (4,020,552)**	$ (157,819)
Loss per common share					
-basic and diluted		**$ (0.01)**	$ (0.00)	**$ (0.08)**	$ (0.00)
Weighted average number of common shares outstanding					
-basic and diluted		**52,404,495**	69,963,652	**49,028,792**	59,787,743

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

BLISSCO CANNABIS CORP. (formerly Trigen Resources Inc.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
(Unaudited – Expressed in Canadian Dollars)

		Share Capital								
	Note	Number of shares		Amount		Reserves		Deficit		Total Shareholders' equity
Balance at January 31, 2017		**53,717,902**	**$**	**1**	**$**	**-**	**$**	**(49,993)**	**$**	**(49,992)**
Shares issued for cash		16,245,750		3,249,150		-		-		3,249,150
Share issuance costs		-		(255,028)		-		-		(255,028)
Net loss for the period		-		-		-		(157,819)		(157,819)
Balance at October 31, 2017		**69,963,652**	**$**	**2,994,123**	**$**	**-**	**$**	**(207,812)**	**$**	**2,786,311**
Balance at January 31, 2018		**69,963,652**		**2,964,995**		**150,787**		**(498,603)**		**2,617,179**
Finder's shares	3	833,333		179,167		-		-		179,167
Fair value of finder's options	12	-		(178,261)		178,261		-		-
Recapitalization transaction:										
Equity of Trigen	3,12	10,113,309		2,174,362		-		-		2,174,362
Shares issued for cash	12	18,684,044		4,017,061		1,588,144		-		5,605,205
Share issuance costs	12	-		(21,011)		-		-		(21,011)
Fair value of finders' warrants	12	-		(5,032)		5,032		-		-
Exercise of convertible debenture	9	600,000		150,000		(6,239)		-		143,761
Exercise of convertible securities	12	2,135,833		535,299		(1,175)		-		534,124
Share based compensation	12(d)	-		-		451,242		-		451,242
Net loss for the period		-		-		-		(4,020,552)		(4,020,552)
Balance at October 31, 2018		**102,330,171**	**$**	**9,816,580**	**$**	**2,366,052**	**$**	**(4,519,155)**	**$**	**7,663,477**

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

BLISSCO CANNABIS CORP. (formerly Trigen Resources Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Nine months ended October 31,	
	2018	2017
Cash provided by (used in):		
Operating:		
Net loss for the period	**$ (4,020,552)**	$ (157,819)
Items not involving cash:		
Amortization	**187,393**	-
Share-based compensation	**451,242**	-
Listing expense	**1,907,992**	-
Interest expense	**(993)**	-
Gain on fair value of biological assets	**(210,602)**	-
	(1,685,520)	(157,819)
Changes in non-cash operating working capital items:		
Receivables	**(6,349)**	(13,095)
Biological assets	**(216,533)**	-
Inventory	**(173,473)**	-
Prepaid expenses and deposits	**3,963**	(35,000)
Accounts payable and accrued liabilities	**(517,612)**	(150)
	(2,595,524)	(206,064)
Investing		
Acquisition of property, plant and equipment	**(1,378,544)**	(32,205)
Acquisition of intangible assets	**(15,000)**	-
	(1,393,544)	(32,205)
Financing		
Net cash acquired on reverse takeover	**174,676**	-
Proceeds from issuance of shares, net	**6,118,318**	2,994,122
Subscription receivable	**-**	(185,000)
Shareholder loan advances	**-**	61,519
	6,292,994	2,870,641
Change in cash during the period	**2,303,926**	2,632,372
Cash, beginning of period	**97,757**	29,436
Cash, end of period	**$ 2,401,683**	$ 2,661,808

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

1. Nature and Continuance of Operations

BlissCo Cannabis Corp., formerly Trigen Resources Inc. (the "Company" or "BlissCo") was incorporated on January 13, 1981 under the laws of British Columbia. On February 22, 2018, the Company changed its name from Trigen Resources Inc. ("Trigen") to BlissCo Cannabis Corp. The Company was previously listed on the NEX board of the TSX Venture Exchange (the "Exchange") and was delisted from the Exchange effective February 21, 2018. On March 2, 2018, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "BLIS" (Note 12). On April 30, 2018, the Company commenced trading on the Frankfurt Stock Exchange under the symbol "GQ4B". On September 21, 2018, the Company commenced trading on the OTCQB under the symbol "HSTRF". The Company's head office and principal address is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The records and registered office is Suite 2700, 700 West Georgia Street, Vancouver, BC, V7Y 1B8.

On February 23, 2018, Trigen completed its acquisition of Bliss Co Holdings Ltd. ("BCH"), a private company incorporated under the laws of Canada. The Company constructed a cultivation facility with a focus on being a high-volume packager, processor and distributor of medical and non-medical cannabis. The Company earned its license to cultivate cannabis plants and prepare dried cannabis in March 2018 and its amended license to include the production of cannabis oil in August 2018. The Company received a comprehensive sales license from Health Canada to sell bulk cannabis and pre-packaged, labeled and tested cannabis products in November 2018 to medical patients and provinces. In December 2018, the Company submitted its application for a license amendment to sell cannabis oil. All of its assets and operations are located in Canada.

These financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and 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. The ability of the Company to carry out its business objectives is dependent on the Company's ability to receive continued financial support from related parties, to obtain equity or debt financing, and to generate profitable operations in the future. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not include any adjustments to the recoverability or classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company has not generated any revenue from operations. During the nine months ended October 31, 2018, the Company incurred a net loss of $4,020,552 (2017 - $157,819) and, as of this date, the Company has an accumulated deficit of $4,519,155.

2. Significant Accounting Policies

The financial statements were authorized for issue on December 20, 2018 by the directors of the Company.

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "*Interim Financial Reporting*" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim consolidated financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since its recent year ended January 31, 2018.

Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except cash flow information.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Critical Accounting Estimate, Judgments and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Biological assets
Biological assets, consisting of cannabis plants and agricultural produce consisting of cannabis, are measured at fair value less costs to sell to the point of harvest.

Determination of the fair values of the biological assets and the agricultural product requires the Company to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to the level of effort required to bring the cannabis up to the point of harvest, costs to convert the harvested cannabis to finished goods, sales price, risk of loss, expected future yields from the cannabis plants and estimating values during the growth cycle.

(Unaudited – Expressed in Canadian Dollars)

2. Significant Accounting Policies (cont'd)

Critical Accounting Estimate, Judgments and Assumptions (cont'd)

The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any critical estimates and judgments related to the valuation of biological assets are also applicable for inventory. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the varying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

Deferred tax liabilities and assets
Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

Going concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the nine months ended October 31, 2018 and 2017. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded that the Company has adequate ability to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These unaudited condensed interim consolidated financial statements have been prepared using the same policies and methods of computation as the annual financial statements for the year ended January 31, 2018. Refer to note 3, Significant Accounting Policies, of the annual financial statements of the Company for the year ended January 31, 2018 for information on the accounting policies as well as accounting standards not yet effective.

Property, plant and equipment

Property and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Building	40 years
Building improvements	15 years
Furniture and equipment	5 years
Production equipment	2 to 10 years
Computer hardware	3 years
Website	2 years

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate.

2. Significant Accounting Policies (cont'd)

Property, plant and equipment (cont'd)

The Company capitalizes borrowing costs on capital invested in projects under construction. Upon commencement of operations, capitalized borrowing costs, as a portion of the total cost of the asset, are depreciated over the estimated useful life of the related asset.

Adoption of new pronouncements

IFRS 9 – *Financial Instruments*

Effective February 1, 2018, the Company adopted IFRS 9, which sets out requirements for recognition and measurement, impairment, derecognition and general hedge accounting. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also add guidance on the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had an effect on the Company's accounting policies related to the financial assets and financial liabilities.

There was no material impact of transition to IFRS 9 on the Company's statement of financial position at February 1, 2018.

IFRS 15 – *Revenue from Contracts with Customers*

Effective February 1, 2018, the Company adopted IFRS 15. The adoption of IFRS 15 has not had an effect on the Company's accounting policies on revenue recognition. There was no material impact of the transition to IFRS 15 on the Company's statement of financial position as at February 1, 2018.

New accounting standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following have not yet been adopted by the Company and are being evaluated to determine its impact:

IFRS 16 – *Leases*

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on or after January 1, 2019. The extent of the impact of adoption of IFRS 16 has not yet been determined.

(Unaudited – Expressed in Canadian Dollars)

3. Reverse Takeover of Bliss Co Holdings

On February 23, 2018 ("RTO Date"), the Company completed a RTO transaction with BCH (Note 1), whereby the Company acquired 100% of the issued and outstanding common shares of BCH. For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 *Business Combinations* ("IFRS 3") as the shareholders of BCH obtained control of BlissCo. However, as BlissCo does not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

(i) The consolidated financial of the combined entity are issued under the legal parent, BlissCo, but are considered a continuation of the financial statements of the legal subsidiary, BCH.

(ii) As BCH is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

(iii) Since the shares allocated to the former shareholders of BCH on closing the RTO is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of BlissCo acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense.

The fair value of the 10,113,309 common shares for all of Trigen was determined to be $2,174,362 or $0.215 per share.

(iv) The fair value of all the consideration given and charged to listing expense was comprised of:

Fair value of the common shares at RTO Date	$	2,174,362
Identifiable assets acquired – at February 23, 2018		
Cash	$	174,676
Receivable		2,528
Prepaids		19,583
Note receivable		250,000
Trades payable		(1,250)
		445,537
Unidentified assets acquired		
Listing expense		1,728,825
Total net identifiable assets and transaction costs	$	2,174,362

(v) The Company paid a finder's fee of 833,333 common shares at the completion of the RTO. Accordingly, the Company recorded a fair value of $179,167 as a listing expense. The Company incurred additional listing expenses of $137,294.

(Unaudited – Expressed in Canadian Dollars)

4. Cash and cash equivalents

	October 31, 2018	January 31, 2018
Cash	$ 2,351,683	$ 97,757
Restricted cash[(a)]	50,000	-
	$ 2,401,683	$ 97,757

(a) Restricted cash consist of cash held as security against the Company's corporate credit card account.

5. Biological Assets

	October 31, 2018	January 31, 2018
Balance, beginning of period	$ -	$ -
Purchases of seeds and clones	21,120	-
Changes in fair value less costs to sell due to biological transformation	210,602	-
Increase in biological assets due to capitalized costs	183,308	-
Transferred to inventory upon harvest	(406,000)	-
Balance, end of period	$ 9,030	$ -

The average growth cycle of medicinal cannabis plants to the point of harvest is 63 days. As at October 31, 2018, it is estimated that the Company's biological assets have all been harvested. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The fair value of biological assets is categorized within Level 3 on the fair value hierarchy. The significant assumptions used in determining the fair value of medicinal cannabis plants include:

(a) Expected yield by strain of plant;
(b) Wastage of plants;
(c) Duration of production cycle;
(d) Percentage of costs incurred of this date compared to the total costs expected to be incurred;
(e) Percentage of costs incurred for each stage of plant growth; and
(f) Market values less cost to sell.

6. Inventory

Inventory is comprised of dry cannabis valued at $697,000 (January 31, 2018 - $nil).

7. Intangible assets

The intangible assets represent the value attributed to the Company's licenses granted by Health Canada which allow it to cultivate cannabis, to produce cannabis oil and to sell cannabis and cannabis related products. The Company was granted a license to cultivate cannabis in April 2018 and a license to produce cannabis oil in August 2018. The Company received a comprehensive sales license from Health Canada to sell bulk cannabis and pre-packaged, labeled and tested cannabis products in November 2018 to medical patients and provinces. In December 2018, the Company submitted its application for a license amendment to sell cannabis oil.

(Unaudited – Expressed in Canadian Dollars)

8. Property, plant and Equipment

	Land	Building	Building Improvements	Furniture and equipment	Production equipment	Computer hardware	Website	Total
Cost:								
At January 31, 2017	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	1,656,037	815,660	2,043,908	30,592	59,370	12,471	4,450	4,622,488
At January 31, 2018	1,656,037	815,660	2,043,908	30,592	59,370	12,471	4,450	4,622,488
Additions	-	-	982,151	14,109	356,966	51,411	4,817	1,409,454
At October 31, 2018	$ 1,656,037	$ 815,660	$ 3,026,059	$ 44,701	$ 416,336	$ 63,882	$ 9,267	$ 6,031,942
Amortization:								
At January 31, 2017 and 2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization	-	13,594	131,673	5,020	22,438	11,580	3,089	187,394
At October 31, 2018	$ -	$ 13,594	$ 131,673	$ 5,020	$ 22,438	$ 11,580	$ 3,089	$ 187,394
Net book value:								
At January 31, 2018	$ 1,656,037	$ 815,660	$ 2,043,908	$ 30,592	$ 59,370	$ 12,471	$ 4,450	$ 4,622,488
At October 31, 2018	$ 1,656,037	$ 802,066	$ 2,894,386	$ 39,681	$ 393,898	$ 52,302	$ 6,178	$ 5,844,548

(Unaudited – Expressed in Canadian Dollars)

9. Note Payable

On January 8, 2018, the Company entered into a convertible promissory note in the principal amount of $150,000 bearing an interest at a simple rate of 10% per annum (effective interest rate of 20.5%) from the date of the advancement until maturity on June 7, 2018 to a Company controlled by a director of the Company. The note payable and any unpaid accrued interest may be converted into common shares of the Company which is calculated by the quotient of the outstanding note payable and unpaid interest on the date of the conversion and the conversion price of $0.25.

At inception, $143,761 was allocated to the liability portion of this compound financial instrument and $6,239 was allocated to the equity portion.

During the nine months ended October 31, 2018, the promissory note was converted into 600,000 common shares (Note 12(b)) of the Company in full settlement of the note payable and $6,239 of the equity portion was allocated to share capital.

10. Loan Payable

On January 15, 2018, the Company entered into a loan agreement with Trigen in the principle amount of $250,000 bearing interest at a rate of LIBOR plus 1% per annum. The loan payable is due on the earliest of April 15, 2018 and thirty business days from the date of demand. Upon completion of the RTO, this loan became an intercompany loan without interest and has been eliminated on consolidation.

11. Mortgage Payable

Wind Farms Ltd. has provided a mortgage of $1,100,000 for the acquisition of the facility. The mortgage is secured by the land and the building, bears interest rate at 8.5% per annum with a two-year term. As at October 31, 2018, interest of $7,792 was accrued and included in mortgage payable. During the nine months ended October 31, 2018, the Company incurred $70,125 (2017 - $21,365) in mortgage interest. Future repayments are as follows:

Fiscal Year	Interest	Principal
2019	$70,125	$--
2020	$48,761	$1,100,000

12. Share Capital

(a) Authorized:

Unlimited common shares without par value
Unlimited Class A preference shares with a par value of $10
Unlimited Class B preference shares with a par value of $50

(b) Issued – common shares

During the nine months ended October 31, 2018, the Company completed the following transactions:

(i) On February 23, 2018, in accordance with the RTO (Note 1), 69,963,652 common shares of BlissCo were issued to the shareholders of BCH as consideration for 100% of the issued and outstanding shares of BCH.

12. **Share Capital** (cont'd)

(b) Issued – common shares (cont'd)

(ii) BlissCo completed a private placement financing of 18,684,044 units of common shares on a post-Consolidation basis at a price of $ 0.30 per Unit for aggregate gross proceeds of $5,605,213 (the "Private Placement"). Each Unit is comprised of one common shares ("Share") and one Share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one Share at an exercise price of $0.60 for a period of two years provided that the Company may accelerate the expiry date by providing 20 days' notice in the event that the Shares have a volume weighted average price of $0.80 or higher for a period of 10 consecutive trading days. All securities issued under the Financing were issued on a post-consolidated basis and are subject to a four-month hold period in accordance with applicable securities laws.

The Company paid a cash finder's fees of $19,955 and other share issuance costs of $1,055 in connection to this private placement

(iii) Arm's length finders received an aggregate of 833,333 post-Consolidation common shares of BlissCo. (Note 3)

(iv) 600,000 common shares were issued on the conversion of convertible debentures held by a related party. The convertible debenture was valued at $150,000. (Note 9)

(v) 2,132,500 common shares were issued on the exercise of 2,132,500 share purchase warrants at a price of $0.25 per share.

(vi) 3,333 common shares were issued on the exercise of 3,333 stock options at a price of $0.30 per share. In addition, a reallocation of $1,175 from reserves to share capital was recorded on the exercise of these options.

During the year ended January 31, 2018, the Company completed the following transactions:

(vii) On July 20, 2017, the Company completed a stock split, where one Class A common shares was subdivided at a rate of 537,179.02 Class A common shares. All data on earnings per share and share capital shown in these financial statements and note disclosures reflect the impact of this stock split.

(viii) On July 21, 2017, the Company completed a private placement, issuing 16,245,750 units at $0.20 per share for gross proceeds of $3,249,150. Each unit consist of one Class A common shares of the Company and one common share purchase warrant. Each warrant shall be exercisable to acquire one additional common share of the Company at an exercise price of $0.25 per share until July 21, 2020. The share purchase warrants were determined to have a $nil value based on the warrants residual value. In connection with this private placement, the Company paid consulting fees of $221,655 and incurred other share issuance costs of $62,501.

Each subscriber is issued the right to receive, for no additional consideration, that number of additional common shares which is equal to 20% of the total number of units subscribed for in the offering in the event that a Liquidity Event does not occur prior to the Liquidity Deadline. This right has expired with no further share issuances.

(Unaudited – Expressed in Canadian Dollars)

12. Share Capital (cont'd)

(c) Escrow shares

54,403,087 shares issued to the principals of the Company under the RTO are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on February 23, 2018. The remaining 40,802,315 shares held within escrow will be released over a period of 36 months.

(d) Reserve

The reserve records the fair value recognized on stock options granted and on the share purchase warrants issued in connection to the private placement until such time that the stock options or share purchase warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(e) Stock options and warrants

The Company maintains a 10% rolling share option plan (the "Plan") that enables management to grant options to directors, officers, employees and other service providers. The Company follows the CSE policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options and have a maximum of 10 years. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options as determined by the Board of Directors.

As at October 31, 2018, the Company had warrants outstanding enabling holders to acquire the following: Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price ($)	Number	Weighted Average Exercise Price ($)
Outstanding, January 31, 2017	-	-	-	-
Granted	16,245,750	0.25	-	-
Outstanding, January 31, 2018	16,245,750	0.25	-	-
Granted	19,858,836	0.58	7,040,000	0.31
Exercised	(2,132,500)	0.25	(3,333)	0.30
Forfeited	-	-	(2,040,000)	0.30
Outstanding, October 31, 2018	33,972,086	0.44	4,996,667	0.31
Number currently exercisable	33,972,086	0.44	508,611	0.30

(Unaudited – Expressed in Canadian Dollars)

12. Share Capital (cont'd)

(e) Stock options and warrants (cont'd)

As at October 31, 2018, the following were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Options	February 23, 2022	3,051,667	$ 0.30	3.32 years
	June 8, 2021	370,000	$ 0.33	2.61 years
	June 8, 2019	80,000	$ 0.33	0.60 years
	July 6, 2021	260,000	$ 0.38	2.68 years
	June 30, 2019	25,000	$ 0.38	0.66 years
	September 18, 2021	80,000	$ 0.405	2.88 years
	October 24, 2028	800,000	$ 0.315	9.99 years
	October 24, 2021	330,000	$ 0.315	2.98 years
		4,996,667	$ 0.31	4.21 years
Warrants	February 23, 2019	66,517	$ 0.60	0.32 years
	February 23, 2020	18,684,044	$ 0.60	1.32 years
	July 21, 2020	15,221,525	$ 0.25	1.72 years
		33,972,086	$ 0.44	1.50 years

Stock option and warrant activities during the period ended October 31, 2018:

(i) On February 23, 2018, the Company issued 5,095,000 incentive stock option to directors, officers, employees and consultants for the purchase of up to 5,095,000 common shares of the Company at an exercise price of $0.30 per share on or before February 23, 2022 with a vesting provision over a 3 year period. On April 30, 2018, 2,040,000 of the incentive stock options issued to a director and two consultants were cancelled.

(ii) On June 8, 2018, the Company issued incentive stock options at an exercise price of $0.33 per share to the following:
   a. 370,000 stock options to employees expiring June 8, 2021 with a vesting provision over a 3 year period.
   b. 80,000 stock options to an investor relations consultant expiring June 30, 2019 with a vesting provision over a 1 year period.

(iii) On July 6, 2018, the Company issued incentive stock options at an exercise price of $0.38 per share to the following:
   a. 260,000 stock options to employees and consultants expiring July 6, 2021 with a vesting provision over a 3 year period.
   b. 25,000 stock options to an investor relations consultant expiring June 30, 2019 with a vesting provision over a 1 year period.

(iv) On September 18, 2018, the Company issued 80,000 incentive stock options to an officer at an exercise of $0.405 per share expiring September 18, 2021 with a vesting provision over 3 years.

(Unaudited – Expressed in Canadian Dollars)

12. Share Capital (cont'd)

(e) Stock options and warrants (cont'd)

(v) On October 24, 2018, the Company issued incentive stock options at an exercise price of $0.315 per share to the following:

a. 800,000 stock options to an officer expiring October 24, 2028 with a vesting provision of 100,000 options vested on date of grant and the balance over a 3 year period.
b. 330,000 stock options to employees, directors, and consultants expiring October 24, 2021 with a vesting provision over a 3 year period.

(vi) In connection with the private placement, the Company issued 18,684,044 common share purchase warrants at a price of $0.60 per share expiring February 23, 2020. (Note 12(b)(ii)) A fair value of $1,588,144 was recorded in Reserves on these warrants. In addition, the Company issued to a finder 66,517 common share purchase warrants. Each finder warrant is exercisable for one common share of the Company at an exercise price of $0.60 per share until February 23, 2019. These securities are subject to a four-month hold period in accordance with applicable securities laws expiring June 24, 2018.

(vii) 16,245,750 warrants of BlissCo Cannabis were issued to holders of BlissCo warrants, where each warrant entitles the holder to acquire one post-Consolidation share of the Company at an exercise price of $0.25 expiring July 21, 2020. These securities are subject to a four-month hold period in accordance with applicable securities laws expiring June 23, 2018. During the nine months ended October 31, 2018, 682,500 warrants were exercised (Note 12(b)(v)).

(viii) In connection to the private placement completed by BCH, 1,108,725 finder's options were issued to a company for its efforts in raising funds. Each whole warrant is exercisable for one common share of the Company at an exercise price of $0.25 expiring July 21, 2020. These securities are subject to a four-month hold period in accordance with applicable securities laws expiring June 24, 2018.

(f) Share based compensation

During the period ended October 31, 2018, the Company:

(i) Recognized $451,252 in share-based compensation for options granted.

(ii) Recognized $178,261 in share-based compensation on finder's options in reserves.

(iii) Recognized $5,032 in share-based compensation on finder's warrants in reserves

The Company applies the fair value method in accounting for its stock options and finder's warrants using the Black-Scholes Option Pricing Model using the following estimates:

October 31, 2018	Warrants	Stock Options
Risk free rate	1.94%	2.06%
Expected dividend yield	0%	0%
Expected stock price volatility	146.86%	160.34%
Weighted average expected life	2.42 year	3.96 years
Weighted average fair value	$0.16	$0.23

(Unaudited – Expressed in Canadian Dollars)

13. Related Party Transactions

A Company director is a key management personnel who has the authority and responsibility for planning, directing and controlling the activities of the Company.

During the period ended October 31, 2018, the remuneration of the key management personnel was as follows:

		October 31, 2018		October 31, 2017
Chief Executive Officer	$	108,667	$	24,000
Total	$	108,667	$	24,000

<u>Other related party transactions and balances:</u>

(a) The Company owes $27,619 (January 31, 2018 - $67,892) non-interest bearing payable upon demand to the CEO and director of the Company.

(b) The Company paid or accrued $37,568 (2017 – $Nil) to the spouse of the CEO and director of the Company for marketing consulting fees. As at October 31, 2018, $4,889 was outstanding and the amount was included in accounts payable and accrued liabilities.

(c) On March 1, 2018, the Company entered into an administrative agreement with Varshney Capital Corp. (“VCC”), a company controlled by a former common director. (Note 14(a))

Pursuant to this agreement for the nine months ended October 31, 2018, the Company paid $52,000 (2017 - $nil) for administrative fees to VCC.

(d) In connection with BCH’s private placement, the Company issued 508,275 finder’s options to VCC and 300,000 finder’s options to NLX Capital, a company controlled by a former common director, at an exercise price of $0.25 per share expiring July 21, 2020. A fair value of $130,008 was recorded as a listing expense on these finder’s options. (Note 12(e)).

(e) 600,000 common shares were issued to a director’s company for the conversion of its note payable of $150,000 (Note 9).

14. Commitments

(a) On March 1, 2018, the Company entered into an agreement with a private company to provide administrative services to the Company for a period of two years in exchange for a monthly fee of $6,500 plus applicable taxes. At the end of the service term, the terms of the agreement are automatically renewed on an annual basis until either party provides notice of termination. Subsequent to October 31, 2018, the Company has provided notice to terminate this agreement effective January 1, 2019.

(b) On March 1, 2018, the Company entered into a sublease agreement with a company for a portion of the office premises for a period of 2 years, expiring February 29, 2020, in exchange for $2,000 per month plus applicable taxes. Subsequent to October 31, 2018, the Company has provided notice to terminate this agreement effective January 1, 2019.

15. Financial Instruments

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the Company holds its cash in deposits with high credit quality Canadian financial institutions.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at October 31, 2018, the Company had a cash balance of $2,401,683 (January 31, 2018 - $97,757) to settle current liabilities of $387,522 (January 31, 2018 - $1,162,307). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade 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.

(a) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits and loan payable. The interest rate risk on bank deposits is insignificant as the deposits are short term. A 10% change in the LIBOR rates will result in an insignificant impact on the profit or loss. The mortgage payable and note payable are subject to fixed interest rates; therefore, the Company is not exposed to interest rate risk on these financial liabilities.

(b) Foreign currency risk

As at October 31, 2018 and January 31, 2018, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign exchange rate risk.

The Company does not hold balances in foreign currencies which would give rise to exposure to foreign exchange risk.

Fair value hierarchy
The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:
Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at October 31, 2018 and January 31, 2018, cash is assessed to be a Level 1 instrument.

The fair value of cash and accounts payable is equal to its carrying value due to its short-term maturity.

16. Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations. During the year, the Company's strategy, which was unchanged from the prior year, was to issue sufficient additional shares from treasury to meet all such obligations.

The Company is not subject to any externally imposed capital requirements.

17. Subsequent Events

Subsequent to October 31, 2018, the Company:

(a) Submitted its application for a license amendment to sell cannabis oil.

(b) Signed a supply agreement with British Columbia Liquor Distribution Branch ("BCLDB") for non-medical cannabis and received initial purchase orders from the BCLDB dried flower and pre-rolled products.

(c) Issued 50,000 common shares on the exercise of 50,000 share purchase warrants at $0.25 per share for total gross proceeds of $12,500.

(d) Granted 128,648 incentive stock options to employees and consultants of the Company at an exercise price of $0.37 per share expiring November 5, 2021.