FINCANNA CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the nine months ended
January 31, 2021

Notice of non-review of condensed interim consolidated financial statements

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The attached condensed interim consolidated financial statements for the nine months ended January 31, 2021 have not been reviewed by the Company's auditors.

FINCANNA CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

	Note		**January 31, 2021**		**April 30, 2020**
ASSETS					
Current					
Cash		$	620,615	$	2,646,607
Accounts receivable	4		159,387		32,031
Prepaid expenses	5		262,361		401,140
Lease receivable (current)	10		50,766		44,080
Loans receivable	6, 7		356,684		356,622
			1,449,813		3,480,480
Non-current					
Deposits			29,915		29,915
Equipment held for sale	7(b)		1,280,774		-
Investment in software asset	7(a)		2,480,310		-
Lease receivable (non-current)	10		77,754		116,877
Royalty investments	7		8,452,255		9,689,674
Property and equipment	9		22,676		30,234
Other receivable	4		7,500		15,000
		$	**13,800,997**	**$**	**13,362,180**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	12	$	343,536	$	424,869
Convertible debenture – current	8		835,228		4,227,236
Lease liability – current	10		50,766		44,080
			1,229,530		4,696,185
Non-current					
Convertible debenture – non-current	8		5,519,129		-
Lease liability – non-current	10		77,753		116,876
			6,826,412		4,813,061
Shareholders' equity					
Share capital	11		29,595,780		29,595,780
Reserves	11		4,032,822		3,648,405
Deficit			(26,654,017)		(24,695,066)
			6,974,585		8,549,119
		$	**13,800,997**	**$**	**13,362,180**

Nature and continuance of operations (Note 1)
Subsequent events (Note 16)

Approved and authorized by the Board on March 30, 2021.

"Andriyko Herchak" Director *"Morris Reid"* Director

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

FINCANNA CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended January 31, 2021	Three months ended January 31, 2020	Nine months ended January 31, 2021	Nine months ended January 31, 2020
REVENUES					
Royalty revenue		$ 50,011	$ 54,924	$ 151,190	$ 54,924
Interest income from loan	6	9,727	189,801	30,060	767,778
Transaction fees revenue	7(a)	10,157	-	10,157	-
Total revenue		69,895	244,725	191,407	822,702
EXPENSES					
Amortization	9	2,519	23,946	7,558	71,837
Consulting fees		100,371	139,052	266,096	392,003
Foreign exchange		25,321	70,836	50,983	309,560
Interest expense		284,656	216,781	705,584	643,314
Management and director fees	12	138,750	138,750	416,250	416,250
Marketing and investor relations		295,361	29,523	428,251	368,794
Office, insurance and miscellaneous		48,939	44,349	87,274	127,045
Professional fees		14,113	74,905	148,680	109,203
Share-based payments	11,12	-	29,176	-	164,989
Transfer agent and filing fees		9,534	9,450	36,823	30,166
Travel and accommodation		2,384	15,458	2,993	77,981
		(921,948)	(792,226)	(2,150,492)	(2,711,142)
OTHER INCOME (EXPENSES)					
Impairment loss		-	(3,081,260)	-	(3,081,260)
Interest income on cash deposits		-	19,893	134	87,056
Other income		-	16,647	-	36,230
		-	(3,044,720)	134	(2,957,974)
Net loss and comprehensive loss for the period		$ (852,053)	$ (3,592,221)	$ (1,958,951)	$ (4,846,414)
Basic and diluted loss per common share		$ (0.01)	$ (0.04)	$ (0.02)	$ (0.05)
Weighted average common shares outstanding		100,289,734	99,289,734	100,289,734	98,998,430

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

FINCANNA CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)
AS AT

	Share Capital (Note 11)								
	Shares		**Amount**		**Reserves**		**Deficit**		**Total**
Balance, April 30, 2019	**98,689,734**	**$**	**29,135,454**	**$**	**3,646,688**	**$**	**(13,010,684)**	**$**	**19,771,458**
Shares issued upon conversion of debenture	600,000		120,000		-		-		120,000
Limited recourse loan - Share-based payments - vesting of shares	-		152,000		-		-		152,00
Share-based compensation - options	-		-		12,989		-		12,989
Net loss and comprehensive loss for the period	-		-		-		(4,846,414)		(4,846,414)
Balance, January 31, 2020	**99,289,734**	**$**	**29,407,454**	**$**	**3,659,677**	**$**	**(17,857,098)**	**$**	**15,210,033**

Balance, April 30, 2020	**100,289,734**	**$**	**29,595,780**	**$**	**3,648,405**	**$**	**(24,695,066)**	**$**	**8,549,119**
Convertible debenture – equity component	-		-		384,417		-		384,417
Net loss and comprehensive loss for the period	-		-		-		(1,958,951)		(1,958,951)
Balance, January 31, 2021	**100,289,734**	**$**	**29,595,780**	**$**	**4,032,822**	**$**	**(26,654,017)**	**$**	**6,974,585**

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

FINCANNA CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Notes	Nine Months Ended January 31, 2021	Nine Months Ended January 31, 2020
OPERATING ACTIVITIES			
Loss and comprehensive loss		$ (1,958,951)	$ (4,846,414)
Items not involving cash:			
Amortization		7,558	71,837
Interest income from loan	13	(30,104)	(767,778)
Interest expense		705,584	-
Impairment loss			3,081,260
Foreign exchange		50,983	220,161
Share-based payments		-	164,989
Accretion on convertible debenture		38,630	172,909
Accretion on lease liability	10	-	32,865
Changes in non-cash working capital items:			
Accounts receivable		(151,936)	(45,141)
Prepaid expenses		138,779	281,141
Accounts payable and accrued liabilities		(81,333)	112,210
Cash used in operating activities		(1,280,790)	(1,521,961)
INVESTING ACTIVITIES			
Acquisition of royalty investment		(2,292,777)	(2,663,933)
Equipment held for sale		(53,139)	-
Software asset		(166,610)	-
Cash used in investing activities		(2,512,526)	(2,663,933)
FINANCING ACTIVITIES			
Interest paid on convertible debt	8	(553,084)	-
Issuance of convertible debt		2,320,408	-
Lease payments made	10	(48,956)	(80,162)
Lease payments received	10	48,956	-
Cash provided by financing activities		1,767,324	(80,162)
Change in cash for the period		(2,025,992)	(4,266,056)
Cash, beginning of the period		2,646,607	7,832,298
Cash, end of the period		$ 620,615	$ 3,566,242

During the nine months ended January 31, 2021, the Company paid $553,084 (January 31, 2020 - $428,722) in interest and $nil (January 31, 2020 - $nil) in taxes.

1. NATURE AND CONTINUANCE OF OPERATIONS

FinCanna Capital Corp. ("FinCanna" or the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on November 28, 2016, under the name 1098119 B.C. Ltd., and changed its name to Coachella Cannabis Corp. on the same date. The Company further changed its name to FinCanna Capital Corp. on May 12, 2017. The Company's head office address is at Suite 550 – 800 West Pender Street, Vancouver, BC V6C 2V6 and its registered and records office address is Suite 2500, 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3. The Company's principal business activity has been seeking of investment opportunities in the medical cannabis sector in the United States.

The common shares of FinCanna Capital Corp. are listed on the Canadian Securities Exchange ("CSE") and began trading on December 29, 2017, under the symbol "CALI".

The Company has advanced funds to companies based in the United States that are involved in various aspects of the US Cannabis industry. While marijuana and CBD-infused products are legal under the laws of several U.S. States (with vastly differing restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. At the present time, the distinction between "medical marijuana" and "recreational marijuana" does not exist under U.S. federal law, if one is illegal, both are illegal. Despite the marijuana laws in the State of California, marijuana is illegal under federal law. The federal government is not prosecuting businesses that are operating in compliance with their state and local laws and regulations, however, if the federal government did change their position, it would have a significant impact on the Company's financial position and results of operations.

During the year ended April 30, 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on FinCanna as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may/ be put, in place by Canada and other countries to fight the virus.

Historically the Company has funded its operations through the issuance of equity. In the near future it is anticipated that the Company will continue to rely on the issuance of equity to fund its operations. There are no assurances that the Company will be successful in continuing to complete such financings to fund operations.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As at January 31, 2021, the Company had a deficit of $26,654,017 and a working capital of $220,283. The Company's continuing operations are dependent upon its ability to identify, evaluate, and negotiate agreements to acquire royalty interests in material assets or businesses, and to finance these activities through the issuances of additional debt or equity securities. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 - Interim Financial Reporting. In addition, these interim financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect at January 31, 2021 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company, except the newly adopted standards and interpretations described below (Note 3). These interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2020. In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim financial statements. Interim results are not necessarily indicative of the results expected for the year ending April 30, 2021.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, unless otherwise stated, which is also the functional currency of the Company.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries FinCanna Holdings Corp, FCC Holdings Ltd and FCC Ventures, Inc. The financial statements of its subsidiaries are included in the consolidated financial statements from the date on which control was transferred to the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany accounts and transactions have been eliminated on consolidation.

Critical accounting estimates and assumptions

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. The following are the critical assumptions and estimates that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern

The preparation of these condensed interim consolidated financial statements requires management to make estimates regarding the going concern of the Company, as discussed in Note 1.

The information about significant areas of estimation uncertainty considered by management are as follows:

Fair value of stock options and finders' warrants

The fair value of share-based payments including the grant of stock options, and the fair value of compensatory finders' warrants are estimated using the Black-Scholes option pricing model. There are a number of estimates used in the calculation, such as forfeiture rates, expected life, and share price volatility which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

2. BASIS OF PREPARATION (continued)

Critical accounting estimates and assumptions (continued)

Impairment of royalty investments and investment in profit sharing arrangement

At the end of each financial reporting period, the carrying amounts of the Company's non-financial assets are tested for impairment. In determining the recoverable amount of royalty investments, various estimates are employed.

The Company determines value in use by using estimates including projected future revenues, profit or loss, and capital investment, if available depending on the stage of development of royalty investments and its investment in profit sharing arrangement. Discount rates used to measure value in use are consistent with external industry information reflecting the risk associated with the specific cash flows.

As at April 30, 2020, the Company performed an impairment test over its royalty investments and determined there was an impairment of $9,480,961. Refer to Note 7 for further disclosures.

Recoverability of Loan

The Company's loans represent amounts owed to the Company invested by the Company in respect of advances made to an investee. The balances are presented net of allowances for non-recoverability. In establishing allowances for non-recoverable balances, significant judgment is exercised by management in determining the amount that is expected to be recovered from the debtors.

The recoverability of the loans may ultimately differ from its carrying value due to the potential for an investee to become financially impaired or insolvent. Consequently, reviews of the loans are done on a regular basis to determine if there is a need to establish an allowance for non-recoverability. In performing this review, the Company uses judgment in assessing the credit worthiness of CTI, and factors such as external market research and data, licensing, stage of operations, and cash flow projections, amongst other factors. These estimates are reviewed periodically during the year and in detail as at the date of the financial statements.

Useful life of property and equipment

Amortization of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably convertible debt, is determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended April 30, 2020.

Key sources of estimation uncertainty

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. ACCOUNTS RECEIVABLE

Receivables as at January 31, 2021 consist of royalty revenue (see note 7), goods and services tax (GST) receivable balance from the Federal Government of Canada, profit sharing income and receivable from a former officer of the Company as follows:

		January 31, 2021		April 30, 2020
Royalty revenue	$	127,945	$	-
Transaction fees revenue		9,791		-
GST receivable		7,604		18,179
Due from third party		14,047		13,852
Ending balance	$	159,387	$	32,031

5. PREPAID EXPENSES

		January 31, 2021		April 30, 2020
Deposits	$	196,907	$	227,970
Insurance		-		33,482
Investor relations & marketing		45,700		126,700
Transfer agent		19,754		12,988
Ending balance	$	262,361	$	401,140

(Unaudited - Expressed in Canadian Dollars)

6. LOAN

On February 12, 2020, FinCanna provided CTI with a bridge loan of US$250,000 for a term of 6 months bearing an interest rate of 12% per annum and FinCanna will receive 5-year warrants to acquire 5% of CTI's fully-diluted capital at the time of exercise for US$250,000. The warrants have a value of $nil as at February 12, 2020 and as at April 30, 2020.

During the period ended July 31, 2020, the loan maturity was extended to February 29, 2021 and as consideration FinCanna was provided with additional 5-year warrants which allow it to acquire an additional 2% of CTI's fully diluted capital for no additional consideration.

The breakdown of the carrying value of the Loan is as follows:

		January 31, 2021 (CAD)		January 31, 2021 (USD)		April 30, 2020 (CAD)		April 30, 2020 (USD)
Principal	$	319,500	$	250,000	$	347,705	$	250,000
Interests accrued		37,185		29,096		8,917		6,411
Total	**$**	**356,685**	**$**	**279,096**	**$**	**356,622**	**$**	**256,411**

At January 31, 2021, the changes in the carrying value of the Loan is as follows:

		January 31, 2021		April 30, 2020
Opening balance	$	356,622	$	331,350
Interest income		30,104		8,872
Foreign exchange		(30,042)		16,400
Ending balance	**$**	**356,685**	**$**	**356,622**

The Loan was issued in connection with a security agreement, whereby the Loan is secured by the assets of CTI.

7. ROYALTY INVESTMENTS

The Company's royalty investments have an indefinite life and in accordance with the Company's accounting policy are measured at acquisition cost and reviewed for impairment annually.

During the nine months period ended January 31, 2021, the Company's royalty investments had the following activities and no impairment losses have been recorded.

		Green Compliance		Refined Resin		QVI		CTI		Total
As at April 30, 2019	**$**	**2,313,700**	**$**	**4,316,048**	**$**	**1,696,624**	**$**	**-**	**$**	**8,326,372**
Additions and transaction costs		-		43,548		2,321,675		106,168		2,471,391
Conversion to royalty		-		-		-		8,372,872		8,372,872
Impairment loss		-		(3,131,961)		-		(6,349,000)		(9,480,961)
As at April 30, 2020	**$**	**2,313,700**	**$**	**1,227,635**	**$**	**4,018,299**	**$**	**2,130,040**	**$**	**9,689,674**
Additions and transaction costs		-		30,451		2,292,777		11,139		2,334,367
Equipment held for sale		-		(1,258,086)		-		-		(1,258,086)
Investment in software asset		(2,313,700)		-		-		-		(2,313,700)
As at January 31, 2021	**$**	**-**	**$**	**-**	**$**	**6,311,076**	**$**	**2,141,179**	**$**	**8,452,255**

(Unaudited - Expressed in Canadian Dollars)

7. ROYALTY INVESTMENTS (continued)

a) Green Compliance Inc.

On February 6, 2018, FinCanna entered into a royalty agreement with Green Compliance, Inc. ("Green Compliance"). Under the Royalty Agreement, FinCanna will fund US$3,000,000 in tranches, in return for a perpetual royalty equal to 10% of consolidated gross revenues of Green Compliance, subject to certain buy-back options. A total of $2,250,700 (US$1,750,000) has been funded.

During the period ended July 31, 2020, the Company provided Green Compliance with notice that it was in default of the royalty agreement.

On August 27, 2020, the Company and Green Compliance came to an agreement whereby Green Compliance would assign all of its assets to FinCanna in exchange for FinCanna foregoing its rights to recover its royalty investment from Green Compliance.

On October 26, 2020, the Company incorporated FCC Ventures, Inc. ("FCC Ventures"), a wholly owned subsidiary, which now owns the software assets ("ezGreen") that the Company is continuing to develop.

Investment in software asset breakdown is as follows:

		As at January 31, 2021
Software asset acquired	$	2,313,700
Additions		166,610
Ending balance	**$**	**2,480,310**

During the nine months ended January 31, 2021, FCC Ventures recognized a total of $10,157 (US$7,662) transaction fees revenue which was included under accounts receivable.

b) Refined Resin LLC (formerly Gram Co Holdings LLC) ("Refined Resin")

In July 2018, the Company executed a Royalty Agreement with Refined Resin. FinCanna funded US$3,000,000 in tranches to receive a tiered corporate royalty, ranging from 14% to 5% of Refined Resin's annual revenues, based upon agreed upon benchmarks.

During the year ended April 30, 2019, the Company advanced $3,945,620 (US$3,000,000) to Refined Resin completing the Initial Advance Payment, its "Milestone Payment 1" and its "Milestone Payment 2" pursuant to the Royalty Agreement. In addition, the Company capitalized acquisition costs of $241,463 and finders' fees of $130,000, including 400,000 common shares with a fair value of $120,000.

During the year ended April 30, 2020, it had become apparent that Refined Resin would not become operational, therefore the Company wrote down its investment in Refined Resin to the recoverable value of its assets.

During the period ended October 31, 2020, the Company executed an agreement with Refined Resin whereby all of the assets of Refined Resin were transferred to the Company. The Company is now in possession of the assets and is holding them for resale.

7. ROYALTY INVESTMENTS (continued)

c) QVI, Inc.

On January 8, 2019, the Company signed a Royalty Agreement with QVI, Inc. ("QVI"), doing business as "The Galley", a cannabis infused product manufacturer.

According to the Royalty Agreement, FinCanna would fund US$3,000,000 in tranches, subject to certain milestones being met. In return FinCanna would receive a tiered corporate royalty, adjusted based on revenues levels, ranging from 15% to 6% of QVI's total revenues, with the top royalty rate of 15% on the first US$20,000,000 of annual sales until cumulative royalties to FinCanna of US$10,000,000.

During the years ended April 30, 2019 and April 30, 2020, the Company advanced $3,951,578 (US$3,000,000) to QVI pursuant to the Royalty Agreement. In addition, the Company capitalized acquisition costs of $66,722.

During the period ended October 31, 2020 the Company announced that it had restructured its Royalty Agreement with QVI. In exchange for providing an additional US$1,500,000 to QVI, FinCanna would receive an increased royalty of 20% on all QVI revenue. In addition, there will be a supplemental payment from QVI to ensure that FinCanna is paid a minimum of 70% of QVI's after tax income on an annual basis.

During the period ended January 31, 2021, the Company advanced $2,272,186 (US$1,650,000) to QVI.

d) Cultivation Technologies, Inc. ("CTI")

On February 13, 2020, the Company announced that it signed a new Royalty Agreement ("Agreement") with Cultivation Technologies, Inc. ("CTI") of Coachella, CA, doing business as Coachella Manufacturing.

Under the Agreement, the Company is entitled to receive:

- 10% of CTI's top line revenue in perpetuity, subject to certain buyback options, of which 5% is paid in cash monthly and 5% is deferred. The accrued deferred payment will be paid out upon certain triggering events, including a change of control, an initial public offering ("IPO") or certain other specified events of CTI.

- 25% to 50% of the gross sales proceeds of any change of control transaction with the final percentage to be determined according to certain predetermined parameters.

During the year ended April 30, 2020, the Company conducted a review of its CTI investment. Based on the results of the review, the Company adjusted the carrying value of its CTI investment to $2,130,000.

During the period ended January 31, 2021, there was no change in the carrying value of the CTI investment.

As at January 31, 2021, CTI owes the Company $173,443 (US$135,714) in royalty payments. As per IFRS 15, the Company has not recorded this amount as the collectability is not yet assured.

(Unaudited - Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURE

On January 10, 2019, FinCanna closed its first tranche ("Debt 1") of Secured Convertible Debentures ("Debentures") financing in the amount of $2,375,000. The Debentures are secured by a general security interest, mature two years from closing and bear interest at 12% per annum, payable in cash or, at the option of the subscriber, in common shares of FinCanna ("Common Shares") subject to certain conditions. The Debentures are convertible into Common Shares at $0.20 per share. Subscribers of the Debentures received one common share purchase warrant ("Debenture Warrant") for each $0.20 of principal amount of Debentures. Each Debenture Warrant entitles the holder to acquire one common share of FinCanna for $0.30 at any time up to two years from the closing date.

On February 8, 2019, the Company closed the second tranche ("Debt 2") of its Debentures financing in the amount of $2,410,000. The terms of the second tranche are the same as from the first tranche.

During the year ended April 30, 2020, investors converted 320 units of convertible debentures into 1,600,000 common shares of the Company.

On June 25, 2020, the Company received Debentures and Debenture Warrant holders' approval to amend the Debentures and Debenture Warrants. The Maturity period for the Debentures and Debenture Warrants were extended for an additional 24 months to January 10, 2023 and February 8, 2023, for the Debt 1 and Debt 2 respectively. The conversion price of the Debentures was also decreased from $0.20 to $0.15.

On July 7, 2020, the Company closed another tranche ("Debt 3") of Debentures in the amount of $2,500,000. The Debt 3 debentures mature on February 8, 2023 and bear interest at 12% per annum. The Debt 3 debenture is also convertible into Common Shares at $0.15 per share. Subscribers of Debt 3 received one Debenture Warrant for each $0.20 of Debentures principal amount. Each Debenture Warrant entitles the holder to acquire one Common Share of the Company for $0.30 at any time up to the maturity date.

Details of the convertible debenture are as follows:

	1st tranche	2nd tranche	3rd tranche	Total
Balance, April 30, 2019	$ 2,161,703	$ 2,111,571	$ -	$ 4,273,274
Conversion of debt	(189,041)	(108,013)	-	(297,054)
Interest	398,414	418,950	-	817,364
Re-payments	(284,188)	(282,160)	-	(566,348)
Balance, April 30, 2020	$ 2,086,888	$ 2,140,348	$ -	$ 4,227,236
Additions	-	-	2,341,503	2,341,503
Transaction costs	-	-	(179,592)	(179,592)
Interest	255,560	278,711	235,785	770,056
Re-payments	(196,126)	(205,725)	(151,233)	(553,084)
Change in maturity date	(145,627)	(106,135)	-	(251,762)
Balance, January 31, 2021	**$ 2,000,695**	**$ 2,107,199**	**$ 2,246,463**	**$ 6,354,357**

(Unaudited - Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

Cost:		**Leasehold improvements**
Balance, April 30, 2019	$	77,093
Recovery		(19,582)
Balance, April 30, 2020		57,511
Additions		-
Balance, January 31, 2021	**$**	**57,511**
Accumulated amortization:		
Balance, April 30, 2019	$	15,419
Recovery		11,858
Balance, April 30, 2020		27,277
Additions		7,558
Balance, January 31, 2021	**$**	**34,835**
Carrying value:		
Balance, April 30, 2020	**$**	**30,234**
Balance, January 31, 2021	**$**	**22,676**

10. LEASE RECEIVABLE, RIGHT-OF-USE ASSET AND LEASE LIABILITIES

a) Right-of-use asset

		January 31, 2021		**April 30, 2020**
Cost				
Opening balance	$	-	$	-
Initial adoption of IFRS 16		-		197,210
De-recognition on sublease		-		(197,210)
Ending balance	**$**	**-**	**$**	**-**
Accumulated Amortization				
Opening balance	$	-	$	-
Additions		-		(28,760)
De-recognition on sublease		-		28,760
Ending balance	**$**	**-**	**$**	**-**
Net book value	**$**	**-**	**$**	**-**

The right-of-use asset relates entirely to the Company's office space. During the year ended April 30, 2020, the Company subleased its office space and derecognized the right-of-use asset with a net book value of $168,450. In connection with the sublease, the Company recorded a lease receivable of $176,721 and a gain on sublease of $8,271.

(Unaudited - Expressed in Canadian Dollars)

10. LEASE RECEIVABLE, RIGHT-OF-USE ASSET AND LEASE LIABILITIES (continued)

b) Lease liability

		January 31, 2021		**April 30, 2020**
Opening balance	$	160,956	$	-
Initial adoption of IFRS 16		-		197,210
Interest expense		16,519		27,156
Lease payments		(48,956)		(63,410)
Ending balance	**$**	**128,519**	**$**	**160,956**
Current lease liability		50,766		44,080
Non-Current lease liability	$	77,753	$	116,876

The Company used 15% interest rate, its incremental borrowing rate to calculate the present value of the lease payments as well as to calculate the monthly accretion expense.

Future minimum payments per the lease payable are as follows:

Fiscal 2021	$	16,319
Fiscal 2022		67,140
Fiscal 2023		69,005
Total future minimum lease payments		152,464
Effects of discounting		(23,945)
Total lease liability		128,519
Current lease liability		(50,766)
Non-Current lease liability		77,753

c) Lease receivable

		January 31, 2021		**April 30, 2020**
Opening balance	$	160,957	$	-
Additions		-		176,721
Interest expense		16,519		10,656
Lease payments		(48,956)		(26,420)
Ending balance	**$**	**128,520**	**$**	**160,957**
Current lease receivable		50,766		44,080
Non-Current lease receivable	$	77,754	$	116,877

The Company used 15% interest rate, its incremental borrowing rate to calculate the present value of the lease payments as well as to calculate the monthly accretion expense.

Future minimum payments per the lease payable are as follows:

Fiscal 2021	$	16,319
Fiscal 2022		67,140
Fiscal 2023		69,005
Total future minimum lease payments		152,464
Effects of discounting		(23,944)
Total lease receivable		128,520
Current lease receivable		(50,766)
Non-Current lease receivable		77,754

(Unaudited - Expressed in Canadian Dollars)

During the year ended April 30, 2020 and period ended January 31, 2021, the Company did not incur any expenses with respect to short term or low value leases.

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at January 31, 2021, the authorized share capital of the Company is an unlimited number of shares, without par value.

Escrow Shares:

As at January 31, 2021, there are Nil common shares held in escrow (April 30, 2020 – 533,745).

b) Issued share capital

Issued during the nine months ended January 31, 2021 and 2020:

There have been no capital activities during the nine months ended January 31, 2021.

During the nine months ended January 31, 2020, an investor converted 120 units of convertible debentures into 600,000 common shares of the Company.

c) Reserves

There have been the following changes in reserves during the nine months ended January 31, 2021:

		Stock Options		Warrants		Convertible Debenture		Total
Balance, April 30, 2019	$	1,346,127	$	2,132,668	$	167,893	$	3,646,688
Share-based payments		12,989		-		-		12,989
Convertible debenture – equity component		-		-		(11,272)		(11,272)
Balance, April 30, 2020		1,359,116	$	2,132,668	$	156,621	$	3,648,405
Convertible debenture – equity component		-		-		384,417		348,417
Balance, January 31, 2021	$	1,359,116	$	2,132,668	$	541,038	$	4,032,822

(Unaudited - Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

d) Warrants

There have been the following changes in the share purchase warrants during the nine months ended January 31, 2021:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at April 30, 2019	73,305,471	$ 0.42
Expired	(25,286,907)	$ 0.51
Outstanding as at April 30, 2020	48,018,564	$ 0.38
Issued	12,500,000	$ 0.30
Expired	(24,093,564)	$ 0.45
Outstanding as at January 31, 2021	36,425,000	$ 0.30

As at January 31, 2021, the outstanding share purchase warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date
11,875,000	$ 0.30	January 10, 2023
12,050,000	$ 0.30	February 8, 2023
12,500,000	$ 0.30	February 8, 2023
36,425,000		

The weighted average remaining contractual life for the warrants at January 31, 2021, is 2 years (2020 – 0.67 year).

e) Stock Options

On July 4, 2017, the Company's board of directors approved a Stock Option Plan. The Company may grant options to employees, directors, officers, and consultants. The maximum number of options that may be granted under the plan is 10% of the issued and outstanding common shares. The exercise price may not be less than the market value of the common shares as determined by the board of directors. Stock options are subject to vesting requirements, and terms, as determined by the board of directors.

The fair value of options fully vested during the year ended April 30, 2020 was $12,989. The fair value was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the Nine Months Ended January 31, 2021	For the Year Ended April 30, 2020
Risk-free interest rate	n/a	1.46%
Expected life	n/a	5 years
Annualized volatility *	n/a	75%
Dividend rate	n/a	0%
Exercise price	n/a	$0.25
Stock price	n/a	$0.115
Call option value	n/a	$0.05

* The volatility was calculated using the Company's historical information and industry benchmarks.

(Unaudited - Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

There have been no changes in stock options during the nine months ended January 31, 2021:

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2019	6,600,000	$ 0.40
Granted	250,000	$ 0.25
Balance as at April 30, 2020	6,850,000	$ 0.39
Granted	-	-
Balance as at January 31, 2021	6,850,000	$ 0.39

As at January 31, 2021, the outstanding stock options were as follows:

Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining life (in years)
2,250,000	$ 0.30	July 6, 2022	1.43
3,350,000	$ 0.50	December 27, 2022	1.90
450,000	$ 0.30	August 29, 2023	2.58
150,000	$ 0.30	September 21, 2023	2.64
400,000	$ 0.25	April 30, 2024	3.25
250,000	$ 0.25	September 19, 2024	3.64
6,850,000			1.95

(Unaudited - Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

Key management

Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals. Remuneration attributed to key management during the nine months ended January 31, 2021 and 2020, can be summarized as follows:

	Nine months ended January 31, 2021	Nine months ended January 31, 2020
Management fees	$ 337,500	$ 337,500
Director fees	78,750	78,750
Share-based payments – stock options	-	12,989
Share-based payments – limited recourse loans (1)	-	152,000
	$ 416,250	$ 581,239

(1) In June 2018, the Company issued 1,500,000 common shares at $0.30 per share for a total fair value of $450,000, to certain officers of the Company pursuant to limited recourse shareholder loans. The common shares vested 40% immediately, with the remainder vesting evenly on December 29, 2018, June 29, 2019, and December 29, 2019. $152,000 represents the total amount of share-based payments vested during the nine months ended January 31, 2020.

Other related party transactions

During the nine months ended January 31, 2021, the Company incurred a total of $124,223 (2019 - $145,715) in consulting (including accounting, corporate compliance and administration fees), office, and other expenses from a company owned by a close family member of the CFO. As at January 31, 2021, the balance payable to related party was $933 (2020 - $nil) and is included in accounts payable and accrued liabilities.

Due to/from related parties

As at January 31, 2021, $78,750 (April 30, 2020 - $105,000) was owed to directors of the Company for director fees. This amount is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing. During the nine months ended January 31, 2021, there were $1,050,000 (2020 - $550,000) face value of convertible debentures held by key management.

During the nine months ended January 31, 2021, the management and directors of the Company earned interest income of $100,719 (2019 - $56,733) with respect to the convertible debentures (Note 8).

13. FINANCIAL INSTRUMENTS

Fair value

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 asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of cash, subscriptions receivable, accounts receivable, accounts payable and accrued liabilities, convertible debt, right-of-use asset and lease liability approximate their carrying values. The carrying value of the loan, loan receivable, convertible debt, right-of-use asset, and lease liability also approximates its fair value as these instruments bear a market rate of interest.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, subscriptions receivable, accounts receivable, loans receivable, and loan. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to the GST receivable portion of its accounts receivable is minimal. However, there is a greater risk that the recoverable portions of the Company's profit-sharing income and its loan to CTI may be different from that of their carrying values (Note 4 and 6). The Company's credit risk exposure, with respect to the profit sharing income and the loan, are equal to their carrying value. Repayments of the loan is dependent on CTI reaching targeted revenue generating activities, and the ability of the Company to receive funds from such activities in the United States which is currently limited due to Federal Banking restrictions in the United States.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2021, the Company had a working capital balance of $220,283. Refer to discussion of going concern in Note 1.

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 price risk.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant. The interest rate earned on the loan is fixed, as such the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, loan, accounts receivable and accounts payable and accrued liabilities, denominated in United States dollars. A 10% fluctuation between the Canadian dollar and the United States dollar would impact profit or loss by approximately $41,000.

13. FINANCIAL INSTRUMENTS (continued)

c) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

d) Environmental risk

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on FinCanna as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may/ be put, in place by Canada and other countries to fight the virus.

14. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As of January 31, 2021, the Company's shareholders' equity was $6,974,585 and there were convertible debentures outstanding (Note 8). The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the nine months ended January 31, 2021.

15. SEGMENT INFORMATION

The Company operates in one reportable segment, being a financier of companies operating in the cannabis sector located in the United States. The Company's loan receivable represents amounts advanced to CTI (Note 6), a company located in the United States. The Company's royalty investments also involve third-party companies operating in the United States. The Company's revenues were earned from its loan and profit-sharing interests in the United States.

16. SUBSEQUENT EVENTS

Subsequent to the period ended January 31, 2021, the following events took place:

- On February 4, 2021, the Company announced that it has sold a portion of its unutilized extraction equipment to CTI, for an increased royalty stream. An agreement with CTI related to the purchase of manufacturing equipment owned by FinCanna whereby the Company will receive the following: (a) the existing 10% royalty will apply on all revenues generated by CTI, including the additional revenues generated by this new system, with 5% paid in cash every month and 5% deferred until certain triggering events; and (b) an additional 10% royalty on all revenues generated by this new system, paid every month, until such time that CTI pays a total of US$947,000 for total amounts owing to FinCanna plus future accrued interest during this repayment period.

- On February 9, 2021, $100,000 convertible debentures were converted to 666,666 common shares at $0.15 per share.

- On March 11, 2021, the Company completed its non-brokered private placement by issuing 17,279,648 units at a price of $0.125 per unit for gross proceeds of $2,159,956. Each unit consist of one common share of FinCanna and one-half of one common share purchase warrant. Each full warrant will be exercisable to acquire one common share of FinCanna at an exercise price of $0.18 for 24 months from the date of the closing of the private placement.