CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

WEEDMD INC.

For the three months ended
March 31, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)

WeedMD Inc.

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For the three months ended March 31, 2020 and 2019

(Unaudited)

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MANAGEMENT'S RESPONSIBILITY STATEMENT

The management of WeedMD Inc. is responsible for preparing the condensed interim consolidated financial statements, the notes to the condensed interim consolidated financial statements and other financial information contained in these condensed interim consolidated financial statements.

Management prepares the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are considered by management to present fairly the company's financial position and results of operations.

The management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the condensed interim consolidated financial statements.

Angelo Tsebelis, Director
July 14, 2020

WeedMD Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note		March 31, 2020		December 31, 2019
			(Unaudited)		*(Audited)*
Assets					
Current:					
Cash and cash equivalent		**$**	**14,182,504**	$	8,183,744
Restricted cash			**3,194,650**		3,112,650
Trade and other receivables			**3,440,230**		3,346,425
Current portion of promissory note receivable			**490,177**		490,177
Investments			**251,870**		438,000
Prepaid expenses and deposits			**2,490,724**		2,953,651
Commodity tax receivable			**1,872,967**		2,289,252
Inventory	3		**33,417,985**		31,286,901
Biological assets	3		**4,417,462**		7,665,876
			63,758,569		59,766,676
Promissory note receivable			**473,740**		473,740
Prepaid expense and deposits			**238,202**		347,259
Right-of-use assets	4		**4,082,632**		3,316,738
Property, plant and equipment	5		**108,490,014**		108,771,816
Intangible assets	6		**20,562,877**		20,998,911
Goodwill			**16,123,601**		16,123,601
Total assets		**$**	**213,729,635**	$	209,798,741
Liabilities					
Current:					
Accounts payables and accrued liabilities		**$**	**12,721,378**	$	23,298,678
Unearned revenue			**-**		2,512,967
Current portion of lease liabilities	4		**1,099,502**		1,466,008
Current portion of loans and borrowings	7		**2,946,911**		1,870,414
			16,767,791		29,148,067
Lease liabilities	4		**2,886,323**		2,186,487
Accrued liabilities			**125,803**		125,801
Loans and borrowings	7		**32,915,022**		33,958,081
Unsecured convertible debentures	8		**8,606,931**		8,321,120
Total Liabilities			**61,301,870**		73,739,556
Shareholders' equity					
Common shares	9	**$**	**163,229,737**	$	137,646,156
Warrants reserve			**10,597,563**		10,597,563
Conversion feature	8		**1,514,025**		1,514,025
Contributed surplus	10		**13,767,439**		13,980,748
Deficit			**(36,680,999)**		(27,679,307)
Total equity			**152,427,765**		136,059,185
Total liabilities and equity		**$**	**213,729,635**	$	209,798,741

See accompanying notes to condensed interim consolidated financial statements

Going concern (Note 2)

Commitments (Note 15)

Subsequent events (Note 19)

Approved:

Directors: "Angelo Tsebelis" Signed "Michael Pesner" Signed

WeedMD Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three months ended March 31,	Note		2020		2019
			(Unaudited)		*(Unaudited)*
Revenue	13	$	**13,600,588**	$	3,692,808
Excise taxes			**(1,415,809)**		(357,020)
Revenue, net			**12,184,779**		3,335,788
Cost of goods sold			**(10,814,538)**		(2,846,694)
Gross profit before changes in fair value			**1,370,241**		489,094
Realised fair value amounts included in inventory sold	3		**(1,603,145)**		(607,632)
Unrealized (loss) gain on changes in fair value of biological assets	3		**(349,503)**		3,430,788
Gross (loss) profit			**(582,407)**		3,312,250
Selling, general and administrative	16		**6,489,127**		3,621,221
Share-based compensation			**370,272**		2,033,431
Finance costs			**1,324,151**		13,564
Amortization			**219,883**		107,922
Loss before other income (expense)			**(8,985,840)**		(2,463,888)
Unrealized (loss) gain on investment			**(29,152)**		15,667
Realized loss on investment			**(30,650)**		-
Interest income			**43,950**		44,334
Loss and comprehensive loss			**(9,001,692)**		(2,403,887)
Basic and diluted loss per share	11	$	**(0.04)**	$	(0.02)

See accompanying notes to the condensed interim consolidated financial statements

WeedMD Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

	Note	Number of Shares	Share Capital	Warrants	Conversion Feature	Contributed Surplus	Deficit	Total
			$	$	$	$	$	$
Balance, January 1, 2019 (Audited)		111,270,564	79,692,641	8,073,109	-	6,613,513	(17,286,946)	77,092,317
Units issued upon property purchase		2,500,000	4,251,692	772,469	-	-	-	5,024,161
Shares issued on option exercise		92,708	86,668	-	-	(31,041)	-	55,627
Share based compensation		-	-	-	-	2,033,431	-	2,033,431
Net loss		-	-	-	-	-	(2,403,887)	(2,403,887)
Balance, March 31, 2019 (Unaudited)		**113,863,272**	**84,031,001**	**8,845,578**	**-**	**8,615,903**	**(19,690,833)**	**81,801,649**
Balance, January 1, 2020 (Audited)		**186,489,559**	**137,646,156**	**10,597,563**	**1,514,025**	**13,980,748**	**(27,679,307)**	**136,059,185**
Share based compensation	10	-	-	-	-	370,272	-	370,272
Common shares issued upon private placement	9	23,079,763	25,000,000	-	-	-	-	25,000,000
Transfer on issuance of shares	9 & 10	692,393	583,581	-	-	(583,581)	-	-
Net loss		-	-	-	-	-	(9,001,692)	(9,001,692)
Balance, March 31, 2020 (Unaudited)		**210,261,715**	**163,229,737**	**10,597,563**	**1,514,025**	**13,767,439**	**(36,680,999)**	**152,427,765**

See accompanying notes to condensed interim consolidated financial statements

WeedMD Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31,	Note		2020		2019
			(Unaudited)		*(Unaudited)*
Cashflows provided by (used in):					
Operating					
Net loss		**$**	**(9,001,692)**	$	(2,403,887)
Adjustments for:					
Amortization			**219,883**		107,922
Share based compensation			**370,272**		2,033,431
Finance costs			**911,552**		-
Fair value changes in biological assets included in inventory sold			**1,603,145**		607,632
Unrealized gain on changes in fair value of biological assets and inventory			**349,503**		(3,430,788)
Miscellaneous gains			**-**		(15,667)
Realized loss on investment			**30,650**		-
Unrealized loss on investments			**29,152**		-
		$	**(5,487,535)**	$	(3,101,357)
Change in non-cash working capital	12		**(10,832,641)**		(4,087,148)
			(16,320,176)		(7,188,505)
Investing					
Purchase of property, plant, and equipment			**(1,296,048)**		(29,655,938)
Purchase of intangible assets			**(225,850)**		-
Disposal of investments			**126,328**		-
			(1,395,570)		(29,655,938)
Financing					
Proceeds from loan financing, net of transaction costs			**-**		35,431,472
Proceeds from exercise of stock options			**-**		55,627
Proceeds from issuance of share capital	9		**25,000,000**		-
Payment of lease liabilities	4		**(665,763)**		-
Interest paid			**(537,731)**		-
			23,796,506		35,487,099
Increase (decrease) in cash			**6,080,760**		(1,357,344)
Cash, beginning of period			**11,296,394**		21,323,641
Cash, end of period		**$**	**17,377,154**	$	19,966,297
Cash and cash equivalents			**14,182,504**		16,853,647
Restricted cash			**3,194,650**		3,112,650
		$	**17,377,154**	$	19,966,297

See accompanying notes to the condensed interim consolidated financial statements

1. Nature of Operations

WeedMD Inc. is the publicly-traded parent company of WeedMD Rx Inc., a federally-licensed producer and distributor of cannabis products for both the medical and adult-use markets. The Company owns and operates three facilities: CX Industries ("CX"), a wholly-owned subsidiary of WeedMD Inc. operating out of the Company's 26,000 square feet ("sq. ft.") indoor facility in Aylmer, Ontario ("Aylmer Facility") which specializes in cannabis extraction and processing, Starseed Medicinal Inc. ("Starseed"), a wholly owned subsidiary of WeedMD Inc. operating out of the Company's 14,850 sq. ft. indoor facility in Bowmanville, Ontario which specializes in cannabis processing and packaging and a 158-acre property with up to 550,000 sq. ft. of state-of-the-art greenhouses and up to 100 acres of outdoor facility located in Strathroy, Ontario. As at March 31, 2020, the Company has 310,850 sq. ft. of indoor (warehouse and hybrid greenhouse) licensed production space and 27 acres of outdoor licensed production space across its sites. WeedMD has a multi-channeled distribution strategy that includes selling directly to medical patients, strategic relationships across the seniors' market and supply agreements with Shoppers Drug Mart as well as six provincial distribution agencies.

The condensed interim consolidated financial statements of WeedMD Inc. for the three months ended March 31, 2020, are comprised of WeedMD Inc. and its wholly-owned subsidiaries: WeedMD Capital Corp., WeedMD Rx Inc. ("WeedMD Rx") along with its wholly-owned subsidiaries WeedMD Rx Ltd., WMD Ventures Inc., 2686912 Ontario Limited and 2686913 Ontario Inc., and Starseed Holdings Inc. along with its wholly-owned subsidiaries Starseed Medicinal Inc. and North Star Wellness Inc. (collectively, "WeedMD" or the "Company"). WeedMD Rx Ltd., WeedMD Capital Corp and WMD Ventures Inc. are currently dormant.

WeedMD Inc., is a publicly listed company on the TSX Venture Exchange ("TSXV") that trades under the ticker symbol "WMD". WeedMD Inc. is also listed on the OTCQX under the ticker symbol "WDDMF" and on the Frankfurt Stock Exchange under the ticker symbol "4WE". The registered and head office of the Company is located at 250 Elm Street, Aylmer, Ontario, N5H 2M8.

WeedMD Rx was incorporated on March 26, 2013, under the Canada Business Corporations Act as 8472106 Canada Inc. On January 7, 2014, the Company filed its articles of amendment, changed its name to WeedMD Rx Inc. and commenced operations. On April 22, 2016, WeedMD obtained its first licence to produce cannabis under the federal Access to Cannabis for Medical Purposes Regulations ("ACMPR") for its Aylmer facility. On April 28, 2017, WeedMD satisfied Health Canada that its growing processes resulted in finished product that met the strict quality control standards and the Good Production Practices ("GPP") set out in the ACMPR. At this time the Company's licence was renewed and amended to add the activity of sale of dried cannabis and the sale of live cannabis plants.

On April 13, 2017, the Company completed a transaction by way of a three-cornered amalgamation (the "Amalgamation") among WeedMD Rx, Aumento, and a wholly-owned subsidiary of Aumento.

On June 16, 2017 WeedMD received an amendment to its licence allowing for the production of cannabis oil. Subsequent to this event, the Company successfully produced, packaged and tested several batches of oil. On October 5, 2017, Health Canada once again amended the Company's licence to allow for the sale of cannabis oil and was subsequently granted a licence to sell cannabis oil on December 1, 2017.

On June 8, 2018, WeedMD received its first licence to begin cultivation in 44,000 sq. ft. at the Strathroy site. On December 23, 2018, this licence was amended to include another 66,000 sq. ft., bringing the total licensed operational capacity to 136,000 sq. ft. between both locations. On April 12, 2019, the Company secured a standard processing licence for the Hybrid Greenhouse. On August 2, 2019, the Strathroy licence was further amended to increase the licensed production area to 215,000 sq. ft. On October 16, 2019, WeedMD secured a Health Canada licence for its 50,000 sq. ft. purpose built cannabis processing facility on the Strathroy property.

Effective October 17, 2018, and subsequently amended on May 31, 2019 to include the outdoor production area, the Company is licensed to produce and sell cannabis under the Cannabis Act, with licences effective to October 24, 2020, June 8, 2021 and October 31, 2022 for the Company's three facilities; Aylmer, Strathroy, and Bowmanville, respectively.

On December 20, 2019, through the acquisition of Starseed Holdings, WeedMD acquired 10,000 sq. ft. of indoor licensed production area at the Bowmanville facility. The license is for standard cultivation (indoor), standard processing, and sale of cannabis products for medical purposes.

2. Basis of preparation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements of WeedMD Inc. for the years ended December 31, 2019 and 2018, which have been prepared in accordance with IFRS.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on July 14, 2020.

b) Basis of presentation

The condensed interim consolidated financial statements have been prepared on an historical cost basis except for certain financial instruments and biological assets, which are measured at fair value and inventory which is recorded at the lower of cost and net realizable value.

The functional currency of the Company and its subsidiaries is the Canadian Dollar, which is also the presentation currency of the condensed interim consolidated financial statements.

c) Basis of consolidation

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

d) Accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The policies and methods applied in the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2019.

e) Covid-19 Pandemic

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of non-essential businesses. In Canada, the production and sale of cannabis is recognized as an essential service.

During the first quarter of 2020, the pandemic did not have a material impact on the Company's operations. As at March 31, 2020, we have also not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic. During the second quarter of 2020, the Company has experienced a decline in sales relative to the first quarter of 2020 which can likely be attributed to the economic uncertainty caused by the COVID-19 pandemic. The Company has taken steps to minimize the potential impact of the pandemic. These actions include postponement of discretionary capital expenditures, reduction of general and administrative expenses, temporary staff reductions, and enhanced process optimization to increase efficiencies and reduce costs.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on our business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

f) Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations. As of March 31, 2020, the Company had working capital of $46,990,778 (December 31, 2019 - $30,618,609) and an accumulated deficit of $36,680,999 (December 31, 2019 - $27,679,307). For the three months ended March 31, 2020, the Company used cash in operating activities of $16,320,176 (three months ended March 31, 2019 - $7,188,505), resulting primarily from the net loss of $9,001,692 (three months ended March 31, 2019 - $2,403,887) offset by items not affecting cash such as depreciation, amortization, stock based compensation and write downs. The Company has insufficient cash to fund its planned capital investments and operations for the next twelve months. The Company's ability to continue as a going concern is dependent upon its ability to obtain sufficient additional funding and to generate sufficient revenues and positive cash flows from its operating activities to meet its obligations and fund its planned investments and operations.

The Company will need further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this financing will be on acceptable terms. If adequate financing is not available, the Company may be required to delay or reduce the scope of any or all of its projects. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

On June 30, 2020, the Company signed an amendment to its senior secured credit facility entered into on March 29, 2019 (the "Credit Facility") (the "Credit Agreement Amendment"). Under the terms of the Credit Agreement Amendment, the Conversion Date was amended from June 30, 2020 to June 30, 2021, resulting in a deferral of certain covenants by 12 months, and quarterly principal repayments have been rescheduled to December 31, 2020. The Credit Agreement Amendment also requires the Company maintain liquidity coverage of not less than $2,000,000 commencing July 1, 2020. In addition, the Company has agreed to a 50 basis point increase in the applicable interest rate margin on the Credit Facility.

These condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from financing and operating activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these financial statements should such events impair the Company's ability to continue as a going concern.

g) Adoption of New Accounting Pronouncements Effective Jan 1, 2020

IFRS 3 – Definition of a Business. On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset acquisition or a business combination. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. This amendment has not yet been adopted and is being evaluated to determine its impact on the Company.

3. Inventory and Biological Assets

Inventory is comprised of the following and is valued at the lower of cost and net realizable value:

	March 31, 2020		December 31, 2019	
	$	**Weight**	$	Weight
Dried Cannabis	19,287,504	10,536,378 g	18,032,160	12,583,561 g
Harvested work in progress	1,746,651	1,211,272 g	910,087	562,055 g
Extracts				
Resin	7,148,076	266,900 g	8,321,073	253,461 g
Crude Oil	1,872,048	221,527 g	569,672	55,160 g
Finished Oil	2,088,031	1,430,550 g	2,524,711	1,585,781 g
Non-cannabis inventory	1,275,675		929,198	
	33,417,985		31,286,901	

The Company's biological assets consist of cannabis plants.

The changes in the carrying value of the Company's biological assets are as follows:

Biological Assets and Inventory

Carrying amount, December 31, 2018	**$**	**2,150,076**
Change in the fair value less cost to sell due to biological transformation		20,566,094
Biological assets sold		(17,324)
Production costs capitalized		10,373,548
Transferred to inventory upon harvest		(25,406,518)
Carrying amount, December 31, 2019	**$**	**7,665,876**
Change in the fair value less cost to sell due to biological transformation		(349,503)
Biological assets sold		-
Production costs capitalized		3,394,776
Transferred to inventory upon harvest		(6,293,687)
Carrying amount, March 31, 2020	**$**	**4,417,462**

All of the plants are to be harvested as agricultural produce. All of the plants that are to be harvested are up to fifteen weeks from harvest (December 31, 2019: up to fifteen weeks) and the life cycle is estimated to be eighty-nine to one hundred thirty-nine days (December 31, 2019: ninety-seven to one hundred seventy-one days). The Company did not hold plants to be sold as live plants as at March 31, 2020 and December 31, 2019.

Biological assets are classified as level 3 in the fair value hierarchy. There have been no transfers between levels.

To determine fair value the Company:

- Multiplies the expected yield in grams per plant and the expected selling price per gram;
- Deducts selling costs and remaining costs to be incurred in order to complete the harvest and bring the harvested product to finished inventory from the expected selling price; and
- Applies a discount rate based on the number of days that the Company expects it will take to sell the yield from the biological assets.

The significant assumptions used in determining the fair value of cannabis plants are as follows:

- Expected yield by plant adjusted for expected wastage – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each cannabis plant;
- Percentage of costs incurred to date compared to the total expected costs to be incurred per stage of growth and over the life of the plant are used to estimate the fair value of an in-process plant at each stage;
- Expected weighted average selling price per gram of harvested cannabis – calculated as the weighted average historical selling price for all strains of cannabis sold by the Company, which is expected to approximate future selling prices;
- Expected number of days remaining in each stage of growth and over the life of the plant; and
- Expected number of days from harvest to sell the yield from biological assets.

The Company estimates harvest yields for the plants at various stages of growth. As of March 31, 2020, it is expected that the Company's biological assets that are to be harvested from its greenhouse facility will yield approximately 5,915,601 grams (December 31, 2019: 4,481,165 grams) with a value of $4,417,462 (December 31, 2019: $7,665,876), based on the current stage of growth. The weighted average selling price used in the valuation is $4.56 per gram (December 31, 2019: $5.02 per gram) and is based on a normalized historical average selling price, adjusted based on expected future sales mix, of all dried cannabis sales and can vary based on the different strains produced and grades of cannabis. The Company estimates percentage of costs incurred based on the stage of growth, as costs are not incurred evenly throughout the grow cycle. Plants on hand at March 31, 2020, have incurred an average of 48% of costs to harvest (December 31, 2019: 37%).

The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. The Company performed a sensitivity analysis on the fair value of biological assets using the most sensitive inputs to the fair value methodology. The following table quantifies each significant unobservable input, and also provides the impact of a reasonable increase/decrease that each input would have on the fair value of the Company's greenhouse biological assets.

	March 31, 2020 Valuation inputs	December 31, 2019 Valuation inputs	Percentage change used in sensitivity analysis	Change resulting from reasonable variance as at March 31, 2020	Change resulting from reasonable variance as at December 31, 2019
Selling price	$1.00 - $6.95	$1.00 - $7.24	10%	1,169,505	1,816,451
Yield by plant	76 Grams	86 Grams	15%	670,780	1,152,764
Increase in average life cycle	122 days	110 days	10%	554,078	172,532
Decrease in average life cycle	122 days	110 days	10%	638,634	149,563
Percentage of costs to harvest incurre	48%	37%	10%	165,358	187,059
Average days to sell	483 days	370 days	15%	94,989	188,755

4. Right-of-Use Assets and Lease Obligations

The following is a breakdown of the carrying amount of the Right-of-Use assets as at March 31, 2020:

	Office Space Queen St.	Office Space 484 Richmond	Building Sprung Greenhouse	Vehicle Truck	Starseed Office Space/ Bowmanville	Total
Cost						
As at, January 1, 2019	$ -	$ -	$ -	$ -	$ -	$ -
Additions	504,605	-	1,762,359	7,968	1,870,154	4,145,086
As at, December 31, 2019	504,605	-	1,762,359	7,968	1,870,154	4,145,086
Additions	-	944,521	-	-	-	944,521
As at March 31, 2020	504,605	944,521	1,762,359	7,968	1,870,154	5,089,607
Depreciation						
As at, January 1, 2019	-	-	-	-	-	-
Depreciation	95,949	-	29,373	5,625	697,401	828,348
As at, December 31, 2019	95,949	-	29,373	5,625	697,401	828,348
Depreciation	25,230	15,742	22,029	1,406	114,220	178,627
As at March 31, 2020	121,179	15,742	51,402	7,031	811,621	1,006,975
Net book value						
As at, December 31, 2019	408,656	-	1,732,986	2,343	1,172,753	3,316,738
As at March 31, 2020	$ **383,426**	$ **928,779**	$ **1,710,957**	$ **937**	$ **1,058,533**	$ **4,082,632**

The following is a breakdown of the carrying amount of the Lease obligations as at March 31, 2020:

	Office Space 232 Central Ave.	Office Space Queen St.	Office Space 484 Richmond	Building Sprung Greenhouse	Vehicle Truck	Starseed Office Space/ Bowmanville	Total
Opening lease liability, January 1, 2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	322,139	468,341	-	1,653,177	7,969	-	2,451,626
Acquisition	-	-	-	-	-	1,408,206	1,408,206
Interest	15,973	22,015	-	56,413	151	-	94,552
Payments	(40,250)	(70,654)	-	-	(5,970)	-	(116,874)
Modification	(297,862)	-	-	-	-	-	(297,862)
Termination liability	112,847	-	-	-	-	-	112,847
Ending lease liability, December 31, 2019	$ 112,847	$ 419,702	$ -	$ 1,709,590	$ 2,150	$ 1,408,206	$ 3,652,495
Additions	-	-	944,521	-	-	-	944,521
Interest	-	5,969	9,118	19,148	8	20,329	54,572
Payments	(3,750)	(28,917)	(19,045)	(463,924)	(1,208)	(148,919)	(665,763)
Ending lease liability, March 31, 2020	$ **109,097**	$ **396,754**	$ **934,594**	$ **1,264,814**	$ **950**	$ **1,279,616**	$ **3,985,825**
Short Term Portion	$ 15,000	$ 95,183	$ 61,903	$ 418,828	$ 950	$ 507,638	$ 1,099,502
Long Term Portion	$ 94,097	$ 301,571	$ 872,691	$ 845,986	$ -	$ 771,978	$ 2,886,323

The lease commitment schedule for all future lease payments is outlined in the table below:

Within 1 year	$ 1,331,022
Within 2 years	1,723,548
Within 3 years	454,099
Within 4 years	238,331
Beyond 4 years	818,156
	$ 4,565,156

5. Property, Plant and Equipment

Cost

	Balance at December 31, 2019	Additions	Transfers	Acquisition	Disposal	Balance at March 31, 2020
Security equipment	$ 3,297,634	$ 29,259	$ -	$ -	$ -	$ 3,326,893
Equipment	16,213,312	159,227	-	-	-	16,372,539
Furniture & fixtures	395,766	5,740	-	-	-	401,506
Fence & signage	663,648	-	-	-	-	663,648
Land	3,808,002	-	-	-	-	3,808,002
Building	86,063,658	1,098,317	-	-	-	87,161,975
Leasehold improvements and greenhouse	1,837,322	3,507	-	-	-	1,840,829
	$ 112,279,342	$ 1,296,050	$ -	$ -	$ -	$ 113,575,392

Accumulated Amortization

	Balance at December 31, 2019	Additions	Transfers	Acquisition	Disposal	Balance at March 31, 2020
Security equipment	$ (780,862)	$ (74,677)	$ -	$ -	$ -	$ (855,539)
Equipment	(1,575,100)	(650,431)	-	-	-	(2,225,531)
Furniture & fixtures	(98,456)	(12,633)	-	-	-	(111,089)
Fence & Signage	(48,625)	(11,446)	-	-	-	(60,071)
Building	(1,003,035)	(693,169)	-	-	-	(1,696,204)
Leasehold improvements and greenhouse	(1,450)	(135,494)	-	-	-	(136,944)
	$ (3,507,528)	$ (1,577,850)	$ -	$ -	$ -	$ (5,085,378)
Net book value	$ 108,771,814	$ (281,800)	$ -	$ -	$ -	$ 108,490,014

Cost

	Balance at December 31, 2018	Additions	Transfers	Acquisition	Disposal	Balance at December 31, 2019
Security equipment	$ 1,825,961	$ 1,491,572	$ -	$ -	$ (19,899)	$ 3,297,634
Equipment	2,477,185	10,759,841	1,443,976	1,532,310	-	16,213,312
Furniture & fixtures	167,367	163,034	-	65,365	-	395,766
Fence & signage	17,033	408,536	238,079	-	-	663,648
Land	140,000	1,219,002	2,449,000	-	-	3,808,002
Building	2,227,907	46,230,657	37,608,913	-	(3,819)	86,063,658
Leasehold improvements and greenhouse	35,034,986	7,019,000	(42,001,354)	1,784,690	-	1,837,322
	$ 41,890,439	$ 67,291,642	$ (261,386)	$ 3,382,365	$ (23,718)	$ 112,279,342

Accumulated Amortization

	Balance at December 31, 2018	Additions	Transfers	Acquisition	Disposal	Balance at December 31, 2019
Security equipment	$ (328,638)	$ (450,234)	$ -	$ -	$ (1,990)	$ (780,862)
Equipment	(335,430)	(1,239,670)	-	-	-	(1,575,100)
Furniture & fixtures	(53,623)	(44,833)	-	-	-	(98,456)
Fence & Signage	(2,401)	(46,224)	-	-	-	(48,625)
Building	(111,133)	(891,878)	-	-	(22)	(1,003,033)
Leasehold improvements and greenhouse	(70,608)	(101,703)	170,861	-	-	(1,450)
	$ (901,833)	$ (2,774,542)	$ 170,861	$ -	$ (2,012)	$ (3,507,526)
Net book value	$ 40,988,606	$ 64,517,100	$ (90,525)	$ 3,382,365	$ (25,730)	$ 108,771,816

6. Intangible Assets

Cost

		Balance at December 31, 2019		Additions		Acquisition		Balance at March 31, 2020
Software	$	1,555,018	$	225,850	$	-	$	**1,780,868**
Brands and trademarks		2,188,498		-		-		**2,188,498**
Customer relationships		1,623,278		-		-		**1,623,278**
Licences		15,735,600		-		-		**15,735,600**
	$	21,102,394	$	225,850	$	-	$	**21,328,244**

Accumulated Amortization

		Balance at December 31, 2019		Additions		Acquisition		Balance at March 31, 2020
Software	$	(51,404)	$	(1,287)	$	-	$	**(52,691)**
Brands and trademarks		-		(54,245)		-		**(54,245)**
Customer relationships		-		(57,974)		-		**(57,974)**
Licences		(52,079)		(548,378)		-		**(600,457)**
	$	(103,483)	$	(661,884)	$	-	$	**(765,367)**
Net book value	$	20,998,911	$	(436,034)	$	-	$	**20,562,877**

Cost

		Balance at December 31, 2018		Additions		Acquisition		Balance at December 31, 2019
Software	$	372,377	$	1,182,641	$	-	$	1,555,018
Brands and trademarks		-		18,695		2,169,803		2,188,498
Customer relationships		-		-		1,623,278		1,623,278
Licences		-		-		15,735,600		15,735,600
	$	372,377	$	1,201,336	$	19,528,681	$	21,102,394

Accumulated Amortization

		Balance at December 31, 2018		Additions		Acquisition		Balance at December 31, 2019
Software	$	-	$	(51,404)	$	-	$	(51,404)
Brands and trademarks		-		-		-		-
Customer relationships		-		-		-		-
Licences		-		(52,079)		-		(52,079)
	$	-	$	(103,483)	$	-	$	(103,483)
Net book value	$	372,377	$	1,097,853	$	19,528,681	$	20,998,911

7. Loans and Borrowings

On March 29, 2019, the Company entered into combined secured credit agreements totalling $39.1 million (collectively, “Credit Facilities”). The Credit Facilities are comprised of the following:

(i) Facility 1: $3,000,000 committed Revolving Credit Facility (the “Revolver”);
(ii) Facility 2: $33,150,000 committed term loan;
(iii) Facility 3: $3,000,000 committed term loan.

The Credit Facilities mature March 29, 2022 (“Maturity Date”) and bear an interest rate on a tier rate based on total funded debt to EBITDA. The Interest rate will range from approximately 1% to 2% above Canadian prime rate. Total borrowing costs for the Credit Facilities were $0.4 million. Under the terms of the Credit Facilities, the Company is also subject to certain customary financial and non-financial covenants and restrictions.

In addition, the Credit Facilities are secured by a first priority lien on substantially all of the Company's personal and real property and assets. In addition, Facility 2 and 3 require $3.0 million of the proceeds to be held as a debt service reserve and will be released in eighteen months upon satisfactory review or when the Company's twelve-month trailing EBIDTA less cash taxes and unfunded capital expenditures exceed $10 million.

Facility 1 requires interest only payments with the balance due on the Maturity Date. The outstanding balance at any point shall not exceed the Borrowing Base. As at March 31, 2020, the Revolver has not been drawn.

Facility 2 requires interest only payments until June 30, 2020 or such later date agreed upon ("Conversion Date"), at which point the principal will become payable and will amortize over ten years with the remaining due upon the Maturity Date. As at March 31, 2020, the Company has drawn $33,150,000 from Facility 2.

Facility 3 requires interest only payments until the Conversion Date, at which point the principal will become payable and will amortize over five years with the remaining due upon the Maturity Date. As at March 31, 2020, the Company has drawn $3,000,000 from Facility 3.

	Facility 1	Facility 2	Facility 3	Transaction costs	Total
	$ -	$	$	$	$
Proceeds		33,150,000	3,000,000	(418,611)	35,731,389
Interest	-	1,502,285	126,466	-	1,628,751
Accretion	-	-	-	97,106	97,106
Interest payments	-	(1,334,764)	(111,306)	-	(1,446,070)
Interst payable	-	(167,521)	(15,160)	-	(182,681)
Balance, December 31, 2019	**-**	**33,150,000**	**3,000,000**	**(321,505)**	**35,828,495**
	$	$	$	$	$
Interest	-	493,106	44,625	-	537,731
Accretion	-	-	-	33,438	33,438
Interest payments	-	(493,106)	(44,625)	-	(537,731)
Balance, March 31, 2020	**$ -**	**$ 33,150,000**	**$ 3,000,000**	**$ (288,067)**	**$ 35,861,933**
Current portion of loans and borrowings			2,946,911		
Long term portion of loans and borrowings			32,915,022		

Under the Credit Facilities until the Conversion Date the Company must maintain a total funded debt to tangible net worth ratio of not more than 1:1. At or after the Conversion Date the Company must maintain a minimum fixed charge coverage ratio of 1.25:1, a senior funded debt to EBITDA of not more than 3:1, and maintain a total funded debt to EBITDA ratio of not more than 4:1.

The Company is also required to maintain $100,000 as security for the Company's corporate credit cards. Both the credit card security and the debt service reserve are recorded as restricted cash.

For the three months ended March 31, 2020, the Company was compliant with the applicable covenants. On June 30, 2020, the company signed an amendment to its senior secured credit facility entered into on March 29, 2019 (the "Credit Facility") (the "Credit Agreement Amendment"). Under the terms of the Credit Agreement Amendment, the Conversion Date was amended from June 30, 2020 to June 30, 2021, resulting in a deferral of certain covenants by 12 months, and quarterly principal repayments have been rescheduled to December 31, 2020. The Credit Agreement Amendment also requires the Company maintain liquidity coverage of not less than $2,000,000 commencing July 1, 2020. In addition, the Company has agreed to a 50 basis point increase in the applicable interest rate margin on the Credit Facility.

8. Unsecured Convertible Debentures

	Debentures	Warrants	Conversion Feature	Total
Balance, December 31, 2018	$ -	$ -	$ -	$ -
Issuance - September 25, 2019	8,258,713	1,447,359	1,558,694	11,264,766
Accretion of debentures	283,853	-	-	283,853
Conversion of debentures	(221,446)	-	(44,669)	(266,115)
Balance, December 31, 2019	$ 8,321,120	$ 1,447,359	$ 1,514,025	$ 11,282,504
Accretion of debentures	285,811	-	-	285,811
Balance, March 31, 2020	$ 8,606,931	$ 1,447,359	$ 1,514,025	$ 11,568,315

2019 convertible debenture

On September 25, 2019, the Company closed a bought-deal short-form prospectus offering of 13,115 convertible unsecured debentures units (the "2019 Unsecured Convertible Debentures") at a price per 2019 Unsecured Convertible Debenture of $1,000 for gross proceeds of $13,115,000 (the "Offering") with a syndicate of underwriters. The 2019 Unsecured Convertible Debentures bear interest at a rate of 8.5% per annum from the date of issue, payable semi-annually in arrears on June 30 and December 31 of each year. The 2019 Unsecured Convertible Debentures have a maturity date of September 25, 2022 (the "Maturity Date"). The 2019 Unsecured Convertible Debentures are convertible at the option of the holder into Shares of the Company at any time prior to the earlier of (i) close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the 2019 Unsecured Convertible Debentures upon a change in control at a conversion price of $1.60 per Share (the "Conversion Price").

The Company may force the conversion of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on not more than 60 days' and not less than 30 days' notice should the daily volume weighted average trading price of the Common Shares on the TSXV be greater than $3.20 for the consecutive 20 trading days preceding the notice.

Upon a Change of Control of the Company, holders of the 2019 Unsecured Convertible Debentures will have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following the giving of notice of the Change of Control, at a price equal to 104% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon (the "Offer Price"). If 90% or more of the principal amount of the Convertible Debentures outstanding on the date of the notice of the Change of Control have been tendered for redemption, the Company will have the right to redeem all of the remaining Convertible Debentures at the Offer Price.

In connection with the Company's 2019 Unsecured Convertible Debenture, the Company issued 8,196,875 warrants to the holders of the 2019 Unsecured Convertible Debentures. Each warrant is exercisable into one Share at the Conversion Price ($1.80) for a period of 36 months following the closing of the Offering. The fair value of the warrants was estimated as $3,977,461 with reference to the Monte Carlo option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 76.74%; (iii) risk-free rate of 1.53%; (iv) unit price of $1.33; (v) forfeiture rate of nil; (vi) expected life of three years.

Expected volatility is based on the historical volatility of other companies that the Company considers comparable. The Monte Carlo option pricing model was deemed applicable to these warrants and the conversion feature as they have accelerated vesting terms based on the volume weighted average trading price of the outstanding common shares on the TSX Venture Exchange. The Black Scholes option pricing model does not address the accelerated vesting terms, and potential change in the time to the warrant's and conversion feature's expiry.

The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the 2019 Unsecured Convertible Debentures assuming a market interest rate of 20.92%, which was the estimated rate for the 2019 Unsecured Convertible Debentures without the equity component of the conversion feature. The effective interest rate of the 2019 Unsecured Convertible Debentures after reflecting issuance costs was 26.67%. The residual of the principal less the present value of the liability component was allocated to the conversion option and the warrants based on their relative fair value, resulting in an allocation of $1,814,709 to the conversion option and $1,685,087 to the warrants.

The fair value of the conversion feature has been estimated as $4,283,419 using the Monte Carlo pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 76.74%; (iii) risk-free interest rate of 1.53%; (iv) share price of $1.33; forfeiture rate of nil; and (v) expected life of three years. Expected volatility is based on the historical volatility of other companies that the Company considers comparable.

The Company also issued to the Underwriters 983,624 compensation warrants with a fair value of $587,293. 491,812 of the compensation warrants are exercisable into one Share at an exercise price of $1.60 per share for a period of up to 36 months following the close of the Offering and 491,812 of the compensation warrants are exercisable into one Share at an exercise price of $1.80 per share for a period of up to 36 months following the close of the Offering. The Company paid $1,262,942 in cash for transaction and commission costs. The cash transaction costs and compensation warrants are directly attributable transaction costs and have been allocated to the liability, warrants and conversion feature components in proportion to their initial carrying amounts.

During the year ended December 31, 2019, 350 of the Company’s 2019 Unsecured Convertible Debentures were converted into 218,750 common shares at the option of the holder.

9. Share Capital

Authorized

Unlimited common shares

	Note	Number of shares		Amount
Balance as at December 31, 2018		**111,270,564**	**$**	**79,692,641**
Conversion of debentures		218,750		266,115
Shares issued for stock options exercised		434,551		406,232
Shares issued for property purchase		2,500,000		4,251,692
Shares issued for warrants excercised		232,500		387,078
Shares issued on acquisition		71,833,194		52,642,398
Balance as at December 31, 2019		**186,489,559**		**137,646,156**
Common shares issued upon private placement		23,079,763		25,000,000
Transfer on issuance of shares	**10**	692,393		583,581
Balance as at March 31, 2020		**210,261,715**	**$**	**163,229,737**

On February 4, 2020, the Company announced that its shareholders voted in favour of the resolution approving the private placement and exercise of subscription receipts with the LiUNA Pension of Central and Eastern Canada for gross proceeds of $25 million, which was completed as part of WeedMD’s acquisition of Starseed Holdings Inc. With the approval, the subscription receipts automatically convert into 23,079,763 WeedMD common shares and resulted in the creation of a new control person as defined under the applicable policies of the TSX Venture Exchange.

10. Contributed Surplus

The Company has established a stock option plan for its directors, officers, employees and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding Shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

During the three months ended March 31, 2020, the Company received services from a vendor in connection with the Acquisition in exchange for 692,393 common shares of the Company. The shares to be issued were valued at $583,581, based on the value of services received.

As at March 31, 2020, the Company's outstanding stock options consists of the following:

	Number of options		Contributed surplus	Exercise price
Balance as at December 31, 2018	**8,023,503**	**$**	**6,613,513**	
Stock options granted	2,868,000		1,998,632	$1.53
Stock options granted	300,000		232,196	$2.00
Stock options granted	505,000		198,155	$1.52
Stock options granted on acquisition	5,674,875		1,983,147	$0.98
Stock options granted on acquisition	898,011		126,764	$3.26
Stock options excercised	(434,551)		(145,479)	
Share based compensation	-		2,333,776	
Stock options cancelled	(802,312)		-	
Stock options forfeited	(625,000)		-	
Stock options expired	(62,500)		-	
Restricted stock units issued	-		40,733	
Deferred stock units issued	-		15,730	
Shares to be issued for services	-		583,581	
Balance as at December 31, 2019	**16,345,026**	**$**	**13,980,748**	
Stock options cancelled	(1,045,836)		-	
Stock options forfeited	(613,750)		-	
Stock options expired	(470,890)		-	
Transfer on issuance of shares	-		(583,581)	
Share based compensation	-		370,272	
Balance as at March 31, 2020	**14,214,550**	**$**	**13,767,439**	

At March 31, 2020, 14,214,550 (December 31, 2019: 16,345,026) Shares have been reserved for stock options as follows:

Exercise price	Number of options outstanding	Number of options excercisable	Weighted average remaining life (years)	Weighted average exercise price
$0.60	1,349,500	1,349,500	0.10	
$2.36	1,748,000	1,748,000	0.34	
$1.80	500,000	437,500	0.11	
$1.74	105,000	91,875	0.02	
$2.07	1,349,997	1,100,000	0.33	
$1.95	220,000	162,500	0.05	
$1.53	1,755,833	960,500	0.47	
$2.00	300,000	250,000	0.04	
$1.52	313,334	46,667	0.09	
$0.98	5,674,875	5,674,875	1.02	
$3.26	898,011	672,937	0.23	
	14,214,550	12,494,354	2.82	$1.51

11. Loss per Share

For the three months ended March 31,	2020	2019
Basic and diluted loss per share:		
Loss attributable to holders of shares	$ **(9,001,692)**	$ (2,403,887)
Weighted average number of shares outstanding	**201,118,578**	111,385,193
	(0.04)	(0.02)

For periods where WeedMD records a loss, the company calculates diluted loss per share using the basic weighted average number of shares. If the diluted weighted average number of shares were used, the result would be a reduction in the loss, which would be anti-dilutive. Consequently, for the three months ended March 31, 2020, the company calculated loss per share using 201,118,578 (three months ended March 31, 2019 – 111,385,193) common shares.

12. Change in Non-cash Operating Working Capital

For the three months ended March 31,	2020	2019
Trade and other receivables	$ **(93,805)**	$ (2,432,712)
Prepaid expenses and deposits	**571,984**	(257,518)
Inventory and biological assets	**1,363,160**	(2,745,089)
Commodity tax receivable	**416,285**	(1,197,324)
Accounts payable and accrued liabilities	**(10,577,298)**	2,545,495
Unearned revenue	**(2,512,967)**	-
	$ **(10,832,641)**	$ (4,087,148)

13. Revenue

For the three months ended March 31,		2020		2019
Direct to patient				
Dried cannabis	$	**3,915,562**	$	296,452
Cannabis plants and seeds		**-**		8,492
Cannabis extracts		**1,326,008**		132,135
Others		**9,210**		496
	$	**5,250,780**	$	437,575
Wholesale				
Dried cannabis		**8,228,228**		2,983,413
Cannabis plants and seeds		**-**		-
Cannabis extracts		**121,580**		271,820
Others		**-**		-
	$	**8,349,808**	$	3,255,233
	$	**13,600,588**	$	3,692,808

For the period ended March 31, 2020, 48% (March 31, 2019: 64%) of total revenue is from 2 customers (March 31, 2019: 2 customers), each representing more than 10% of the Company's revenue.

14. Related Party Transactions

The Company's key management includes the CEO, CFO, and all directors. Transactions with related parties include salaries and service fees.

The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, which are non-interest bearing, unsecured, and have no fixed repayment terms.

The balances outstanding are as follows:

		March 31, 2020		December 31, 2019
Accounts payable and accrued liabilities	$	**149,856**	$	172,163

For the three months ended March 31, 2020 and 2019, total remuneration and service fees paid to key management is as follows:

For the three months ended March 31,		2020		2019
Share based Compensation	$	**-**	$	373,179
Salaries		**168,598**		126,570
Bonuses		**110,000**		116,316
	$	**278,598**	$	616,065

During the three months ended March 31, 2020, nil stock options (three months ended March 31, 2019: 297,500) were issued with fair value of $nil (three months ended March 31, 2019: $307,005) with a recorded share-based compensation of $nil (three months ended March 31, 2019: $140,431) to certain key management personnel.

15. Commitments

The commitment schedule for all future committed payments excluding lease payments disclosed in Note 4 is outlined in the table below:

Within 1 year	$	12,139
Within 2 years		12,689
Within 3 years		10,547
Within 4 years		9,833
Beyond 4 years		6,601
	$	51,809

16. Selling, General and Administrative

		March 31, 2020	March 31, 2019
Salaries and benefits	$	3,411,699	1,016,993
Rent and occupancy costs		119,285	240,728
Office and administration		2,316,767	1,120,703
Professional fees		320,610	94,763
Travel and accommodation		136,442	199,599
Selling, marketing and promotion		184,324	948,435
	$	**6,489,127**	**3,621,221**

17. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of loans and borrowings approximate carrying values as cash flows are discounted using a market rate of interest.

Fair value measurement is disaggregated into three hierarchical levels: Level 1, 2 or 3. Fair value hierarchical levels are directly based on the degree to which the inputs to the fair value measurement are observable. The levels are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset or liability's anticipated life.

Level 3 – Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

	Level 1	Level 2	Level 3	Total
Unsecured convertible debentures	$ -	$ 8,606,931	$ -	$ 8,606,931
Share purchase warrants	10,597,563	-	-	10,597,563
Investments in equity instruments	19,370	232,500	-	251,870
Loans and borrowings	35,861,933	-	-	35,861,933
	$ 46,478,866	**$ 8,839,431**	**$ -**	**$ 55,318,297**

(b) Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to price risk with respect to marketable securities and bonds. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk on its trade and other receivables which has a balance of $3,440,230 (December 31, 2019: $3,346,425) and on the promissory note receivable which is owing from Pioneer Cannabis, an investee of the Company, and has a balance of $963,917 (December 31, 2019: 963,917), of which $490,177 is current (December 31, 2019: $490,177).

As at March 31, 2020, 54% (December 31, 2019: 45%) of the Company's trade and other receivables balance, excluding the amounts owing from Pioneer Cannabis, is owing from 2 customers (December 31, 2019: 2 customers), each representing more than 10% of trade and other receivables, excluding amounts owing from Pioneer Cannabis.

There is higher credit risk on the promissory note due to financial difficulties experienced by Pioneer Cannabis, which contributed to a write-down of the promissory note in 2019.

Cash is generally invested in cash accounts held in Canadian chartered banks, in short-term GICs or in-trust. Restricted cash is generally held as collateral to repay any outstanding balances related to the Company's credit cards. Management believes the risk of loss associated with these assets to be remote. Management believes that the credit risk concentration with respect to financial instruments included in assets has been reduced to the extent presently practicable.

The definition of items that are past due is determined by reference to payment terms agreed to with individual customers, which are normally within 0 to 90 days. Credit risk is low as receivables from LPs are typically received in a short period of time with a strong history of collection, and remaining receivables are due from Government bodies. As at March 31, 2020 the Company has $nil of impaired receivables (December 31, 2019: $1,951,888). Management expects credit risk to be minimal.

(d) Foreign exchange risk

The Company is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer or lender, or that an obligation in a foreign currency was made by the Company to a supplier or partner, is different at the time of settlement than it was at the time that the obligation was determined. The Company reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Company. The Company did not have any hedges at the time that the financial statements were issued. The Company does not utilize financial instruments to manage its foreign exchange risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate working capital to repay trade creditors as they become due. The Company has total current liabilities of $16,767,791 (December 31, 2019: $29,148,067) with cash and cash equivalents on hand of $14,182,504 (December 31, 2019: $8,183,744). In the opinion of management, the liquidity risk exposure to the Company is moderate. The Company will manage the risk exposure through increased future sales, accessing the Revolving Credit Facility, and if necessary, raise additional capital through debt and/or equity.

(f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate, or investments. Floating rate debt exposes the company to fluctuations in cash flows and net earnings due to changes in market interest rates. In the opinion of management, the cash flow risk exposure to the Company is low.

18. Capital Management

The Company includes equity, comprised of shares, warrant reserve, contributed surplus and deficit, in the definition of capital. The Company's objectives when managing capital are as follows:

(i) To safeguard the Company's assets and ensure the Company's ability to continue as a going concern; and

(ii) To raise sufficient capital to achieve the ongoing business objectives including funding of future growth opportunities and meeting its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on general economic conditions, the Company's short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company expects to spend its working capital, when applicable, and raise additional funds as required.

19. Subsequent Events

On June 30, 2020, pursuant to the agreement announced on April 1, 2019, the Company signed an extension of the start of its principal repayments on its credit facility with BMO to December 31, 2020, from June 30, 2020. The terms of the agreement remained relatively unchanged, except for 50 basis points increase to interest rates.