FINCANNA CAPITAL CORP.

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

For the nine months ended
January 31, 2020

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, 2020 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, 2020**		**April 30, 2019**
ASSETS					
Current					
Cash		$	3,566,242	$	7,832,298
Accounts receivable	4		87,641		418,260
Prepaid expenses	5		317,769		598,910
Loans receivable	7		-		53,343
			3,971,652		8,902,811
Non-current					
Investment in profit sharing arrangement	6		-		758,478
Loan	6		-		6,359,934
Royalty investments	7		16,004,177		8,326,372
Property and equipment	9		50,110		61,674
Right-of-use asset	10		261,194		-
		$	**20,287,133**	**$**	**24,409,269**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	12	$	464,760	$	364,537
Convertible debenture – current	8		2,725,634		526,573
Lease liability – current	13		151,745		-
			3,342,139		891,110
Non-current					
Convertible debenture – non-current	8		1,612,536		3,746,701
Lease liability – non-current	13		122,425		-
			5,077,100		4,637,811
Shareholders' equity					
Share capital	11		29,407,454		29,135,454
Reserves	11		3,659,677		3,646,688
Deficit			(17,857,098)		(13,010,684)
			15,210,033		19,771,458
		$	**20,287,133**	**$**	**24,409,269**

Nature and continuance of operations (Note 1)
Commitment (Note 13)
Subsequent events (Note 17)

Approved and authorized by the Board on March 31, 2020.

"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, 2020	Three months ended January 31, 2019	Nine months ended January 31, 2020	Nine months ended January 31, 2019
REVENUES					
Interest income from Loan	6a	$ 189,801	$ 307,685	$ 767,778	$ 986,213
Profit sharing income	6b	-	183,578	-	374,542
Royalty revenue	7	54,924	-	54,924	-
Total revenue		244,725	491,263	822,702	1,360,755
EXPENSES					
Amortization	9,10	23,946	3,855	71,837	11,564
Consulting fees		139,052	121,134	392,003	480,620
Foreign exchange	6	70,836	2,440	309,560	(219,534)
Management and director fees	12	138,750	112,500	416,250	337,500
Marketing and investor relations		29,523	179,758	368,794	836,485
Office, insurance and miscellaneous		44,349	65,552	127,045	198,083
Professional fees		74,905	139,928	109,203	303,481
Share-based payments	11,12	29,176	63,750	164,989	491,369
Transfer agent and filing fees		9,450	14,128	30,166	32,577
Travel and accommodation		15,458	16,051	77,981	76,537
		(575,445)	(719,096)	(2,067,828)	(2,548,682)
OTHER INCOME (EXPENSES)					
Gain on modification of debt	6	-	-	-	1,559,515
Impairment loss	7	(3,081,260)	-	(3,081,260)	-
Interest expense	8,13	(216,781)	(5,127)	(643,314)	(5,127)
Interest income on cash deposits		19,893	11,843	87,056	46,013
Other income	13	16,647	-	36,230	-
		(3,261,501)	6,716	(3,601,288)	1,600,401
Net income (loss) and comprehensive income (loss) for the period		$ (3,592,221)	$ (221,117)	$ (4,846,414)	$ 412,474
Basic and diluted gain (loss) per common share		$ (0.04)	$ 0.00	$ (0.05)	$ 0.00
Weighted average number of common shares outstanding		99,289,734	98,567,777	98,998,430	93,015,604

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**	**Subscriptions received**	**Reserves**	**Deficit**	**Total**
Balance, April 30, 2018	**75,482,777**	**$ 23,041,484**	**$ -**	**$ 2,909,757**	**$ (13,220,863)**	**$ 12,730,378**
Private placements	21,166,957	6,078,009	-	272,078	-	6,350,087
Shares issued – limited recourse loan	1,500,000	450,000	-	-	-	450,000
Reduction due to limited recourse loans	-	(450,000)	-	-	-	(450,000)
Limited recourse loan - Share-based payments - vesting of shares	-	393,000	-	-	-	393,000
Share-based compensation – options	-	-	-	98,369	-	98,369
Shares issued for services	400,000	120,000	-	-	-	120,000
Warrants exercised	140,000	42,000	-	-	-	42,000
Share issue costs – cash	-	(483,328)	-	-	-	(483,328)
Share issue costs – finders' warrants	-	(173,711)	-	173,711	-	-
Convertible debenture – equity component	-	-	-	84,610	-	84,610
Net income and comprehensive income for the period	-	-	-	-	412,474	412,474
Balance, January 31, 2019	**98,689,734**	**$ 29,017,454**	**$ -**	**$ 3,538,525**	**$ (12,808,389)**	**$ 19,747,590**

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	-	-	-	152,000
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**

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)

		Nine Months Ended January 31, 2020		Nine Months Ended January 31, 2019
OPERATING ACTIVITIES				
Income (loss) and comprehensive income (loss)	$	(4,846,414)	$	412,474
Items not involving cash:				
Amortization		71,837		11,564
Interest income from loan		(767,778)		(986,213)
Gain on modification of debt		-		(1,559,515)
Impairment loss		3,081,260		-
Foreign exchange		220,161		(219,534)
Share-based payments		164,989		491,369
Accretion on convertible debenture		172,909		5,127
Accretion on lease liability		32,865		-
Shares issued for finders' fees		-		120,000
Changes in non-cash working capital items:				
Accounts receivable		(45,141)		(373,216)
Prepaid expenses		281,141		108,461
Accounts payable and accrued liabilities		112,210		1,259,439
Cash used in operating activities		(1,521,961)		(730,044)
INVESTING ACTIVITIES				
Leasehold improvements		-		(77,093)
Acquisition of royalty investment		(2,663,933)		(7,288,877)
Cash used in investing activities		(2,663,933)		(7,365,970)
FINANCING ACTIVITIES				
Proceeds from private placements		-		6,350,087
Proceeds from collection of subscriptions receivable		-		11,100
Warrants exercised		-		42,000
Share issue costs		-		(483,328)
Lease payments		(80,162)		-
Proceeds from issuance of convertible debenture		-		2,219,735
Cash provided by (used in) financing activities		(80,162)		8,139,594
Change in cash for the period		(4,266,056)		43,580
Cash, beginning of period		7,832,298		2,716,030
Cash, end of period	$	3,566,242	$	2,759,610

Significant non-cash transactions:				
Fair value of finders' warrants issued	$	-	$	173,711
Fair value of shares relating to limited recourse loans	$	-	$	450,000
Fair value of shares issued for finders' fees	$	-	$	120,000

During the nine months ended January 31, 2020, the Company paid $428,722 (2019 - $nil) in interest and $nil (2019 - $nil) in taxes.

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

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.

FinCanna and Astar Minerals Ltd. ("Astar") entered into an Arrangement Agreement on July 11, 2017, pursuant to which Astar acquired all of the issued and outstanding common shares of the Company on a one to one basis. In addition, each outstanding option and/or warrant to acquire the Company's common shares became exercisable for one common share of Astar (the "Transaction"). The Transaction was carried out by way of a plan of arrangement. As a result of the Transaction, FinCanna took control of governance and management resulting in control over all decision-making processes which constituted a reverse acquisition of Astar by FinCanna (the "Reverse Acquisition"), for accounting purposes with FinCanna being identified as the accounting acquirer, and accordingly the Company is considered a continuation of FinCanna Capital Corp.

The common shares of FinCanna Capital Corp. were 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.

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.

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, 2020 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, 2019. 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, 2020.

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 and FCC Holdings Ltd. 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 non-financial assets (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.

Recoverability of Loans & Royalty Investments

The Company's loans and royalty investments 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 or royalty investments 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 and royalty investments 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in these condensed interim consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended April 30, 2019, except the changes discussed below.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 Leases (continued)

The Company has adopted IFRS 16, Leases as of May 1, 2019 using the modified retrospective approach with measurement of the right-of-use asset at an amount equal to the lease liability. The right-of-use asset is depreciated using the straight-line method. Upon adoption of this standard the Company recorded a right of use asset and a respective liability for the amount of $321,467. In addition, this resulted in an increase in depreciation and interest expenses. The Company had an increase in financing activities as the principal portion of lease payments was recorded as financing outflows in the Company's condensed interim consolidated statement of cash flow.

4. ACCOUNTS RECEIVABLE

Receivables as at January 31, 2020 consist of a 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, 2020		April 30, 2019
GST receivable	$	26,365	$	30,753
Profit sharing income		-		381,155
Due from third party		6,352		6,352
Royalty revenue		54,924		-
Ending balance	$	87,641	$	418,260

5. PREPAID EXPENSES

		January 31, 2020		April 30, 2019
Deposits	$	125,240	$	137,424
Financing & advisory fee		-		58,114
Insurance		-		79,444
Investor relations & marketing		173,450		310,492
Transfer agent		19,079		13,436
Ending balance	$	317,769	$	598,910

6. LOAN AND INVESTMENT IN PROFIT SHARING ARRANGEMENT

a) Loan

On December 27, 2016, the Company entered into an agreement with Cultivation Technologies, Inc. ("CTI") (the "Loan Agreement") to fund CTI's purchase of land in Coachella, California in the amount of $1,320,180 (US$977,913) (advanced to CTI during the period ended April 30, 2017) (the "Loan").

Subsequent amendments to the Loan Agreement (in April 2017, September 2017, and January 2018), resulted in the Company agreeing to advance additional funds for the construction of a cannabis manufacturing and testing facility in Coachella (the "Coachella Facility") (see table below). CTI also operated an interim extraction facility for medical cannabis (the "Interim Extraction Facility") at the same location. The Loan was secured by a Deed of Trust to the Company providing the Company with a first position security interest in land owned by CTI, and a first charge General Security Agreement providing the Company with security over all assets owned by CTI.

(Unaudited - Expressed in Canadian Dollars)

6. LOAN AND INVESTMENT IN PROFIT SHARING ARRANGEMENT (continued)

a) Loan (continued)

On October 8, 2018, the Company and CTI agreed to a Restructured Agreement ("RA"). The RA replaced the Loan agreement and FinCanna will no longer need to provide additional financing to earn payments in perpetuity on any of CTI's projects, as the RA covers all of CTI's current and future projects.

Terms of the Restructured Agreement:

- Principal Amount:
  - Upon execution of the RA, CTI will be indebted to FinCanna in the amount of US$8,000,000 ("the Principal Amount").
- Repayment:
  - On or before December 31, 2018, CTI will partially repay the Principal Amount with the net proceeds from the sale of the Coachella property or a minimum of US$3,000,000.
  - CTI will repay the remaining balance ("Remaining Principal Amount") quarterly using a repayment factor ("the Repayment Factor") applied to its future Net Revenues.
- Interest and penalty:
  - If CTI does not repay the Company a minimum of US$3,000,000 by December 31, 2018, interests will continue to accrue at 20% per annum plus a penalty of US$100,000 per month.
  - If the minimum Principal Amount repayment is satisfied on December 31, 2018, the Remaining Principal Amount will accrue interests at 1% per annum starting January 1, 2019.
- Conversion to Royalty:
  - The Company, at any time up to 30 days following repayment of the Remaining Principal Amount, may acquire a perpetual royalty ("New Royalty") for renunciation of all accrued interests on the Remaining Principal Amount. The New Royalty will be a percentage, equal to the Repayment Factor, of CTI's revenues excluding the revenues from the Interim Extraction Facility.

Subsequent to the signing of the RA, CTI entered into an agreement for US$3,900,000 to sell its 6-acre property in Coachella California, subject to certain conditions. During the year ended April 30, 2019, the Company received $5,174,107 (US$3,877,188, which represents the net proceeds from the sales price less the transaction costs) from CTI as partial repayment of its outstanding secured loan.

On May 1, 2019, FinCanna acquired all of the rights and interests of CTI in substantially all of the existing property of CTI. The consideration paid by FinCanna was a partial offset against total amounts owing to FinCanna by CTI, and the amount of the remaining balance is still owed to FinCanna.

Subsequent to January 31, 2020, but effective January 1, 2020, the Company signed a new royalty agreement ("CTI Royalty") with CTI, which effectively converted the Company's loan and investment in profit-sharing arrangement into a royalty arrangement (see Note 7c).

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

		January 31, 2020 (CAD)		January 31, 2020 (USD)		April 30, 2019 (CAD)		April 30, 2019 (USD)
Principal	$	5,614,468	$	4,322,812	$	5,534,050	$	4,122,812
Interests accrued		1,293,083		995,598		557,424		415,275
Penalty		-		-		268,460		200,000
Transaction costs		277,740		213,844		-		-
Conversion to Royalty		(7,185,291)		(5,532,254)		-		-
Total	**$**	**-**	**$**	**-**	**$**	**6,359,934**	**$**	**4,738,087**

(Unaudited - Expressed in Canadian Dollars)

6. LOAN AND INVESTMENT IN PROFIT SHARING ARRANGEMENT (continued)

At January 31, 2020, the changes in the carrying value of the Loan is as follows:

	Note		January 31, 2020		April 30, 2019
Opening balance		$	6,359,934	$	8,047,696
Interest income			767,778		1,245,015
Modification of debt			-		1,619,006
Penalty			-		263,130
Foreign exchange			(220,161)		359,194
Partial repayment			-		(5,174,107)
Transaction costs			277,740		-
Royalty conversion			(7,185,291)		
Ending balance		**$**	**-**	**$**	**6,359,934**

b) Investment in profit sharing arrangement

Effective January 12, 2018, the Company and CTI agreed to reclassify $758,478 (US$617,000) of the Loan to the Interim Extraction Facility (the "Investment in Profit Sharing Arrangement"). CTI granted the Company the right to receive from CTI, 50% of the profits derived from the Interim Extraction Facility, which accrue from October 1, 2017, and became payable in June 2018, and thereafter payable monthly, for as long as the Interim Facility is in operation (the "Interim Extraction Payments"). The Interim Extraction Payments are being deferred as the Company's ability to receive funds from the United States is currently limited due to Federal Banking restrictions in the United States.

Subsequent to January 31, 2020, but effective January 1, 2020, the Company signed a new royalty agreement ("CTI Royalty") with CTI, which effectively converted the Company's loan and investment in profit-sharing arrangement into a royalty arrangement (see Note 7d).

A continuity of Investment in Profit Sharing Arrangement is as follows:

		January 31, 2020		April 30, 2019
Opening	$	758,478	$	758,478
Royalty conversion		(758,478)		-
Ending balance	**$**	**-**	**$**	**758,478**

The Company's Investment in a profit-sharing arrangement, and royalty investments (Note 7), have an indefinite life and in accordance with the Company's accounting policy are measured at acquisition cost, and reviewed for impairment annually.

Pursuant to the CTI Royalty that was signed subsequent to January 31, 2020, but effective January 1, 2020, the Investment in Profit Sharing Arrangement was converted into a royalty agreement (see Note 7d). In addition, the receivable amount of $375,760 (US$283,956) associated with the profit-sharing income has also been added to the CTI royalty investment amount.

7. ROYALTY INVESTMENTS

The Company's royalty investments, and the investment in profit sharing arrangement (Note 6(b)), have an indefinite life and in accordance with the Company's accounting policy are measured at acquisition cost, and reviewed for impairment annually. As of January 31, 2020, impairment was recorded to one of the royalty investments.

		January 31, 2020		April 30, 2019
Green Compliance, Inc.	$	2,313,700	$	2,313,700
Refined Resin LLC		1,235,823		4,316,048
QVI, Inc.		4,017,595		1,696,624
Cultivation Technologies Inc.		8,437,059		-
Ending balance	**$**	**16,004,177**	**$**	**8,326,372**

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. On February 23, 2018, the Company advanced $950,100 (US$750,000) to Green Compliance. In addition, the Company capitalized acquisition costs of $63,000.

During the year ended April 30, 2019, the Company advanced $1,300,600 (US$1,000,000) to Green Compliance completing its "Milestone Payment 1" pursuant to the Royalty Agreement.

There have been no additional advances to Green Compliance during the nine months ended January 31, 2020.

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

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. Concurrently, FinCanna also agreed to acquire an Additional Royalty for the purchase price of US$1,795,000. The payment is to be comprised of US$500,000 in cash and the remainder paid in common shares of FinCanna. The Additional Royalty provides FinCanna the right to receive a further royalty payment of 2% of Refined Resin's revenues.

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 nine months ended January 31, 2020, FinCanna capitalized acquisition costs of $1,035 to Refined Resin.

Subsequent to the period ended January 31, 2020, it became apparent that Refined Resin will not become operational. Accordingly, the company has written down the investment in Refined Resin to the amount of $1,235,823 (US$933,895) comprised of US$790,703 in recently purchased equipment and a US$143,192 deposit with an equipment manufacturer.

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 year ended April 30, 2019, the Company advanced $1,650,245 (US$1,250,000) to QVI completing its "Initial Payment" pursuant to the Royalty Agreement. In addition, the Company capitalized acquisition costs of $46,379.

During the nine months ended January 31, 2020, FinCanna advanced $2,301,333 (US$875,000) to QVI completing its Milestone 1 and 2 payments pursuant to royalty agreement. In addition, the Company capitalized acquisition costs of $19,638.

(Unaudited - Expressed in Canadian Dollars)

7. ROYALTY INVESTMENTS (continued)

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

On February 13, 2020, the Company announced that it has signed a 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.

Details of the royalty investment in CTI are as follows:

	Note		January 31, 2020
Loan to CTI converted to royalty	6a	$	7,185,291
Investment in profit sharing converted to royalty	6b		758,478
Receivable associated to investment in profit sharing	6b		375,760
Loan receivable from CTI			53,343
Transaction costs			64,187
Ending balance		**$**	**8,437,059**

8. CONVERTIBLE DEBENTURE

On January 10, 2019, FinCanna closed its first tranche of Secured Convertible Debentures financing in the amount of $2,375,000. The Debentures are secured by a general security interest, mature two years from closing and will 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 Debenture is convertible into Common Shares at $0.20 per share. Subscribers for Debentures will receive one common share purchase warrant ("warrant") for each $0.20 of principal amount of Debenture. Each warrant will entitle 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 of its Debentures financing of $2,410,000. The terms of the second tranche are the same as from the first tranche.

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

Details of the convertible debenture are as follows:

	1st tranche	2nd tranche	Total
Balance, April 30, 2018	-	-	-
Additions	2,375,000	2,410,000	4,785,000
Transaction costs	(155,265)	(225,068)	(380,333)
Equity portion of convertible debenture	(84,610)	(83,283)	(167,893)
Interest	96,851	9,923	106,774
Re-payments	(70,274)	-	(70,274)
Balance, April 30, 2019	2,161,702	2,111,572	4,273,274
Conversion of debt	-	(108,013)	(108,013)
Interest	297,867	303,764	601,631
Re-payments	(214,704)	(214,018)	(428,722)
Balance, January 31, 2020	**2,244,865**	**2,093,305**	**4,338,170 ***

* Comprised of current and non-current portions of $2,725,634 and $1,612,536, respectively.

(Unaudited - Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

		January 31, 2020		April 30, 2019
Leasehold improvements, cost	$	77,093	$	77,093
Less: Amortization		(26,983)		(15,419)
Ending balance	**$**	**50,110**	**$**	**61,674**

10. RIGHT-OF-USE ASSET

The Company entered into a lease agreement with a third party to rent an office space commencing May 1, 2018 to April 30, 2023 (Notes 3 and 13).

The Company has adopted IFRS 16, Leases as of May 1, 2019 using the modified retrospective approach with measurement of the right-of-use asset at an amount equal to the lease liability. Upon adoption of this standard the Company recorded a right of use asset and a respective liability for the amount of $321,467 (Note 13).

		January 31, 2020		April 30, 2019
ROU asset, cost	$	321,467	$	-
Less: Amortization		(60,273)		-
Ending balance	**$**	**261,194**	**$**	**-**

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

As at January 31, 2020, the authorized share capital of the Company is an unlimited number of shares, without par value.

Escrow Shares:

As at January 31, 2020, there were 1,067,490 common shares held in escrow (2019 – 2,134,980).

b) Issued share capital

Issued during the nine months ended January 31, 2020:

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

Issued during the nine months ended January 31, 2019:

In July 2018, the Company closed private placements whereby it issued 21,166,957 units at a price of $0.30 per unit for gross proceeds of $6,350,087. Each unit consists of one common share and one common share purchase warrant. Each full warrant will be exercisable to acquire one common share of the Company at an exercise price of $0.45, for a period of two years from the date of closing. $272,078 of the proceeds from the private placement were allocated to reserves, representing the residual value of the warrants attached to the units.

In connection with this offering, on June 29, 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 subject to a limited recourse shareholder loan. See Note 12 for vesting terms.

- 800,000 common shares were issued to the CEO of the Company, 640,000 common shares have vested.
- 700,000 common shares were issued to the CFO of the Company, 560,000 common shares have vested.

(Unaudited - Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

b) Issued share capital

Issued during the nine months ended January 31, 2019 (continued):

In accordance with *IAS 33, Earnings per share,* although eligible for voting, the unvested 300,000 common shares issued that are subject to the limited recourse shareholder loan, are not included in the calculation of weighted average number of shares in the loss per share measure.

In connection with the July 2018 private placement, the Company incurred the following share issue costs:

- issued 1,307,267 finders' warrants with each warrant exercisable for into one common share at an exercise price of $0.45 until June 29, 2020. Refer to Note 11 (c) for fair value information.
- issued 119,340 finders' warrants with each warrant exercisable for into one common share at an exercise price of $0.45 until July 5, 2020. Refer to Note 11 (c) for fair value information.

During the nine months ended January 31, 2019, 140,000 warrants were exercised for gross proceeds of $42,000.

In connection with the financings completed during the nine months ended January 31, 2019, the Company incurred cash share issue costs including finders' fees, legal, and other fees of $460,432 in aggregate, and non-cash share issue costs relating to the fair value of finders' warrants issued of $173,711.

During the nine months ended January 31, 2019, the Company issued 400,000 shares for finders' fees in connection with one of its royalty investments.

On January 10, 2019, the Company issued 11,875,000 warrants in connection with its first tranche of Secured Convertible Debentures. Subscribers for Debentures will receive one common share purchase warrant ("warrant") for each $0.20 of principal amount of Debenture. Each warrant will entitle the holder to acquire one Common Share of FinCanna for $0.30 at any time up to two years from the Closing Date.

c) Reserves

There have been the following changes in reserves during the nine months ended January 31, 2020:

	Stock Options	Warrants	Convertible Debenture	Total
Balance, April 30, 2018	$ 1,222,878	$ 1,686,879	$ -	$ 2,909,757
Share-based payments	123,249	-	-	123,249
Warrants – residual value on private placements	-	272,078	-	272,078
Finders' warrants – fair value	-	173,711	-	173,711
Convertible debenture – equity component	-	-	167,893	167,893
Balance, April 30, 2019	$ 1,346,127	$ 2,132,668	$ 167,893	$ 3,646,688
Share-based payments	12,989	-	-	-
Balance, January 31, 2020	$ 1,359,116	$ 2,132,668	$ 167,893	$ 3,659,677

(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, 2020:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at April 30, 2018	25,846,907	$ 0.51
Exercised	(140,000)	$ 0.30
Expired	(420,000)	$ 0.50
Issued – finders' warrants	1,426,607	$ 0.45
Issued – unit warrants	46,591,957	$ 0.37
Outstanding as at April 30, 2019	73,305,471	$ 0.42
Expired	(22,237,683)	$ 0.50
Outstanding as at January 31, 2020	51,067,788	$ 0.42

As at January 31, 2020, the outstanding share purchase warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date
2,266,332	$ 1.05	April 5, 2020
285,343	$ 1.05	April 10, 2020
314,070	$ 0.30	May 26, 2020
52,000	$ 0.30	May 29, 2020
131,479	$ 0.30	June 13, 2020
21,703,802	$ 0.45	June 29, 2020
2,389,762	$ 0.45	July 5, 2020
11,875,000	$ 0.30	January 10, 2021
12,050,000	$ 0.30	February 8, 2021
51,067,788		

The weighted average remaining contractual life for the warrants at January 31, 2020, is 0.67 year (2019 – 1.19 years).

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 nine months ended January 31, 2020 was $12,989 (April 30, 2019 - $123,249). 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, 2020	For the Year Ended April 30, 2019
Risk-free interest rate	1.46%	1.98%
Expected life	5 years	5 years
Annualized volatility *	75%	75%
Dividend rate	0%	0%
Exercise price	$0.25	$0.28
Stock price	$0.115	$0.22
Call option value	$0.12	$0.12

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

(Unaudited - Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

e) Stock Options

There have been the following changes in stock options during the nine months ended January 31, 2020:

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2018	6,000,000	$ 0.41
Granted	1,000,000	$ 0.28
Expired	(400,000)	$ 0.30
Balance as at April 30, 2019	6,600,000	$ 0.40
Granted	250,000	$ 0.25
Balance as at January 31, 2020	6,850,000	$ 0.39

As at January 31, 2020, 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	2.43
3,350,000	$ 0.50	December 27, 2022	2.91
450,000	$ 0.30	August 29, 2023	3.58
150,000	$ 0.30	September 21, 2023	3.64
400,000	$ 0.25	April 30, 2024	4.25
250,000	$ 0.25	September 19, 2024	4.64
6,850,000			2.95

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, 2020 and 2019, can be summarized as follows:

	Nine months ended January 31, 2020	Nine months ended January 31, 2019
Management fees	$ 337,500	$ 337,500
Director fees	78,750	-
Share-based payments – stock options	12,989	40,471
Share-based payments – limited recourse loans (1)	152,000	393,000
	$ 581,239	$ 770,971

(1) In July 2017, the Company issued 1,900,000 common shares at $0.30 per share for a total fair value of $570,000, to certain officers of the Company pursuant to limited recourse shareholder loans. The common shares vested 20% immediately, with the remainder vesting evenly on January 5, 2018, July 5, 2018, January 5, 2019, and July 5, 2019. On November 23, 2017, the VP Corporate Development left the Company and the 400,000 common shares issued to him (of which 80,000 had vested) under the limited recourse shareholder loan were returned to treasury and cancelled. The shareholder loan relating to those shares was also extinguished. 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 (Note 11). The common shares vested 40% immediately, with the remainder vesting evenly on December 29, 2018, June 29, 2019, December 29, 2019. $152,000 represents the total amount of share-based payments vested during the nine months ended January 31, 2020.

(Unaudited - Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

Due to/from related parties

As at January 31, 2020, $97,678 (April 30, 2019 - $68,438) was owed to various officers and director of the Company for director fees and travel expenses. 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, 2020, there were $550,000 face value of convertible debentures held by key management.

13. LEASE LIABILITY

The Company entered into a lease agreement with a third party to rent an office space commencing May 1, 2018 to April 30, 2023. Future minimum payments per the lease are as follows:

2020		99,033
2021		109,774
2022		111,639
2023		28,026
Total	$	348,472

Details of the lease are as follows:

		January 31, 2020		April 30, 2019
Lease liability *	$	321,467	$	-
Accretion expense on lease *		32,865		-
Less: lease payments		(80,163)		-
Ending balance	**$**	**274,170**	**$**	**-**
Current portion		**(151,745)**		**-**
Non-current	**$**	**122,425**	**$**	**-**

* 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.

During the nine months ended January 31, 2020, the company received $19,583 for the tenant improvement allowance pursuant to its lease agreement.

During the period ended January 31, 2020, FinCanna subleased its office space to a third party. The sublease is for the full amount of the Company's lease cost. The amounts received have been recorded under other income.

14. 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.

14. FINANCIAL INSTRUMENTS (continued)

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, 2020, the Company had a working capital balance of $629,513. 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 $229,000.

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

Subsequent to the period ended January 31, 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.

15. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As of January 31, 2020, the Company's shareholders' equity was $15,210,033 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, 2020.

16. 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 investment in profit sharing arrangement, and loan, represent 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.

17. SUBSEQUENT EVENTS

Subsequent to the nine months ended January 31, 2020, the following events took place:

- On February 12, 2020, FinCanna provided CTI with a bridge loan for US$250,000 for a term of 6 months bearing an interest rate of 12% per annum.
- On March 23, 2020, an investor converted 200 units of the convertible debenture into 1,000,000 common shares of the Company.