Consolidated Financial Statements of

CHOOM HOLDINGS INC.

June 30, 2020

CHOOM HOLDINGS INC.
June 30, 2020 and 2019
(Expressed in Canadian Dollars)

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Consolidated Financial Statements

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CHOOM HOLDINGS INC.

Opinion

We have audited the consolidated financial statements of Choom Holdings Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at June 30, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that as at June 30, 2020, the Company has a deficit of $136,189,760, a working capital deficiency of $3,693,757 and a net loss and comprehensive loss of $20,346,426 for the year ended June 30, 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Sukjhit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
October 28, 2020

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CHOOM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at June 30
Expressed in Canadian Dollars

	Note		2020		2019
ASSETS (Note 18)					
Current					
Cash and cash equivalents	6	$	**461,100**	$	4,816,164
Marketable securities	10		**1,133**		113,735
Short-term investments	7		**46,000**		6,900
Trade and accounts receivable	8		**365,559**		903,177
Inventory	11		**1,002,217**		-
Notes receivable	9		**-**		900,000
Prepaid expenses and deposits	28		**469,411**		370,723
Assets held for sale	12		**600,558**		-
			2,945,978		7,110,699
Non-Current					
Long term lease deposits	28		**540,274**		384,461
Inventory	11		**-**		19,979
Other assets	15		**-**		5,880,000
Property and equipment	12		**7,131,547**		4,483,937
Right of use assets	14		**8,096,315**		-
Intangible assets	13		**7,934,688**		856,993
Investment	25		**1,904,947**		1,808,417
Notes receivable	9		**912,951**		7,379,861
Goodwill	5,13		**3,154,571**		973,050
		$	**32,621,271**	$	28,897,397
LIABILITIES					
Current					
Trade and other payables	16,18,22		**3,982,739**		1,615,234
Lease liabilities	14	$	**1,350,201**	$	-
Notes payable	17		**1,092,500**		-
Taxes payable	5		**210,295**		-
Advances from shareholders	25		**4,000**		4,000
			6,639,735		1,619,234
Non-Current					
Lease liabilities	14		**6,589,536**		-
Government assistance	32		**240,000**		-
Convertible debentures	18		**17,606,912**		12,680,128
Deferred income tax liability	5,31		**961,740**		-
			32,037,923		14,299,362
SHAREHOLDERS' EQUITY					
Share capital	19		**121,460,291**		115,673,380
Obligation to issue shares	19,25		**771,900**		1,929,7
Equity portion of convertible debentures	18		**5,739,326**		5,419,751
Contributed surplus	20		**8,801,591**		7,418,488
Accumulated deficit			**(136,189,760)**		(115,843,334)
			583,348		14,598,035
		$	**32,621,271**	$	28,289,397

Approved by the Board of Directors:

“Stephen Tong” | *“Christopher Bogart”*

Stephen Tong | Christopher Bogart

The accompanying notes form an integral part of these audited consolidated financial statements

CHOOM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended June 30
Expressed in Canadian Dollars

	Note		2020		2019
Revenue					
Recreational - retail		$	**7,357,807**	$	-
Clinic services			**587,268**		268,321
Total revenue			**7,945,075**		268,321
Cost of sales					
Recreational - retail			**(5,107,219)**		-
Doctor and coaching fees			**(195,059)**		(151,491)
Medical supplies			**(7,468)**		(5,495)
Gross profit			**2,635,329**		111,335
Expenses					
Administrative and general	5,14,21,22		**5,421,817**		6,619,610
Salary, wages and benefits	22		**2,813,382**		278,325
Depreciation and amortization	12,13,14		**1,766,011**		10,208
Foreign exchange			**4,239**		20,003
Marketing, website and media design	11		**675,465**		1,483,822
Application and termination of agreements costs			**-**		583,752
Share-based payments	20,22		**1,320,603**		3,453,119
			(12,001,517)		(12,448,839)
Loss before other items			**(9,366,188)**		(12,337,504)
Other items					
Interest income	6,9		**295,253**		153,315
Licensing income	5		**200,000**		-
Rental income	12		**243,463**		124,997
Other income	10,12		**180,000**		113,202
Loss on sale of property and equipment	12		**(2,134,623)**		-
Decrease in fair value of marketable securities	10		**(45,822)**		(67)
Loss on write-off of notes receivable	9		**(253,904)**		(100,000)
Impairment of intangible assets	13		**(5,340,511)**		-
Impairment of property and equipment	12		**(602,089)**		(1,225)
Gain on settlement of debt	19		**3,030**		-
Gain on modification of debt	18		**83,747**		-
Financing costs	9,14,18		**(3,669,629)**		(1,547,091)
Loss before income tax			**(20,407,273)**		(13,594,373)
Deferred income tax recovery	31		**166,524**		2,163,285
Loss from continuing operations			**(20,240,749)**		(11,431,088)
Loss from discontinued operations	25		**(105,677)**		(89,720,697)
Net loss and comprehensive loss		$	**(20,346,426)**	$	(101,151,785)
Loss per share from continuing operations, basic	24		**(0.10)**		(0.06)
Loss per share from discontinued operations	24		**(0.00)**		(0.49)

CHOOM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended June 30
Expressed in Canadian Dollars

	Note	Share Capital	Obligation to Issue Shares	Equity Portion of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance June 30, 2018		$ 110,362,719	$ -	$ -	$ 3,923,231	$ 453	$ (14,691,549)	$ 99,594,854
Net loss for the year		-	-	-	-	-	(101,151,785)	(101,151,785)
Shares issued for acquisition	5,19	977,146	-	-	-	-	-	977,146
Exercise of warrants and options	19	1,178,372	-	-	(7,710)	-	-	1,170,662
Convertible debentures	18	-	-	5,419,751	-	-	-	5,419,751
Share commitments to be issued	25	-	41,167,957	-	-	-	-	41,167,957
Divesture of SMP	25	-	(39,109,558)	-	-	-	-	(39,109,558)
Share commitments issued	19	128,649	(128,649)	-	-	-	-	-
Shares issued for other assets	15	2,976,000	-	-	-	-	-	2,976,000
Shares issued for consulting fees	19	56,000	-	-	-	-	-	56,000
Compensation warrants issued	19	-	-	-	49,848	-	-	49,848
Marketable securities	10	-	-	-	-	(453)	-	(453)
Share-based payments	20	-	-	-	3,453,119	-	-	3,453,119
Share issue costs	19	(5,506)	-	-	-	-	-	(5,506)
Balance, June 30, 2019		$ 115,673,380	$ 1,929,750	$ 5,419,751	$ 7,418,488	$ -	$ (115,843,334)	$ 14,598,035
Net loss for the year		**-**	**-**	**-**	**-**	**-**	**(20,346,426)**	**(20,346,426)**
Shares issued for acquisition	**5,19**	**3,659,032**	**-**	**-**	**-**	**-**	**-**	**3,659,032**
Convertible debentures	**18**	**-**	**-**	**319,575**	**-**	**-**	**-**	**319,575**
Shares issued for cash	**19**	**937,500**	**-**	**-**	**62,500**	**-**	**-**	**1,000,000**
Share commitments issued	**25**	**1,157,850**	**(1,157,850)**	**-**	**-**	**-**	**-**	**-**
Shares issued for consulting fees	**19**	**25,800**	**-**	**-**	**-**	**-**	**-**	**25,800**
Shares issued for debt	**19**	**47,870**	**-**	**-**	**-**	**-**	**-**	**47,870**
Share-based payments	**20**	**-**	**-**	**-**	**1,320,603**	**-**	**-**	**1,320,603**
Share issue costs	**19**	**(41,141)**	**-**	**-**	**-**	**-**	**-**	**(41,141)**
Balance, June 30, 2020		**$ 121,460,291**	**$ 771,900**	**$ 5,739,326**	**$ 8,801,591**	**$ -**	**$ (136,189,760)**	**$ 583,348**

CHOOM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30
Expressed in Canadian Dollars

	Note		2020		2019
OPERATING ACTIVITIES					
Net loss for the year from continuing operations		$	**(20,240,749)**	$	(11,431,088)
Items not affecting cash					
Depreciation and amortization	12,13,14		**1,766,011**		10,208
Share-based payments	20		**1,320,603**		3,453,119
Shares issued for consulting fees	19		**25,800**		56,000
Shares issued for transaction costs	19		**-**		96,000
Warrants issued for services	19		**-**		49,848
Financing costs	9,18		**3,048,684**		1,547,091
Decrease in fair value of marketable securities	10		**45,822**		67
Impairment of intangible assets	13		**5,340,511**		-
Loss on sale of property and equipment	12		**2,134,623**		-
Gain on settlement of debt	19		**(3,030)**		-
Impairment of property and equipment	12		**602,089**		1,225
Deferred income tax recovery	31		**(166,524)**		(2,163,285)
Other income	10		**-**		(113,202)
Loss on write-off of notes receivable	9		**253,904**		100,000
Gain on modification of debt	18		**(83,747)**		-
Accrued interest income	9		**(219,731)**		-
Loss on lease termination	14		**35,417**		-
Changes in non-cash working capital					
Trade and accounts receivable	8		**678,619**		(649,831)
Inventory	11		**105,463**		6,726
Trade and other payables	16,18		**155,725**		253,133
Prepaid expenses and deposits	28		**(186,339)**		50,275
Net cash used in operating activities from continuing operations			**(5,386,849)**		(8,733,714)
Net cash used in discontinued operations	25		**(16,769)**		(351,662)
Net cash used in operating activities			**(5,403,618)**		(9,085,376)
INVESTING ACTIVITIES					
Short-term investments	7		**(39,100)**		-
Deposits	28		**(69,568)**		(28,829)
Loans and deposits to acquisition targets	5,9		**(612,643)**		(8,379,861)
Purchase of property and equipment	12		**(3,040,261)**		(4,489,820)
Purchase of lease	14,17		**(205,561)**		-
Acquisition of Niagara	5		**(471,110)**		-
Acquisition of retail stores	5		**(426,527)**		-
Acquisition of intangible assets	13		**(24,394)**		(83,693)
Acquisition of Clarity Medical	5		**-**		(84,389)
Acquisition of other assets	15		**-**		(3,000,000)
Loan receivable	25		**(96,530)**		(75,752)
Proceeds from sale of property and equipment	12		**1,025,000**		-
Proceeds from sale of marketable securities	10		**66,780**		-
Net cash used in investing activities from continuing operations			**(3,893,914)**		(16,142,344)
Net cash used in investing activities from discontinued operations	25		**-**		(36,112)
Net cash used in investing activities			**(3,893,914)**		(16,178,456)
FINANCING ACTIVITIES					
Proceeds from convertible debentures	18		**4,100,000**		20,000,000
Proceeds from notes payable and government assistance, net of repayments	17,32		**1,122,500**		-
Convertible debenture issue costs	18		**(172,391)**		(429,132)
Lease liability payments	14		**(1,066,500)**		-
Proceeds from share issuance	19		**1,000,000**		-
Exercise of warrants	19		**-**		1,162,162
Exercise of options	19		**-**		8,500
Share issue costs	19		**(41,141)**		(45,924)
Net cash provided by financing activities			**4,942,468**		20,695,606
Decrease in cash and cash equivalents from continuing operations during the year			**(4,338,295)**		(4,180,452)
Decrease in cash and cash equivalents from discontinued operations during the year	25		**(16,769)**		(387,774)
Cash and cash equivalents, beginning of year			**4,816,164**		9,384,390
Cash and cash equivalents, end of year		$	**461,100**	$	4,816,164
Composition of cash and cash equivalents					
Cash		$	**386,230**	$	4,702,429
Cash equivalents	6		**74,870**		113,735
Cash and cash equivalents, end of the year		$	**461,100**	$	4,816,164

Supplemental cash flow information – Note 27

The accompanying notes form an integral part of these audited consolidated financial statements

1. CORPORATION INFORMATION

Choom Holdings Inc. (the "Company" or "Choom") was incorporated in the province of British Columbia on September 18, 2006 under the *Business Corporations Act*. Effective February 3, 2012, the Company commenced trading on the TSX Venture Exchange (the "Exchange") under the symbol "SGH" as a Tier 2 issuer.

During the year ended June 30, 2019, the Company re-directed its focus from the cultivation aspect of the cannabis industry to the retail sector. The Company's shares are listed on the Canadian Securities Exchange under the symbol "CHOO" and on the OTC Markets Group under the symbol "CHOOF".

The Company's corporate office and principal place of business is located at #208 – 1525 West 8th Avenue, Vancouver, British Columbia V6J 1T5.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Effective July 1, 2019, the Company adopted *IFRS 16 Leases* ("IFRS 16"). IFRS 16 was adopted under the modified retrospective approach with no restatement of comparative periods, as permitted by the transition provisions of the standard. As a result of the application of IFRS 16, the Company changed its accounting policies for leases thereon as described in Note 3.

The consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2020.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4.

Going Concern

The Company has not yet achieved profitable operations. These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred a net loss from continuing operations of $20,240,749 (2019 – $11,431,088) and a loss from discontinued operations of $105,677 for the year ended June 30, 2020 (2019 - $89,720,697) and as at that date has accumulated a deficit of $136,189,760 (2019 - $115,843,334) and is expected to continue to incur losses. The Company had working capital deficit as at June 30, 2020 of $3,693,757 (2019 - $5,491,465 working capital). The Company will continue to have to raise funds beyond its current working capital balance in order to finance future development of potential retail license acquisitions, meet its debt obligations until such time as future profitable revenues are achieved. Although it has been successful in raising capital in the past, there is no assurance it will be able to do so in the future. These conditions indicate the existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary approvals and financing to meet the Company's obligations. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis. No adjustments to the carrying values of the assets and liabilities have been made in these consolidated financial statements.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include the accounts of the Company's following wholly-owned subsidiaries:

Name of Subsidiary	**Jurisdiction**
Medi-can Health Solutions Inc. ("Medi-Can")	British Columbia
Arbutus Brands Inc. ("Arbutus")	British Columbia
Island Green Cure ("IGC")	British Columbia
102047851 Saskatchewan Ltd.	Saskatchewan
2660837 Ontario Ltd	Ontario
2668667 Ontario Ltd.	Ontario
2688412 Ontario Inc. ("2688412 Ontario")	Ontario
2151414 Alberta Ltd.	Alberta
2150639 Alberta Ltd.	Alberta
2150647 Alberta Ltd.	Alberta
2168698 Alberta Ltd.	Alberta
Universal Cannabis Coaching Inc. ("UCC")	British Columbia
Western Cannabis Coaching Centre Inc. ("WCC")	British Columbia
1165962 BC Ltd. ("1165962 BC")	British Columbia
Concord Medical Centre Inc. ("Concord Medical")	British Columbia
Choom BC Retail Holdings Inc.	British Columbia
Choom Holdings USA Inc. ("Choom US")	Delaware
835148 Yukon Inc.	Yukon

These consolidated financial statements include the operating results of these subsidiaries from the date of acquisition or formation through to June 30, 2020 and 2019.

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions and a cashable guaranteed investment certificate that are readily convertible into known amount of cash and subject to an insignificant risk of change in value.

Inventory

Inventories consists of cannabis, cannabis accessories and apparel items and are measured at the lower of cost and net realizable value.

Cost of inventory is determined using the specific identification method. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Costs are comprised of the purchase price of inventory. Shipping costs are recorded in cost of goods sold when incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of property and equipment comprises its purchase price. The useful lives of property and equipment are reviewed at least once per year. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Depreciation for leasehold improvements commences once in use over the remaining lease term. Property and equipment are depreciated over their estimated useful lives as follows:

Furniture and fixtures	20% per annum
Building	4% per annum
Leasehold improvements	Straight-line over lease term
Right of use assets	Straight-line over lease term

Intangible Assets and Goodwill

Intangible assets, either acquired as a result of an acquisition or developed internally, are assets that can be identified, are controlled by the Company and provide future economic benefits to the Company.

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired as a result of an acquisition or in a business combination are measured at fair value at the acquisition date.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount is reduced to its recoverable amount. The Company derecognizes the carrying amount of intangible assets on disposal or when no future economic benefits are expected from its use. Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets include store permits, patient list, websites and trademarks. Store permits, websites and trademarks were determined to have an indefinite useful life and are carried at cost less any accumulated impairment losses. Patient list is amortized on straight-line basis over a period of 10 years.

Goodwill represents the excess of the purchase price paid for the acquisition of subsidiaries over the fair value of the net assets acquired. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of Non-Financial Assets

Impairment tests of non-financial assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

The Company classified its financial instruments as follows:

Financial Asset/Liability	
Cash and cash equivalents	Fair value through profit or loss ("FVTPL")
Marketable securities	FVTPL
Short term investments	FVTPL
Trade and accounts receivable	Amortized cost
Short-term and long-term refundable deposits	FVTPL
Notes receivable	Amortized cost
Other assets	FVTPL
Investment	FVTPL
Trade and other payables	Amortized cost
Convertible debentures	Amortized cost
Notes payable	Amortized cost
Lease liabilities	Amortized cost
Government assistance	Amortized cost
Advances from shareholders	Amortized cost

Financial Assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

(i) Financial assets at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

(iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income.

(d) Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

(i) Financial liabilities at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

(ii) Financial liabilities at fair value through profit or loss ("FVTPL")

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset only to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Convertible Debentures

The convertible debentures are separated into their liability and equity components on the consolidated statements of financial position. The liability component is initially recognized at fair value, calculated at the net present value of the liability based on non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue. The residual value is then allocated to the equity component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments. The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market trading price on the date the units are issued and the balance, if any, is allocated to the attached warrants. Share issue costs are recorded against share proceeds.

Contributed Surplus

Contributed surplus consists of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants. If granted options vest and then subsequently expire, no reversal of contributed surplus is recognized.

Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. The Company has included total escrow shares as their release is subject to the passage of time. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted, unless the effect is anti-dilutive.

Share-based Payments

The fair value, at the grant date, of equity-settled share awards is charged to income or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model, which considers the following factors:

- Exercise price
- Expected life
- Expected volatility
- Forfeiture rate
- Current market price of the underlying shares
- Risk-free interest rate
- Dividend yield

For equity-settled share-based payments to non-employees, the Company measures the equity awards issued as the fair value of the goods or services received, and the corresponding increase in equity, unless that fair value cannot be estimated reliably. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the equity award is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Revenue Recognition

For its two major revenue segments, retail sales and clinic services and coaching, the Company recognizes revenue when the control of goods or services is transferred to a customer.

The Company's revenue consists largely of retail sales of cannabis and cannabis accessories through the Company's network of stores. Retail sales through the stores are recognized at the time of delivery of the goods to the customer at the point of sale, which is when the Company has satisfied its performance obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

The Company provides healthcare and other services to its patients. The revenue recognized relates to invoiced fees submitted to the British Columbia provincial health authority for healthcare services. The services are provided based on pricing established by the province from time-to-time, the nature of the physician's medical assessment, and the level of specialization of the physician. Revenue is recognized upon completion of the physician's rendered service in line with the conditions listed above. The Company additionally earns patient referral revenue when patients fill their prescriptions with various licensed producers under contract.

The Company also generates rental revenue is recorded when persuasive evidence of a contract or similar arrangement exists, the amount is fixed and determinable and is considered collectible. The Company's revenue consists primarily of commercial rental revenue on its investment property and small amounts of incidental rent revenue on other undeveloped properties.

Cost of Sales

Cost of sales expense relating to the Company's retail operations and includes costs of inventory and shipping costs. Cost of sales expense relating to the Company's clinic services includes salaries and wages paid to doctors and medical supplies.

Government Assistance

Government assistance from the Canada Emergency Business Account ("CEBA") loans under federal COVID-19 response programs are recorded as a liability until there is reasonable assurance that the forgivable portion of the assistance will not be repayable.

Discontinued Operations and Assets Held for Sales

Non-current assets and disposal groups are classified as assets held for sale ("HFS") if it is highly probable that the value of these assets will be recovered primarily through sale rather than through continuing use. They are recorded at the lower of carrying amount and fair value less cost to sell. Impairment losses on initial classification as HFS and subsequent gains and losses on re-measurement are recognized in the consolidated statements of loss and comprehensive loss. Once classified as held for sale, property and equipment are no longer amortized. The assets and liabilities are presented as held for sale in the consolidated statements of financial position when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale, which should be expected to be completed within one year from the date of classification.

Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of loss and comprehensive loss for both the current and comparative periods. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statements of financial position.

Recent and Future Accounting Pronouncements

Adoption of IFRS 16 Leases ("IFRS 16")

Effective July 1, 2019, the Company adopted the requirements of IFRS 16. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases* ("IAS 17").

The Company adopted IFRS 16 using the modified retrospective method and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The Company also elected to not recognize right of use assets and lease liabilities that have a lease term of 12 months or less and leases of low-value assets.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recent and Future Accounting Pronouncements (cont'd)

The adoption of IFRS 16 resulted in the recognition of a right of use asset and a lease liability measured at the present value of the future lease payments on the consolidated statements of financial position for a majority of its leases that are considered operating leases under IAS 17. An amortization expense on the right of use asset and an interest expense on the lease liability has replaced the operating lease expense.

In accordance with the transition to IFRS 16 as at July 1, 2019, the Company recorded recognized right of use assets of $1,563,935 and lease liabilities of $1,563,935 (Note 14). When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at July 1, 2019. The weighted-average rate applied is 10%.

Operating lease liability as at July 1, 2019	$	**1,961,275**
Effect of discounting at incremental borrowing rate		**(397,340)**
Lease liability recognized as at July 1, 2019	$	**1,563,935**

The following is the new accounting policy for leases under IFRS 16.

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right of use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a right of use asset and a lease liability at the commencement of the lease. The right of use asset is initially measured on the initial amount of the lease liability, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain re-measurements of the lease liability. The right of use asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The right of use asset is presented within "Right of use asset" and the lease liability presented in "Lease liability" on the consolidated statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in loss/income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Asset Acquisitions Versus Business Combinations

Management had to apply judgment with respect to whether the acquisition of the Medical Centre, the Clarity Retail Acquisition, the Niagara Acquisition, the Green Room Retail Acquisition, the Medical Centre Acquisition (as defined in Note 5), Phivida Transaction (as defined in Note 34) were asset acquisitions or business combinations. The assessments required management to assess the inputs, processes and outputs of the companies acquired at the time of acquisition. Pursuant to the assessment, the Clarity Retail Acquisition and Phivida Transaction was considered to be an asset acquisition and the Medical Centre and Niagara Acquisition were considered to be business combinations.

Determination of Purchase Price Allocations and Contingent Consideration

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Management exercises judgment in estimating the probability and timing of when cash flows are expected to be achieved, which is used as the basis for estimating fair value. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. The fair value of identified intangible assets is determined using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

Income Taxes

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investment and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumptions be inappropriate.

Convertible Debentures

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Interest Rates

The Company estimates a market interest rate in determining the fair value of the liability component of its convertible debentures, the fair value of the notes receivable and the fair value of the right of use assets and lease liabilities. The determination of the market interest rate is subjective and could materially affect these fair value estimates.

Assets Held for Sale and Discontinued Operations

The Company uses its judgment to determine whether an asset or disposal group is available for immediate sale in its present condition and whether its sale is highly probable and therefore should be classified as held for sale at the balance sheet date. The Company also uses its judgment to determine whether a component of the Company that either has been disposed of or is classified as held for sale meets the criteria of a discontinued operation. The key area that involves management judgment in this determination is whether the component represents a separate major line of business or geographical area of operation.

Valuation of Share-based Payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Impairment of Property and Equipment, Intangible Assets and Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that the carrying amount is not recoverable. The determination of whether any such indication exist requires significant management judgment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When an individual asset does not generate independent cash flows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Many factors are used in assessing recoverable amounts and are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Estimated Useful Lives and Depreciation/Amortization of Property and Equipment and Intangible Assets

Depreciation/amortization of property and equipment and intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment. 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 assets.

Fair Value Measurements

Certain of the Company's assets such as share purchase options, share purchase warrants, marketable securities, short-term investments, other assets, loan receivable and investment are measured at fair value. The estimated fair value of financial assets, by their very nature, are subject to measurement uncertainty. The Company estimates fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Such valuation techniques include the market approach and the cost approach.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

Recoverability of Trade and Accounts Receivable, Deposits, Notes Receivable and Loan receivable

Estimates and judgments are inherent in the on-going assessment of the recoverability of trade and accounts receivable, deposits, notes receivable and loan receivable. The Company maintains an allowance for doubtful accounts to reflect expected credit losses. The Company is not able to predict changes in financial conditions of its customers and note holders and the Company's judgment related to the recoverability of trade and accounts receivable, notes and loan receivable may be material.

Application of IFRS 16

The Company applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. Lease term reflect the period over which the lease payments are reasonably certain including renewal options that the Company is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilizes. Management makes assumptions about long-term industry outlook and store operating performances and growth which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right of use assets, for which the lease term is the basis for determining useful life.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Modification versus Extinguishment of Financial Liability

Judgment is required in applying IAS 32 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments: Recognition and Measurement* to determine whether the amended terms of the convertible debentures are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original convertible debenture.

5. ACQUISITIONS

During the year ended June 30, 2020, the Company completed the following acquisitions:

Niagara Option and Purchase Agreement

On February 13, 2019, the Company entered into an option and cooperation agreement, as amended and restated on February 26, 2019 and July 19, 2019 (the "Niagara Option") between the Company and a retail cannabis lottery winner (the "Vendor") under the Alcohol and Gaming Commission of Ontario ("AGCO"), pursuant to which the parties agreed to assist and cooperate with each other to, among other things, facilitate the realization of the acquisition of a retail store located in Niagara, Ontario operating under the Choom™ brand (the "Niagara Store") and satisfy the conditions for the Company to be able to realize its option to purchase the assets relating to the Niagara Store subject to all the necessary provincial and municipal governmental approvals.

Consideration for the Niagara Option included:

a) $500,000 upon receipt of a Retailer Operator License ("ROL") issued by the AGCO received on April 29, 2019, (paid);

b) $500,000 upon receipt of a Retail Store Authorization ("RSA") issued by the AGCO received on April 29, 2019 (paid); (collectively the "Option Payment")

Additionally, consideration for the exercise of the Niagara Option consisted of $2,000,000 cash payment and $2,000,000 in Choom Shares (the "Choom Payment Shares"). The number of Choom Payment Shares to be determined by dividing $2,000,000 by the 10-day volume weighted average trading price (the "VWAP") preceding date of closing of the purchase (the "Current Market Price"). The Choom Payment Shares issued will be held in escrow for a period of twelve months.

Effective November 25, 2019, the parties entered into a share purchase agreement wherein Choom would acquire the issued and outstanding shares of 2688412 Ontario, which was wholly owned by the Vendor and the assets and business of the Niagara Store. On April 1, 2020, the Company completed the acquisition of 2688412 Ontario (the "Niagara Transaction"). The acquisition of 2688412 Ontario provides the Company with access to an operating cannabis retail store in Niagara Falls, Ontario and furthers the Company's continued nationwide rollout.

As described hereinabove, consideration for the Niagara Transaction, included cash of $2,000,000, of which $1,450,000 was paid from the cumulative operating cash flow from the Niagara Store and the remainder was settled by a promissory note for $550,000 (the "Niagara Note") to the Vendor. Additionally, the Company issued 22,126,066 common shares. Also included the purchase consideration is the amounts paid for the Niagara Option of $1,000,000. The Company incurred transaction costs of $94,485 relating to the Niagara Transaction, which are included in administrative and general in the consolidated statements of loss and comprehensive loss.

In accordance with IFRS 3 *Business Combinations* ("IFRS 3"), the substance of a transaction constitutes a business combination as the business of 2688412 Ontario meets the definition of a business under the standard. Accordingly, the assets acquired and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date. The purchase price is based on management's estimate of fair value of the common shares issued and cash consideration paid.

Management used a combination of income, market, work for replacement values and cost-based approaches to estimate the fair value of net assets acquired of the Niagara Store.

(Expressed in Canadian Dollars)

5. ACQUISITIONS (cont'd)

Niagara Option and Purchase Agreement (cont'd)

Details of the carrying amount and the fair value of identifiable assets and liabilities acquired and purchase consideration paid is as follows:

Fair value of 22,126,066 Choom common shares issued	$	2,000,000
Cash payment and promissory note		2,000,000
Option payment		1,000,000
Total purchase price	$	5,000,000
Cash	$	1,528,890
Taxes recoverable and other receivables		33,083
Prepaid expenses		1,257
Inventory		227,213
Property and equipment		754,886
Licenses		3,562,000
Goodwill		2,181,521
Trade payables		(136,239)
Long-term debt		(1,980,576)
Taxes payable		(210,295)
Deferred income tax liability		(961,740)
Net assets acquired	$	5,000,000

Goodwill is attributed to the workforce and profitability of the acquired business. It is not be deductible for tax purposes. A pre-tax discount rate of 61% was used in the fair value assumptions for the licenses acquired.

Since the acquisition of the Niagara Store, the Company generated revenues of $1,292,173 and net income of $235,726. Effective August 1, 2019, the Company entered into a licensing agreement wherein the Niagara Store utilized the Choom brand Choom Cannabis Co. for consideration of $25,000 per month effective August 1, 2019. As the Niagara Store was operating under the Choom™ , the Company received licensing income of $200,000 (2019 - $Nil) for the right to use this brand prior to the acquisition of the Niagara Store by the Company. Subsequent to the acquisition, the licensing income became an intercompany transaction and eliminated on consolidation.

Aggregate loans and investments in the amount of $1,980,576 advanced in connection with the Niagara Option (Note 9) were included in the net assets acquired. Subsequent to the acquisition, this amount is an intercompany transaction and is eliminated on consolidation. Interest income of $201,105 (2019 - $37,597) for the period up to the acquisition was included in interest revenue.

On May 28, 2020, the Niagara Note was extinguished by way of the proceeds from the sale of property (see Note 12).

Clarity Cooperation and Option Agreement

Pursuant to the terms a cooperation and option agreement (the "Cooperation Agreement") effective February 26, 2019 and further amended on October 10, 2019, with Clarity Cannabis MD Holdings Inc. ("Clarity") and the shareholders of Clarity (collectively the "Optionors"), the Company agreed to acquire all assets held by Clarity in connection with nine operating retail cannabis stores and further 18 in-progress retail opportunities including leasehold improvements and deposits, equipment, and retail cannabis municipal development permits issued thereto (the "Retail Opportunities"). On October 1, 2019, the Company exercised its right to acquire the Retail Opportunities. Subsequent to the Company receiving approvals on its applications for the nine operating locations from the Alberta Gaming, Liquor and Cannabis ("AGLC"), the acquisition was completed on October 28, 2019. The Company submitted and received AGLC approval on a further 4 applications for retail locations forming part of the Retail Opportunities.

5. ACQUISITIONS (cont'd)

Clarity Cooperation and Option Agreement (cont'd)

Consideration for option included:

a) a cash payment of $2,000,000 (paid) (Note 23);
b) the issuance of 5,000,000 common shares (the "Option Shares") to all of the Optionors, pro-rata (issued), subject to escrow release over two years (Note 19);
c) the issuance of an additional 1,000,000 common shares to a certain shareholder (issued) (Note 23); and
d) the issuance of 200,000 common shares for Clarity's legal services (the "Counsel Shares"). The Counsel Shares do not form part of the option price or the purchase price.

The Option Shares were valued at $2,880,000 and the Counsel Shares were valued at $96,000 as determined by the market price when issued being $0.48 per share (Note 19).

Consideration for acquisition of the Retail Opportunities included:

a) a cash payment, subject to a statement of adjustments of $500,000[1] ($250,000 paid) (Note 23) and $100 (paid) to Clarity;
b) the issuance of an aggregate 6,103,608 common shares (the "Acquisition Shares") to the Optionors based on each of the Optionors' pro-rata holdings of Clarity shares (issued) subject to escrow release over two years (Note 1);
c) $300,000 cash payment and $107,600 in reimbursement of realtor commissions due the earlier of six-month from closing (April 28, 2020 – unpaid as of June 30, 2020) or in the event Choom completes one or more equity financings for gross proceeds greater than $6,000,000; and
d) 10% of the first $100,000 in net proceeds plus 50% of all net proceeds in excess of $100,000 in the event Choom should sell certain retail locations included in the Cooperation Agreement.

[1] Pursuant to the acquisition of the Retail Opportunities, certain advances made to Clarity in connection with leasehold improvements and inventory may be adjusted against remaining amounts due to Clarity. As at June 30, 2020, the final adjustment statement remained outstanding.

The Acquisition Shares were valued at $1,342,794 as determined by the market price when issued being $0.22 per share (Note 19).

In connection with acquisition of the Retail Opportunities, the Company had advanced $5,894,836. These advances formed part of the consideration paid of the Retail Opportunities.

Under IFRS 3, the substance of the acquisition does not constitute a business combination as no processes were acquired and was accounted for as an asset acquisition recognized in property and equipment and the acquired development permits were recognized in intangible assets (Notes 12 and 13). The Option Shares were included in the purchase price of the Retail Opportunities and the Counsel Shares were included in the consolidated statements of loss and comprehensive loss during the year ended June 30, 2019.

(Expressed in Canadian Dollars)

5. ACQUISITIONS (cont'd)

Clarity Cooperation and Option Agreement (cont'd)

Details of the carrying amount and the fair value of identifiable assets and liabilities acquired and purchase consideration paid is as follows:

Option Payment		
Fair value of 6,000,000 Choom common shares issued	$	**2,880,000**
Cash payment		**2,000,000**
Acquisition of Retail Opportunities		
Fair value of 6,103,608 Choom common shares issued		**1,342,794**
Cash payment, advances and promissory note		**6,802,436**
Transaction costs		**176,527**
Total purchase price	$	**13,201,757**
Deposits	$	**86,245**
Inventory		**860,488**
Property and equipment		**3,616,512**
Store permits		**8,638,512**
Right of use assets		**5,067,815**
Lease liabilities		**(5,067,815)**
Net assets acquired	$	**13,201,757**

As at June 30, 2020, the Company has elected not to pursue applications with the AGLC on 13 locations included in the Retail Opportunities. Accordingly, the Company recorded an impairment of $4,627,511 under intangible assets (Note 13).

The Green Room

On August 6, 2019, the Company entered into an asset purchase agreement (the "Purchase Agreement") with CFPM Management Services Ltd. ("CFPM") and the shareholders of CFPM operating as The Green Room, a cannabis retail store chain. The agreement included the rights to purchase certain assets in connection with in-progress development of certain retail cannabis stores located in British Columbia and Alberta.

On November 18, 2019, the Company completed the acquisition of one leasehold premise and a municipal development permit located in Alberta (the "Green Room Retail Acquisition") for consideration of 1,860,226 common shares (the "Payment Shares") and Finders fees of 5% of the Payment Shares were included in the consideration. The Payment Shares are subject to escrow provisions over two years (Note 19).

The Payment Shares were valued at $316,238 as determined by the market price when issued being $0.17 per share (Note 19).

Under IFRS 3, the substance of the Green Room Retail Acquisition does not constitute a business combination as there were no processes or outputs acquired and was accounted for as an asset acquisition recognized in property and equipment and the acquired store permits was recognized in intangible assets (Notes 12 and 13).

Fair value of 1,860,226 Choom common shares issued	$	**316,238**
Total purchase price	$	**316,238**
Property and equipment	$	**116,238**
Store permits		**200,000**
Right of use assets		**70,922**
Lease liabilities		**(70,922)**
Net assets acquired	$	**316,238**

On November 21, 2019, pursuant to Purchase Agreement, Choom provided a notice of termination of the Purchase Agreement to CFPM and waived the acquisition of the remaining locations (other than the one location acquired on November 18, 2019).

(Expressed in Canadian Dollars)

5. ACQUISITIONS (cont'd)

During the year ended June 30, 2019 the Company completed the following acquisitions:

Medical Centre

On November 19, 2018 the Company entered into two share purchase agreement with the shareholders of Concord Medical, UCC, 1165962 BC, and WCC (collectively the "Medical Centre") to acquire the issued and outstanding shares of the Medical Centre. The transaction closed on December 10, 2018.

Consideration for the purchase was an aggregate cash payment of $100,002 and an aggregate 1,915,973 common shares (the "Consideration Shares") being the $900,000 equivalent of Choom shares calculated by the 10-day, VWAP. The Consideration Shares are subject to escrow provisions of which 20% (383,193) were released December 10, 2018 with the remaining balance to be released over the subsequent 24 months (Note 19).

The acquisition of the Medical Centre is a proprietary telemedicine platform that provides important education, access and expertise for referring patients in the use of cannabis for medical purposes. The Medical Centre approach makes it simple for new patients to access legal medical cannabis products in Canada and streamlines the process of registering with a licensed producer.

In accordance with IFRS 3, the substance of a transaction constitutes a business combination as the Medical Centre meets the definition of a business under the standard. Accordingly, the assets acquired and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date. The purchase price is based on management's estimate of fair value of the common shares issued and cash paid.

Management used a combination of income, market, work for replacement values and cost-based approaches to estimate fair value of the four operating clinics.

The Consideration Shares were valued at $977,146, as determined by the market price when issued being $0.51 per Consideration Share.

Details of the carrying amount and the fair value of identifiable assets and liabilities acquired and purchase consideration paid is as follows:

Fair value of 1,915,973 Choom common shares issued	$	**977,146**
Cash payment		**100,002**
Total purchase price	$	**1,077,148**
Cash	$	**15,613**
Taxes recoverable and other receivables		**18,194**
Property and equipment		**20,452**
Intangible assets (patient lists)		**67,000**
Goodwill		**973,050**
Trade payables		**(17,161)**
Net assets acquired	$	**1,077,148**

Goodwill is attributed to the workforce and profitability of the acquired business. It is not be deductible for tax purposes. A pre-tax discount rate of 23.4% was used in the fair value assumptions for the patients lists.

Mr. Forbes was a director and Chief Operating Officer ("COO") of the Company at the time of the acquisition (Mr. Forbes resigned as director and COO effective October 28, 2019). Mr. Forbes held a significant interest in the Medical Centre prior to the acquisition and the acquisition was considered a related party in the transaction (Note 23).

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash at banks earns interest at floating rates based on daily bank deposit rates. Pursuant to cash equivalents, the Company recognized $75,522 (2019 - $115,718) of interest income.

(Expressed in Canadian Dollars)

7. SHORT-TERM INVESTMENTS

As at June 30, 2020 the Company held $46,000 (2019 - $6,900) in guaranteed investment certificates ("GIC's") earning interest at approximately prime less 2.7% per annum and maturing October 22, 2020 (subsequently extended to October 22, 2021).

The GIC's are held as security for corporate credit cards and renewed automatically each year as such it has been reported as a short-term investment on the consolidated statements of financial position.

8. TRADE AND ACCOUNTS RECEIVABLE

The Company's trade and other receivables were comprised of the following:

		June 30 2020		June 30 2019
Trade accounts receivable	$	**143,009**	$	53,771
Sales tax receivable[1]		**129,434**		167,435
Interest on promissory notes receivable		**14,310**		42,115
Deposit receivables [2]		**-**		529,040
Amounts held in trust		**-**		100,010
Other receivables		**78,806**		10,806
Total trade and other receivables	$	**365,559**	$	903,177

As at June 30, 2020 and 2019 trade and accounts receivables primarily related to:

[1] Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

[2] Choom, through its wholly owned US subsidiary, entered into a non-binding letter of intent dated March 22, 2019 ("LOI") wherein Choom US was granted the option to purchase an equity interest in a New Jersey based (the "NJ Company") medical retail dispensary applicant in New Jersey's upcoming Request of Applications ("RFA") that also intends to enter into recreational cannabis retail upon legalization. Included in deposits is a refundable deposit of $Nil (2019 - $675,500 (US$500,000)) to Choom at any time prior to the execution of a definitive agreement. During the year ended June 30, 2019, $100,363 (US$75,000) was released from escrow to the NJ Company. On August 13, 2019, the parties terminated the LOI and the Company received the balance of funds of $529,040 (US$399,590) during the year ended June 30, 2020.

9. NOTES RECEIVABLE

Current		June 30 2020		June 30 2019
Promissory notes receivable	$	**-**	$	900,000

Non-current		June 30 2020		June 30 2019
Promissory notes receivable	$	**556,550**	$	7,379,861
Discount on promissory notes		**356,401**		-
Total	$	**912,951**	$	7,379,861

9. NOTES RECEIVABLE AND DEPOSITS (cont'd)

During the year ended June 30, 2020 and 2019, the Company entered into agreements for the following notes receivables or deposits with private companies in connection with various agreements and retail cannabis opportunities:

Current

Niagara Line of Credit

On June 3, 2019, the Company in connection with the Niagara Option (Note 5) entered into a revolving line of credit agreement for $900,000 ("Niagara LC") for the purposes of securing inventory for the Niagara Retail Store. The Niagara LC bore an interest rate of 15% compounded monthly. As at June 30, 2020, $Nil (2019 - $900,000) was due to the Company. During the year ended June 30, 2020, interest income of $97,212 (2019 - $14,178) was recorded in relation to the Niagara LC and $54,000 (2019 - $Nil) of interest receivable was received. On April 1, 2020, the Company completed the Niagara acquisition and the principal of the Niagara LC and accrued interest receivable of $57,390 was reclassified to form part of the consolidation and is eliminated.

Non-Current

Niagara Loan

As at June 30, 2020, $Nil (2019 - $968,761) was due to the Company in connection with the Niagara Option (Note 5) wherein the parties entered into a loan agreement for $1,000,000 ("Niagara Loan") for the purposes of leasehold improvements and build out costs in relation to the Niagara Retail Store. The Niagara Loan bore an interest rate of 15% compounded monthly. During the year ended June 30, 2020, interest income of $103,893 (2019 - $23,419) was recorded in relation to the Niagara Loan and $72,889 (2019 - $Nil) of interest receivable was received. On April 1, 2020, the Company completed the Niagara acquisition and the principal of the Niagara Loan and accrued interest receivable of $54,425 was reclassified to form part of the consolidation and is eliminated.

Clarity Advances

In connection with the Cooperation Agreement as described in Note 5, the Company made advances to secure retail opportunities in Alberta and leasehold improvements for retail cannabis locations secured under the Cooperation Agreement. As at October 28, 2019, the Company had advanced $5,894,836 (June 30, 2019 - $5,286,100) in funds secured by promissory note and loan agreement (the "Clarity Advances"). In connection with acquisition of the Retail Opportunities certain amounts included in these advances formed part of the consideration paid as described in Note 5.

Other Advances

In connection certain agreements in pursuing other retail opportunities, the Company as at June 30, 2020, had made advances of $875,000 (2019 - $1,125,000) which are to be used in developing a specified location into a cannabis retailer and secure certain retail opportunities in Canada. Repayment of these loans is secured by rental revenue generated by the recipient from this specified location from tenancy of any licensed cannabis retailer. In the event that the recipient is unable to secure tenancy by a licensed cannabis retailer, the loan is also secured by leasehold improvements and any proceeds from the sale of the location. The advances bear annual interest rates of 3% and mature on October 15, 2024.

The fair value of these loans was calculated by discounting the cash flows of the loan receivable over their term at an estimated market rate of comparable loans of 15%.

Pursuant to notes receivable described above, the Company recognized $18,626 (2019 - $Nil) of interest income in the consolidated statements of loss and comprehensive loss and $37,950 (2019 - $Nil) of accretion income net against financing costs in the consolidated statements of loss and comprehensive loss.

As at June 30, 2020, the Company recorded loss on notes receivable of $253,904 (2019 - $100,000) in connection with advances related to retail opportunities the Company no longer intends to pursue.

(Expressed in Canadian Dollars)

10. MARKETABLE SECURITIES

Marketable securities consist of an investment in 6,667 common shares of YDreams Global Interactive Technologies Inc. (formerly Apple Capital Inc.). As at June 30, 2020, the fair value of these common shares was $1,133 (2019 - $533). During the year ended June 30, 2020, the Company recorded a $600 fair value gain (2019 - $67 fair value loss) of marketable securities.

Marketable securities also included an investment of Nil (2019 - 318,878) common shares of High Tide Inc. The shares were received as compensation and recorded as other income of $113,202 during the year ended June 30, 2019. During the year ended June 30, 2020, the Company sold its investment in High Tide Inc. for net proceeds of $66,780 (2019 - $Nil) and recorded a loss of sale of marketable securities of $46,422 (2019 – $Nil). As at June 30, 2020, the fair value of these common shares was of $Nil (2019 - $113,202).

The fair value of the marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

11. INVENTORY

Inventory is comprised of the following:

		June 30 2020		June 30 2019
Cannabis	$	**932,935**	$	-
Accessories		**69,282**		-
Apparel		**-**		19,979
Total inventory	$	**1,002,217**	$	19,979

During the year ended June 30, 2020, the Company consumed the apparel inventory for promotional purposes and the balance was recorded as a marketing expense.

(Expressed in Canadian Dollars)

12. PROPERTY AND EQUIPMENT

		Leasehold Improvements		Land & Building		Furniture & Fixtures		Total
Cost								
Balance at June 30, 2018	$	57,422	$	-	$	188,468	$	245,890
Assets acquired on acquisition		-		-		20,452		20,452
Assets acquired		471,463		4,035,000		5,728		4,512,191
Disposition of assets		-		-		(162,101)		(162,101)
Balance June 30, 2019	$	528,885	$	4,035,000	$	52,547	$	4,616,432
Assets acquired on acquisition		**2,869,102**		**-**		**1,618,534**		**4,487,636**
Assets acquired		**2,582,048**		**-**		**409,441**		**2,991,489**
Disposition of assets		**-**		**(3,242,500)**		**-**		**(3,242,500)**
Property and equipment classified as assets held for sale		**-**		**(615,400)**		**-**		**(615,400)**
Balance June 30, 2020	**$**	**5,980,035**	**$**	**177,100**	**$**	**2,080,522**	**$**	**8,237,657**
Depreciation and impairment losses								
Balance at June 30, 2018	$	-	$	-	$	19,915	$	19,915
Depreciation for the year		-		-		3,508		3,508
Impairment for the year		109,072		-		-		109,072
Balance at June 30, 2019	$	109,072	$	-	$	23,423	$	132,495
Depreciation for the year		**111,078**		**97,719**		**260,448**		**469,245**
Disposition of assets		**-**		**(82,877)**		**-**		**(82,877)**
Property and equipment classified as assets held for sale		**-**		**(14,842)**		**-**		**(14,842)**
Impairment for the year		**408,369**		**177,100**		**16,620**		**602,089**
Balance June 30, 2020	**$**	**628,519**	**$**	**177,100**	**$**	**300,491**	**$**	**1,106,110**
Carrying amounts								
Carrying value at June 30, 2019	$	419,813	$	4,035,000	$	29,124	$	4,483,937
Carrying value at June 30, 2020	**$**	**5,351,516**	**$**	**-**	**$**	**1,780,031**	**$**	**7,131,547**

During the year end June 30, 2020, the Company completed the sale of certain buildings included in property and equipment for gross proceeds of approximately $1,025,000 (2019 - $Nil), of which $550,000 (2019 - $Nil) was used to extinguish the Niagara Note as described in Note 5. The Company recorded a loss on the sale of these buildings of $2,134,623 (2019 - $Nil).

During the year ended June 30, 2020, the Company acquired $2,042,267 in leasehold improvements and $1,574,245 in equipment in connection with the acquisition of the Clarity Retail Opportunities as described in Note 5.

During the year ended June 30, 2020, the Company acquired $116,238 in leasehold improvements in connection with the Green Room Retail Acquisition as described in Note 5.

During the year ended June 30, 2020, the Company acquired $710,597 in leasehold improvements and $44,289 furniture and fixtures in connection with the Niagara Acquisition as described in Note 5.

During the year ended June 30, 2020, additional leasehold improvements of $2,582,048 (2019 - $471,463) relate to improvements for various leasehold premises for the purposes of building out retail locations in advance of approval of various retail license applications. Depreciation of $111,078 (2019 - $Nil) was recorded for in use leasehold locations as at June 30, 2020.

During the year ended June 30, 2020, the Company leased a portion of the buildings and recorded depreciation of $97,719 (2019 - $Nil) for those assets in use.

During the year ended June 30, 2020, the Company disposed of assets with a net book value of $Nil (2019 - $162,101) in connection with the divesture of its interest in SMP (Note 25).

During the year ended June 30, 2020, the Company impaired assets in connection with leasehold improvements at a leased warehouse with a book value of $372,725 (2019 - $Nil) that was terminated on March 17, 2020.

12. PROPERTY AND EQUIPMENT (cont'd)

During the year ended June 30, 2020, $Nil (2019 - $107,847) in leasehold improvements which related to ICG, Medi-can and SMP leased premises were impaired as at June 30, 2019. An additional $35,644 (2019 - $1,225) in leasehold improvements which related to premises the Company ceased leasing during the year were impaired as at June 30, 2020.

Subsequent to the year ended June 30, 2020, the Company sold two buildings for net proceeds of $477,658 and $122,900. The Company recognized an impairment expense of $177,100 to reduce the carrying amount of one building to the fair market value, as estimated based on fair value less cost of disposal. These assets are classified as assets held for sale at June 30, 2020.

During the year ended June 30, 2020, the Company received a non-refundable deposit of $180,000 (2019 - $Nil) for the sale of a building. This sale agreement was terminated during the year and the non-refundable deposit is included in other income.

During the year ended June 30, 2020, the Company recognized rental income of $243,463 (2019 - $124,997) from leasing property and equipment as well as sub-lease agreements.

(Expressed in Canadian Dollars)

13. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets	Medi-can	IGC	SMP License	Store Permits	Patient List	Intellectual Property	Total
Balance at June 30, 2018	$ 2,849,835	$ 7,621,382	$ 78,541,183	$ -	$ -	$ 713,000	$ 89,725,400
Additions	-	-	41,167,957	-	67,000	83,693	41,318,650
Discontinued operations	(2,849,835)	(7,621,382)	(102,028,888)	-	-	-	(112,500,105)
Disposition	-	-	(17,680,252)	-	-	-	(17,680,252)
Amortization	-	-	-	-	(6,700)	-	(6,700)
Balance at June 30, 2019	$ -	$ -	$ -	$ -	$ 60,300	$ 796,693	$ 856,993
Additions	**-**	**-**	**-**	**12,400,512**	**-**	**24,394**	**12,424,906**
Impairment	**-**	**-**	**-**	**(4,627,511)**	**-**	**(713,000)**	**(5,340,511)**
Amortization	**-**	**-**	**-**	**-**	**(6,700)**	**-**	**(6,700)**
Balance June 30, 2020	$ -	$ -	$ -	**$ 7,773,001**	**$ 53,600**	**$ 108,087**	**$ 7,934,688**

Store Permits

Niagara Acquisition

During the year ended June 30, 2020, pursuant to the Niagara Option and acquisition of the Niagara Store, the Company acquired a Retail Operator License and Retail Store Authorization License in connection with the business combination as described in Note 5. Management used a combination of market values and cost-based measurements to estimate fair value for the licenses of $3,562,000 (2019 - $Nil) in accordance with Level 3 of the fair value hierarchy.

Clarity Retail Acquisition

During the year ended June 30, 2020, pursuant to the Cooperation Agreement and acquisition of the Retail Opportunities as described in Note 5, the Company acquired 27 municipal development permits with a fair value of $8,638,512. During the year ended June 30, 2020, 13 retail locations were opened and operating with one further application before the AGLC that were included in the Retail Opportunities. The remaining 13 retail development permits are currently on hold. Accordingly, the Company has recorded an impairment of $4,627,511 (2019 - $Nil) as at June 30, 2020 with a balance remaining of $4,011,001. Management used a combination of market values and cost-based measurements to estimate fair value for the permits of $4,011,001 (2019 - $Nil) in accordance with Level 3 of the fair value hierarchy.

Green Room Retail Acquisition

During the year ended June 30, 2020 pursuant to the Green Room Retail Acquisition as described in Note 5, the Company acquired one municipal development permit and recognized $200,000 in intangible assets.

No amortization has been taken during the year ended June 30, 2020 and 2019 as the development permits and retail licenses (“Store Permits”) are considered to have an indefinite life. Management used a combination of market values and cost-based measurements to estimate fair value for the permits of $200,000 (2019 - $Nil) in accordance with Level 3 of the fair value hierarchy.

Patient Lists

During the year ended June 30, 2019, the Company recorded the fair value of $67,000 for a patient list acquired on the acquisition of the Medical Clinics as described in Note 5. As these intangible assets are in use, amortization during the year ended June 30, 2020 was $6,700 (2019 - $6,700).

Intellectual Property

Website

During the year ended June 30, 2020, the Company recorded $Nil (2019 - $74,870) for the development of an online purchasing site to facilitate retail sales upon receipt of the Company obtaining a retail license in a jurisdiction where online sales are authorized.

Additionally, during the year ended June 30, 2020, the Company recorded an impairment of $713,000 (2019 - $Nil) in connection with website and intellectual property acquired in 2018 that was not integrated into the Company’s systems.

(Expressed in Canadian Dollars)

13. INTANGIBLE ASSETS AND GOODWILL (cont'd)

Intellectual Property (cont'd)

No amortization has been taken during the year ended June 30, 2019 as the website are considered to have an indefinite life.

Trademarks

During the period ended March 31, 2020 the Company recorded $24,394 (2019 - $8,823) for the development of Choom's trademarks.

No amortization has been taken during the years ended June 30, 2020 and 2019 as the trademarks are considered to have an indefinite life.

Medi-Can, IGC and SMP

As a result of the re-focus of the Company's business strategy to that of retail cannabis and due to the unlikelihood of receipt of cultivation licenses under the ACMPR, the Company recorded an impairment loss of $2,849,835 and $7,621,832 for the Medi-Can and IGC cultivation license applications, respectively (Note 25), determined using the fair value less costs of disposal in accordance with Level 3 of the fair value hierarchy. This amount was included in loss from discontinued operations in the consolidated statements of loss and comprehensive loss.

As a result of the share purchase agreement for SMP as described in Note 25, the Company recorded an impairment of $102,028,888 during the year ended June 30, 2019, determined based on the estimated fair value less cost of sale, in accordance with Level 3 of the fair value hierarchy. This amount was included in loss on sale of SMP in the loss from discontinued operations in the consolidated statements of loss and comprehensive loss.

Goodwill		**Medical Centre**		**Niagara Store**		**Total**
Balance at June 30, 2018	$	-	$	-	$	-
Additions on acquisition		973,050		-		973,050
Balance at June 30, 2019	$	973,050	$	-	$	973,050
Additions on acquisition		**-**		**2,181,521**		**2,181,521**
Balance June 30, 2020	$	**973,050**	$	**2,181,521**	$	**3,154,571**

The Company recognized goodwill of $973,050 in connection with the acquisition of the Medical Centre, as described in Note 5. All goodwill was allocated to Medical Centre.

The Company recognized goodwill of $2,181,521 in connection with the acquisition of the Niagara Store, as described in Note 5. All goodwill was allocated to Niagara Store.

Subsequent to acquisition, the carrying amount of goodwill has been tested for impairment annually as at June 30, and whenever there have been events or changes in circumstances which indicated that the carrying amount may not be recoverable. Goodwill impairment testing compares the recoverable amount of the CGU to its carrying amount, with any deficiency recognized as goodwill impairment. Impairment losses relating to goodwill cannot be reversed in future periods.

(Expressed in Canadian Dollars)

13. INTANGIBLE ASSETS AND GOODWILL (cont'd)

Medi-Can, IGC and SMP (cont'd)

In accordance with IAS 36 *Impairment of Assets*, as at June 30, 2020, the recoverable amounts of the Medical Centre CGU and Niagara Store CGU's net assets have been determined using the higher of the estimated fair value less costs to sell and its value-in-use. These approaches are based on future cash flow assumptions projected until 2025 using a discount rate of 24.5% and 27.9% respectively. These projections carry a material degree of uncertainty in estimating the recoverable amounts of the CGU. In making such assumptions, management has used its best estimate of future economic and market conditions. These valuations are categorized as Level 3 in the fair value hierarchy.

As at June 30, 2020 and 2019, the estimated recoverable amount of the Medical Centre CGU and Niagara Store CGU is greater than its carrying value including goodwill. Accordingly, no impairment has been recorded in the Company's consolidated statements of loss and comprehensive loss for the years ended June 30, 2020 and 2019.

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of Use Assets		
Balance at June 30, 2019	$	-
Recognition upon adoption of IFRS 16		**1,563,935**
Additions		**2,800,250**
Initial direct costs		**415,561**
Acquired on acquisition		**5,138,737**
Depreciation		**(1,290,066)**
Terminations		**(532,102)**
Balance at June 30, 2020	$	**8,096,315**

Lease Liability		
Balance at June 30, 2019	$	-
Recognition upon adoption of IFRS 16		**1,563,935**
Additions		**2,800,250**
Acquired on acquisition		**5,138,737**
Lease interest expense		**620,945**
Payments		**(1,687,445)**
Terminations		**(496,685)**
Balance at June 30, 2020	$	**7,939,737**

Short-term portion	$	**1,350,201**
Long-term portion		**6,589,536**
Total	$	**7,939,737**

The Company recognized right of use asset and a corresponding lease liability upon the adoption of IFRS 16 related to its premises under lease (Note 3). Amortization of the right of use asset is calculated over the term of the lease. Interest expense of $620,945 (2019 - $Nil) is included in financing costs and payments are applied against the lease liability. The Company incurred initial direct costs on the acquisition of a lease as described in Note 17.

The Company terminated leases during the year and recorded a loss on termination of lease of $35,417 (2019 - $Nil) in administrative and general expenses.

(Expressed in Canadian Dollars)

15. OTHER ASSETS

During the year ended June 30, 2019, the Company recorded $1,000,000 in connection with the Niagara Option as described in Note 5. Given the potential fluctuations of the value of the shares or assets of the Niagara Store, the Company accounted for the Niagara Option as a derivative asset at fair value through profit or loss. All transaction costs incurred are recorded in the consolidated statements of loss and comprehensive loss. As at June 30, 2019, due to the significant variability in the range of reasonable fair value measurements, management determined that the cost of $1,000,000 of the option was the most reasonable estimate of fair value. On April 1, 2020, the Company completed the business combination and accordingly $1,000,000 was transferred to acquisition costs as described in Note 5.

During year ended June 30, 2019, the Company recorded $4,880,000 in connection with the Clarity Cooperation Agreement. Given the potential fluctuations of the value of the shares or assets of the Clarity Retail Opportunities, the Company accounted the Clarity Cooperation Agreement as a derivative asset at fair value through profit or loss. All transaction costs incurred are recorded in the consolidated statements of loss and comprehensive loss. As at June 30, 2019, due to the significant variability in the range of reasonable fair value measurements, management determined that the cost of $4,880,000 of the option is the most reasonable estimate of fair value. On October 28, 2019, the Company closed the Clarity Retail Opportunities transaction and accordingly $4,880,000 was transferred to acquisition costs as described in Note 5.

16. TRADE AND OTHER PAYABLES

	Note		June 30 2020		June 30 2019
Trade payables		$	**1,976,852**	$	713,088
Sales tax payable			**212,155**		-
Interest payable on convertible debentures and notes	18		**1,695,324**		854,795
Due to related parties	22		**98,408**		47,351
Total trade and other payables		$	**3,982,739**	$	1,615,234

17. NOTES PAYABLE

In June 2020, the Company entered into a promissory note agreement with an arms-length individual, for proceeds of $900,000. The note payable is due June 4, 2021, unsecured and bears interest at 15% per annum.

In June 2020, the Company entered a promissory note agreement with an arms-length company, as consideration for a purchase of a lease assignment. The total consideration paid was $365,000, of which $210,000 was a note payable. The consideration was included as an addition to right of use assets (Note 14). The Company is required to make monthly payments of $17,500 beginning on June 1, 2020. Any remaining balance of the note payable and interest is due June 1, 2021. The note payable is unsecured and bears interest at 15% per annum.

18. CONVERTIBLE DEBENTURES

December 2019 Financing

On December 23, 2019, completed a non-brokered private placement of debenture units at $250,000 per unit for gross proceeds of $4,100,000 (the "December 2019 Debentures").

The December 2019 Debentures will mature on December 23, 2021, subject to the rights of a holder to extend the term up to a further 12 months and will accrue interest at the rate of 10% per annum, payable semi-annually. At a holder's option, the December 2019 Debentures may be converted into common shares of Choom at a conversion price of $0.15 per share. Under the Offering, the Company also issued 1,666,666 transferable common share purchase warrants per debenture unit for an aggregate 27,333,330, each such warrant to be exercisable to acquire one common share for a four-year period at an exercise price of $0.20 per share.

The December 2019 Debentures are secured by certain property of the Company, and rank pari passu in right of payment of principal and interest and may be redeemed by the Company on certain conditions. The maximum amount of principal secured may be increased with the consent of the December 2019 Debenture holders representing the majority of the outstanding principal.

Two related parties of the Company participated in the December 2019 Debentures offering and acquired debenture units for $2,100,000 (Note 23).

18. CONVERTIBLE DEBENTURES (cont'd)

December 2019 Financing (cont'd)

The Company determined the conversion feature and warrants components of the December 2019 Debentures meet the definition of equity instruments as the Company is obligated to issue a fixed number of shares for a fixed price. The Company used the residual value method to allocate the principal amount of the December 2019 Debenture between the liability and equity components. The Company valued the debt component of the December 2019 Debenture by calculating the present value of principal and interest payments, discounted at a rate of 18.5% which represents management's best estimate of the rate that a non-convertible secured debenture with similar terms and risk would earn.

As at June 30, 2020, interest in connection with the December 2019 Debentures of $214,051 (2019 - $Nil) is included in trade and other payables. Subsequent to June 30, 2020 this interest payable balance was paid.

Aurora

On November 2, 2018, the Company completed a non-brokered private placement of a debenture (the "Aurora Debenture") in the principal amount of $20,000,000 in Choom with Aurora Cannabis Inc. ("Aurora"), convertible into common shares of Choom at a conversion price of $1.25 per share and will mature on November 2, 2022.

Aurora has also secured the right to acquire up to 40% of the Company at $2.75 per common share through the issuance of warrants described below.

The Aurora Debenture is non-transferrable and bears an annual interest rate of 6.5% calculated semi-annually, payable annually in arrears on the anniversary date. Aurora may elect to receive interest payments in common shares in lieu of cash at a price per common share equal to the VWAP of the common shares for the 20 trading days ending prior to the date on which such interest payment is due.

In connection with the Aurora Debenture, the Company also issued to Aurora, for no additional consideration, 95,760,367 common share purchase warrants at an exercise price of $2.75, subject to adjustments in accordance with the terms thereof, to allow Aurora to increase its pro rata equity interest in Choom to approximately 40% expiring on November 2, 2020. Additionally, the Company issued 703,881 pro-rata warrants to Aurora at an exercise price of $1.25 expiring on November 2, 2020.

The Company determined the conversion feature, warrants and pro-rata warrants components of the Aurora Debenture meet the definition of equity instruments as the Company is obligated to issue a fixed number of shares for a fixed price. The Company used the residual value method to allocate the principal amount of the Aurora Debenture between the liability and equity components. The Company valued the debt component of the Aurora Debenture by calculating the present value of principal and interest payments, discounted at a rate of 21.9% which represents managements best estimate of the rate that a non-convertible debenture with similar terms and risk would earn.

On June 24, 2020, the parties amended the terms of the Aurora Debenture (the "Amended and Restated Aurora Debenture") wherein Choom, among other things granted to Aurora a second ranking security interest over all of its present and after-acquired property of Choom. The security interest is governed in accordance with the terms and conditions of a security agreement between Choom and Aurora dated June 24, 2020. Among other amendments, the Amended and Restated Aurora Debenture includes amendments reflecting (i) a 90-day exclusivity period during which the Aurora has agreed not to sell, transfer or assign its indebtedness to any third party, (ii) a right of first refusal in favour of Choom in respect of any future proposed sale, transfer or assignment of the indebtedness by Aurora, and (iii) a reduction of the conversion price of the debenture from $1.25 to $0.65 per share.

The Amended and Restated Aurora Debenture is, as at June 30, 2020, a secured convertible debenture maturing on November 2, 2022 (the "Maturity Date"), convertible into common shares: (i) at the option of Aurora, any time prior to the Maturity Date at a conversion price of $0.65 per common share, subject to a minimum conversion amount of $5,000,000, and (ii) at the option of Choom any time after the hold period has expired and the volume weighted average trading price ("VWAP") of the common shares is $3.00 or more for a period of 10 consecutive trading days.

Interest due on November 2, 2019 in the amount of $1,354,173 was settled pursuant to the Amended and Restated Aurora Debenture in two instalments of $677,086 on June 24, 2020 (paid) and $677,087 on July 24, 2020 (paid). As at June 30, 2020, interest in connection with the Aurora Debenture of $1,481,273 (2019 - $854,795) is included in trade and other payables. Subsequent to June 30, 2020, $677,086 of this interest payable balance was paid.

(Expressed in Canadian Dollars)

18. CONVERTIBLE DEBENTURES (cont'd)

Aurora (cont'd)

In accordance with IFRS 9, the Company determined that the changes within the Amended and Restated Aurora Debenture is not significant enough to be considered an extinguishment of the initial convertible debenture, and as such, has been accounted for as a modification of financial liability. The cash flows under the Amended and Restated Aurora Debenture was rediscounted at the original effective interest rate on the modification date, and as a result, a gain of modification of debt of $83,747 (2019 - $Nil) is recorded on the consolidated statements of loss and comprehensive loss.

The following table summarizes the accounting for the convertible debentures and the amounts recognized in respect of the liability and equity components during the years ended June 30, 2020 and 2019 is as follows:

	Liability Portion	Equity Portion
Balance at June 30, 2018	$ -	$ -
Issuance of the convertible debenture	12,250,690	7,749,310
Transaction costs	(262,858)	(166,274)
Accretion expense	692,296	-
Deferred income tax recovery	-	(2,163,285)
Balance at June 30, 2019	$ 12,680,128	$ 5,419,751
Issuance of the convertible debenture	**3,597,900**	**502,100**
Transaction costs	**(156,390)**	**(16,001)**
Gain on modification of debt	**(83,747)**	**-**
Accretion expense	**1,569,021**	**-**
Deferred income tax recovery	**-**	**(166,524)**
Balance at June 30, 2020	**$ 17,606,912**	**$ 5,739,326**

As at June 30, 2020, accretion and interest of $3,086,634 (2019 - $960,666) is recorded as financing costs in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

19. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company's authorized share capital is an unlimited number of common shares with no par value.

The following is a summary of changes in share capital from July 1, 2018 to June 30, 2020:

	Number	Issue Price	Total
Balance at June 30, 2018	178,747,288	-	$110,362,719
Exercise of warrants	4,468,650	$0.25	1,117,162
Exercise of warrants	60,000	$0.75	45,000
Exercise of options	50,000	$0.17	8,500
Fair value of options transferred on exercise	-	-	7,710
Issued for purchase of Clarity Medical Clinics	1,915,973	$0.51	977,146
Issued shares for Clarity MD Option	6,000,000	$0.48	2,880,000
Shares issued for compensation	200,000	$0.48	96,000
Issued shares pursuant to Share Commitments	124,902	$1.03	128,649
Issued compensation shares	100,000	$0.56	56,000
Share issue costs	-	-	(5,506)
Balance at June 30, 2019	191,666,813	-	$115,673,380
Issued shares pursuant to Share Commitments	**1,124,127**	**$1.03**	**1,157,850**
Issued for private placement	**2,500,000**	**$0.40**	**1,000,000**
Residual value allocated for warrants	**-**	**-**	**(62,500)**
Shares issued for compensation	**60,000**	**$0.43**	**25,800**
Issued for Clarity acquisition	**6,103,608**	**$0.22**	**1,342,794**
Issued for Green Room acquisition	**1,860,226**	**$0.17**	**316,238**
Issued for Niagara acquisition	**22,126,066**	**$0.09**	**2,000,000**
Issued shares for debt	**303,030**	**$0.155**	**46,970**
Issued shares for debt	**10,000**	**$0.090**	**900**
Share issue costs	**-**	**-**	**(41,141)**
Balance at June 30, 2020	**225,753,870**		**$121,460,291**

During the year end June 30, 2020, the Company issued the following:

Pursuant to the SMP Acquisition as described in Note 25, the Company issued an aggregate 1,124,127 common shares pursuant to the Choom Share Commitments. The amount reclassified from obligation to issue shares to share capital was $1,157,850.

On September 20, 2019, the Company completed a non-brokered private placement of 2,500,000 units at a price of $0.40 per unit (a "Unit") for gross proceeds of $1,000,000. Each Unit consists of one common share of the Company and one-half of a share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company at a price of $0.60 for a period of 18 months The Company allocated $937,500 to the common shares issued and $62,500 to the share purchase warrants using the residual method.

Pursuant to a consulting agreement, the Company issued 60,000 common shares as compensation. The common shares were valued at $25,800 as determined by the market price when issued being $0.43 per share.

The Company issued 6,103,608 common shares pursuant to the Cooperation Agreement. The common shares were valued at $1,342,794 as determined by the market price when issued being $0.22 per share (Note 5).

The Company issued 1,860,226 common shares pursuant to the Green Room Retail Acquisition. The common shares were valued at $316,238 as determined by the market price when issued being $0.17 per share (Note 5).

The Company issued 22,126,066 common shares pursuant to the Niagara Acquisition as described in Note 5 on April 1, 2020. The number of common shares issued was determined by dividing $2,000,000 by the 10-day VWAP of $0.09 for 22,126,066.

On December 23, 2019, the Company settled trade payables of $50,000 through the issuance of 303,030 common shares. The common shares were valued at $46,970 as determined by the market price when issued being $0.165 per share, resulting in a $3,030 gain on settlement of debt.

(Expressed in Canadian Dollars)

19. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

On February 19, 2020, the Company was party to a termination agreement with respect to a lease agreement in connection with the Clarity Acquisition wherein Clarity paid $10,000 cash and Choom issued 10,000 common shares as for consideration for termination of the lease obligation. The common shares were valued at $900 as determined by the market price when issued being $0.09 per share.

In connection with these share issuances, the Company incurred $41,141 of share issuance costs that is recorded as a reduction against share capital.

During the year ended June 30, 2019, the Company issued the following:

Pursuant to the exercise of share purchase warrants, the Company issued an aggregate 4,468,650 common shares at an exercise price of $0.25 per common share and 60,000 common shares at an exercise price of $0.75 per common share. The weighted average share price on the exercise date of these warrants was $0.66.

Pursuant to the exercise of options, the Company issued 50,000 common shares at an exercise price of $0.17 per common share. The weighted average share price on the exercise date of these warrants was $1.13.

Pursuant to the purchase of the Medical Centre acquisition as described in Note 5, the Company issued an aggregate 1,915,973 common shares as consideration. The common shares were valued at $977,146 as determined by the market price when issued being $0.51 per shares.

Pursuant to the grant of the Cooperation Agreement as described in Note 15, the Company issued an aggregate 6,000,000 common shares as consideration. The common shares were valued at $2,880,000 as determined by the market price when issued being $0.48 per share.

Pursuant to the grant of the Cooperation Agreement as described in Note 15, the Company issued 200,000 Counsel Shares. The Counsel Shares were valued at $96,000 as determined by the market price when issued being $0.48 per share.

Pursuant to the SMP Acquisition as described in Note 5, the Company issued an aggregate 124,902 common shares pursuant to the Choom Share Commitments. The amount reclassified from obligation to issue shares to share capital was $128,649.

Pursuant to a consulting agreement, the Company issued 100,000 common shares as compensation. The common shares were valued at $56,000 as determined by the market price when issued being $0.56 per share.
In connection with these share issuances, the Company incurred $5,506 of share issuance costs that is recorded as a reduction against share capital.

b) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from July 1, 2018 to June 30, 2020:

	Number	Weighted Average Price
Balance at June 30, 2018	6,881,150	$0.43
Exercised	(4,528,650)	$0.26
Issued	97,514,248	$2.73
Balance at June 30, 2019	99,866,748	$2.69
Expired	**(900,000)**	**$0.75**
Issued	**28,583,330**	**$0.22**
Balance at June 30, 2020	**127,550,078**	**$2.13**

(Expressed in Canadian Dollars)

19. SHARE CAPITAL AND RESERVES (cont'd)

b) Share Purchase Warrants (cont'd)

As at June 30, 2020, the share purchase warrants have a weighted average remaining contractual life of 1.02 years (2019 – 1.31) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

	Number	Price Per Share	Expiry Date
	2,352,500	**$0.75**	**6-Aug-20[1]**
	150,000	**$0.42**	**18-Jan-24**
	95,760,367	**$2.75**	**2-Nov-20**
	703,881	**$1.25**	**2-Nov-20**
	1,250,000	**$0.60**	**20-Mar-21**
	27,333,330	**$0.20**	**23-Dec-23**
	127,550,078		

[1]On July 16, 2019 the Company extended the expiry date of August 6, 2019 to August 6, 2020 (See Note 34).

c) Escrow Shares

As at June 30, 2020, there were 28,870,072 (2019 – 14,382,780) common shares held in escrow as follows:

i) 1,875,000 common shares (2019 – 5,625,000) held in escrow in connection with the Medi-can Acquisition as described in Note 5. Every six months, 1,875,000 common shares are released from escrow;
ii) Nil common shares (2019 – 2,880,000) held in escrow in connection with the IGC Transaction as described in Note 5 remain in escrow;
iii) 172,500 common shares (2019 – 345,000) held in escrow in connection with the purchase of intangible assets. Every six months 86,250 are released from escrow;
iv) 3,000,000 common shares (2019 – 4,000,000) held in escrow in connection with the Clarity Option as described in Note 15. Every six months 1,000,000 shares are released from escrow;
v) 766,394 common shares (2019 – 1,532,780) held in escrow in connection the Medical Clinic acquisition as described in Note 5. Every six months 383,193 shares are released from escrow; and
vi) 930,112 common shares (2019 – Nil) held in escrow in connection with the Green Room Retail Acquisition as described in Note 5. Every six month 465,057 shares are released from escrow.
vii) 22,126,066 common shares (2019 – Nil) held in escrow in in Connection with the Niagara acquisition as described in Note 5. These shares held in escrow are released as follows: 10% four months after closing of the Niagara acquisition, 10% on December 31, 2020, and the balance 12 months after closing of the Niagara acquisition.

(Expressed in Canadian Dollars)

20. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option exercise price under each option shall be not less than the Discounted Market Price as defined in the policies of the Exchange on the Grant Date.

The following is a summary of changes in options from July 1, 2019 to June 30, 2020:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Cancelled/ Expired	Closing Balance	Vested and Exercisable	Unvested
16-Nov-17	16-Nov-22	$0.17	2,900,000	-	-	**-**	**2,900,000**	**2,900,000**	**-**
27-Feb-18	27-Feb-23	$0.75	600,000	-	-	**(500,000)**	**100,000**	**100,000**	**-**
19-Mar-18	19-Mar-23	$1.06	500,000	-	-	**(500,000)**	**-**	**-**	**-**
11-Apr-18	11-Apr-23	$0.84	50,000	-	-	**(50,000)**	**-**	**-**	**-**
13-Apr-18	13-Apr-23	$0.91	110,000	-	-	**-**	**110,000**	**110,000**	**-**
10-May-18	10-May-23	$0.84	100,000	-	-	**(100,000)**	**-**	**-**	**-**
15-Jun-18	15-Jun-23	$0.35	1,000,000	-	-	**-**	**1,000,000**	**1,000,000**	**-**
19-Jun-18	19-Jun-23	$1.26	700,000	-	-	**(700,000)**	**-**	**-**	**-**
20-Jun-18	20-Jun-23	$1.41	250,000	-	-	**(250,000)**	**-**	**-**	**-**
01-Aug-18	01-Aug-23	$1.28	250,000	-	-	**(250,000)**	**-**	**-**	**-**
17-Aug-18	17-Aug-23	$1.07	100,000	-	-	**(100,000)**	**-**	**-**	**-**
07-Nov-18	07-Nov-23	$0.91	1,560,000	-	-	**(1,460,000)**	**100,000**	**100,000**	**-**
10-Dec-18	10-Dec-23	$0.465	200,000	-	-	**-**	**200,000**	**200,000**	**-**
11-Mar-19	11-Mar-24	$0.69	1,085,000	-	-	**(1,010,000)**	**75,000**	**75,000**	**-**
15-Mar-19	15-Mar-24	$0.69	100,000	-	-	**(100,000)**	**-**	**-**	**-**
26-Aug-19	26-Aug-24	$0.41	-	**5,000,000**	**-**	**(5,000,000)**	**-**	**-**	**-**
10-Sep-19	10-Sep-24	$0.43	-	**300,000**	**-**	**(300,000)**	**-**	**-**	**-**
7-Oct-19	7-Oct-24	$0.32	-	**300,000**	**-**	**(300,000)**	**-**	**-**	**-**
4-Nov-19	4-Nov-24	$0.235	-	**200,000**	**-**	**-**	**200,000**	**40,000**	**160,000**
30-Dec-19	30-Dec-24	$0.165	-	**9,242,500**	**-**	**(487,500)**	**8,755,000**	**3,697,000**	**5,058,000**
18-Feb-20	18-Feb-25	$0.145	-	**300,000**	**-**	**-**	**300,000**	**120,000**	**180,000**
			9,505,000	**15,342,500**	**-**	**(11,107,500)**	**13,740,000**	**8,342,000**	**5,398,000**
Weighted Average Share Price			$0.64	**$0.25**	**-**	**$0.64**	**$0.20**	**$0.23**	**$0.17**
Weighted Average Life Remaining (years)			3.45	**4.38**	**-**	**-**	**3.89**	**3.49**	**4.50**

The following is a summary of changes in options from July 1, 2018 to June 30, 2019:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Cancelled/ Expired	Closing Balance	Vested and Exercisable	Unvested
16-Nov-17	16-Nov-22	$0.17	2,950,000	-	(50,000)	-	2,900,000	2,900,000	-
27-Feb-18	27-Feb-23	$0.75	600,000	-	-	-	600,000	500,000	100,000
19-Mar-18	19-Mar-23	$1.06	500,000	-	-	-	500,000	500,000	
11-Apr-18	11-Apr-23	$0.84	50,000	-	-	-	50,000	50,000	-
13-Apr-18	13-Apr-23	$0.91	110,000	-	-	-	110,000	110,000	-
7-May-18	7-May-23	$0.88	50,000	-	-	(50,000)	-	-	-
10-May-18	10-May-23	$0.84	100,000	-	-	-	100,000	100,000	-
15-Jun-18	15-Jun-23	$0.35	1,000,000	-	-	-	1,000,000	1,000,000	-
19-Jun-18	19-Jun-23	$1.26	700,000	-	-	-	700,000	550,000	150,000
20-Jun-18	20-Jun-23	$1.41	250,000	-	-	-	250,000	250,000	-
1-Aug-18	1-Aug-23	$1.28	-	250,000	-	-	250,000	125,000	125,000
17-Aug-18	17-Aug-23	$1.07	-	100,000	-	-	100,000	-	100,000
7-Nov-18	7-Nov-20	$0.91	-	1,710,000	-	(150,000)	1,560,000	1,560,000	-
10-Dec-18	10-Dec-23	$0.47	-	200,000	-	-	200,000	50,000	150,000
11-Mar-19	11-Mar-24	$0.69	-	1,110,000	-	(25,000)	1,085,000	1,085,000	-
15-Mar-19	15-Mar-24	$0.69	-	100,000	-	-	100,000	100,000	-
			6,310,000	3,470,000	(50,000)	(225,000)	9,505,000	8,880,000	625,000
Weighted Average Share Price			$0.53	$0.84	$0.17	$0.88	$0.64	$0.61	$0.96
Weighted Average Life Remaining (years)			4.58	3.03	-	-	3.45	3.41	4.09

(Expressed in Canadian Dollars)

20. SHARE-BASED PAYMENTS (cont'd)

b) Fair Value of Options Issued During the Period

During the year ended June 30, 2020, the weighted average fair value at grant date of options granted was $0.25 (2019 - $0.84) per option. During the year ended June 30, 2020, there were 15,342,500 (2019 – 3,470,000) options granted. As at June 30, 2020, 13,740,000 (2019 – 9,505,000) options were outstanding of which 8,342,000 (2019 – 8,880,000) were exercisable under the Plan with a weighted average contractual life of 3.49 years.

c) Expenses Arising from Share-based Payment Transactions

The model inputs for options granted or vested during the year ended June 30, 2020 and 2019 included:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
26-Aug-19	26-Aug-24	$0.385	$0.41	1.17%	5	144.01%	0%
10-Sep-19	10-Sep-24	$0.43	$0.43	1.17%	5	147.48%	0%
7-Oct-19	7-Oct-24	$0.295	$0.32	1.46%	5	141.76%	0%
4-Nov-19	4-Nov-24	$0.235	$0.235	1.51%	5	142.16%	0%
30-Dec-19	30-Dec-24	$0.165	$0.165	1.64%	5	141.26%	0%
18-Feb-20	18-Feb-25	$0.145	$0.15	1.21%	5	140.33%	0%
1-Aug-18	1-Aug-23	$1.25	$1.28	2.25%	5	147.48%	0%
17-Aug-18	17-Aug-23	$1.07	$1.07	2.25%	5	147.48%	0%
7-Nov-18	7-Nov-20	$0.90	$0.91	2.27%	5	146.43%	0%
10-Dec-18	10-Dec-23	$0.51	$0.47	1.93%	5	146.73%	0%
11-Mar-19	11-Mar-24	$0.69	$0.69	1.43%	5	148.23%	0%
15-Mar-19	15-Mar-24	$0.69	$0.69	1.43%	5	148.23%	0%

The risk-free rate of periods within the expected life of the stock option is based on the Canadian government bond rate. The forfeiture rate assumption is based on historical results, which is estimated to be nil, and the annualized volatility is based on the Company's historical share prices.

The total fair value of options issued during the year ended June 30, 2020 was $1,766,401 (2019 - $3,709,486) of which $1,320,603 (2019 - $3,453,119) has been recorded as a share-based payment expense in the consolidated statements of loss and comprehensive loss with a corresponding increase in contributed surplus. The remaining amount of $445,798 (2019 - $256,367) will be expensed as the remaining unvested options vest.

21. ADMINISTRATIVE AND GENERAL EXPENSES

	Note		For the Years Ended June 30 2020		2019
Accounting and legal		$	**1,031,135**	$	2,228,894
Business licenses and permits			**183,877**		-
Conferences			**28,176**		62,138
Consulting	22		**1,887,185**		2,110,795
Development and training			**-**		21,319
Insurance			**196,358**		68,681
Interest and services charges			**167,104**		13,545
Office and administration fees	22		**660,300**		259,528
Property taxes			**12,549**		46,492
Realtor commissions and fees			**242,556**		195,414
Regulatory fees			**54,438**		55,735
Rent, utilities and security			**307,013**		419,154
Shareholder communications			**97,200**		230,373
Lease expenses			**250,424**		544,371
Transfer agent fees			**9,764**		12,863
Travel			**293,738**		350,308
Total administrative and general expenses		$	**5,421,817**	$	6,619,610

(Expressed in Canadian Dollars)

22. KEY MANAGEMENT AND PERSONNEL COMPENSATION

Compensation for key management and personnel, including Company officers, directors, and private companies controlled by officers and directors, was as follows:

		June 30 2020		June 30 2019
Key management personnel compensation comprised:				
Consulting fees	$	**672,949**	$	816,997
Administration		**198,415**		49,211
Wages		**246,902**		-
Share-based payments		**732,516**		971,761
	$	**1,850,782**	$	1,837,969

During the year ended June 30, 2020, a total of 12,480,000 (2019 – 1,220,000) options were granted to directors, officers with an average exercise price of $0.26 (2019 - $0.79).

Included in trade and other payables are amounts due to officers, directors and former officers, directors and related parties for fees and expenses of $98,408 (2019 – $47,351) (Note 16).

23. RELATED PARTY TRANSACTIONS

Transactions

In connection with the SMP Acquisition and Divesture, the Medical Centre Acquisition and the Cooperation Agreement, Mr. Forbes a director of the Company at the time of acquisitions (Mr. Forbes resigned effective October 28, 2019) had an interest in each transaction considered to be related party transactions wherein:

i) In connection with the SMP Divesture, Mr. Forbes a former director and officer was issued Nil (2019 - 659,814) Share Commitments of which 329,906 (2019 - 36,656) common shares had been issued during the year ended June 30, 2020 (Note 25);

ii) In connection with the Cooperation Agreement, included in the consideration is 8,866,500 (4,443,250 issued) Choom Shares and $2,500,000 ($2,250,000 paid) to Mr. Forbes pursuant to the terms of the Cooperation Agreement (Note 5).

iii) In connection with the acquisition of the Medical Centre, Mr. Forbes was issued 638,658 Choom Shares and cash of $66,667 as part of the consideration (Note 5).

December 2019 Financing

In connection with the December 2019 Debenture offering (Note 18), two related parties being a director and family member of a director participated for an aggregate amount of $2,100,000.

24. LOSS PER SHARE

	June 30 2020	June 30 2019
Loss from continuing operations attributable to ordinary shareholders	**$(20,240,749)**	$(11,431,088)
Weighted average number of common shares	**205,122,695**	183,185,574
Basic and diluted loss per share from continuing operations	**$(0.10)**	$(0.06)
Loss from discontinued operations attributable to ordinary shareholders	**$(105,677)**	$(89,720,697)
Weighted average number of common shares	**205,122,695**	183,185,574
Basic and diluted loss per share from discontinued operations	**$(0.00)**	$(0.49)

25. DISCONTINUED OPERATIONS

During the prior year ended June 30, 2019, management changed the Company's strategic plan to focus on becoming a retail cannabis applicant and developing a network of retail cannabis stores. Accordingly, the Company made the decision not to pursue the cultivation sector of the cannabis industry. As a result, the Company divested and sold its 90.2% interest in Sitkwa Weedworks Inc. ("SMP") to the original key shareholders during the year ended June 30, 2019.

Medi-Can and IGC were in the business of cultivating and selling marijuana for medical purposes and related products under the ACMPR that the Company acquired during the year ended June 30, 2018. With the change in the Company's strategic plan, the cultivation licenses were fully impaired during the year ended June 30, 2019 (Note 13).

Sitka Weedworks Inc.

The Company, via its wholly owned subsidiary, Arbutus, acquired Sitka Weedworks Inc. (formerly Specialty Medijuana Products) by way of a share exchange agreement during the year ended June 30, 2018. On October 17, 2018, SMP received its cultivation license from Health Canada. Accordingly, management estimated the fair value of the Choom Share Commitments owed to the selling shareholders of SMP based market share price of $1.03 to be $41,167,957 being the share price on the date the cultivation license was granted and recorded it as an addition to the Arbutus intangible asset (Note 13).

On December 10, 2018, the Company entered into a share purchase agreement with the original key shareholders of SMP whereby Arbutus divested 90.2% of its interest in SMP in exchange for the cancellation of 37,970,445 Share Commitments (the "SMP Divesture"). Choom completed the SMP Divesture resulting in Choom indirectly holding an indirect 9.8% interest in SMP through Arbutus.

During the year ended June 30, 2019, the SMP Divesture resulted in a loss from the sale of $78,789,971 representing the elimination of assets and liabilities in SMP and impairment of intangible assets.

During the year ended June 30, 2020, 1,124,127 (2019 - 124,902) common shares were issued pursuant to the Choom Share Commitments at a value of $1,157,850 (2019 - $128,649). As at June 30, 2020, 749,416 (2019 - 1,873,543) Choom Share Commitments remained outstanding at an aggregate value of $771,900 (2019 - $1,929,750) as determined by the market price of $1.03 on October 17, 2018.

The Company has recorded $1,732,665 (2019 - $1,732,665) as long-term investments representing the 9.8% interest in SMP. As at June 30, 2020 the Company advanced a total of $172,282 (2019 - $75,752) in loans for the development of facilities which are recorded as loan receivable. The loan has no stated terms of repayment and is callable only if all shareholders of SMP agree to call on the loan. The Company does not expect repayment within 12 months and has classified this loan as a long-term receivable accordingly.

Outstanding advances from shareholders acquired in connection with the SMP transactions remain outstanding at June 30, 2020 of $4,000 (2019 - $4,000).

(Expressed in Canadian Dollars)

25. DISCONTINUED OPERATIONS (cont'd)

Dispositions

The results of the operations of SMP, Medi-Can and IGC are presented as discontinued operations for the years ended June 30, 2020 and 2019 are as follows:

		Years ended June 30		
		2020		2019
General and administrative costs				
Consulting fees	$	**-**	$	5,000
Security and utilities		**10,356**		-
Professional fees		**6,413**		8,802
Rent		**88,908**		337,860
Loss before other items		**(105,677)**		(351,662)
Other items				
Loss on the sale of asset		**-**		(78,789,971)
Impairment on property and equipment		**-**		(107,847)
Impairment on intangibles		**-**		(10,471,217)
Total other items		**-**		(89,369,035)
Total loss for the year	$	**(105,677)**	$	(89,720,697)

Cash flows from discontinued operations for the years ended June 30, 2020 and 2019 are as follows:

		Years Ended June 30		
		2020		2019
Operating activities:				
Net loss from discontinued operations	$	**(105,677)**	$	(89,720,697)
Items not affecting cash				
Impairment of equipment		**-**		107,847
Impairment of licenses		**-**		10,471,217
Loss on sale of SMP		**-**		78,789,971
Changes in non-cash working capital items:				
Prepaid expense		**88,908**		-
Net cash used in operating activities from discontinued operations		**(16,769)**		(351,662)
Investing activity:				
Purchase of equipment		**-**		(36,112)
Net cash used in discontinued operations	$	**(16,769)**	$	(387,774)

(Expressed in Canadian Dollars)

26. SEGMENT REPORTING

The Company, as at June 30, 2020 had two reportable operating segments which included patient counselling with the acquisition of the Medical Centre as described in Note 5 and the sale of retail cannabis including the Clarity Retail Opportunities and Niagara Store acquisition as described in Note 5. The Company's non-current assets as at June 30, 2020 and 2019 are all in Canada.

Operating segments are components of the Company that engage in business activities from which they earn revenues and incur expenses and can be clearly distinguished. As the Company continues to expand organically and through acquisition the segmented information will expand. Business segments are regularly reviewed by senior management for the purpose of allocating resources and performance assessment.

	Year ended June 30, 2020				
	Retail Cannabis	Patient Counselling	Cannabis Cultivation	Corporate	**Total**
Revenue					
Recreational – retail	7,357,807	-	-	-	**7,357,807**
Clinic services	-	587,268	-	-	**587,268**
Total revenue	7,357,807	587,268	-	-	**7,945,075**
Cost of sales					
Recreational – retail	(5,107,219)	-	-	-	**(5,107,219)**
Doctor and coaching fees	-	(195,059)	-	-	**(195,059)**
Medical supplies	-	(7,468)	-	-	**(7,468)**
Gross profit	2,250,588	384,741	-	-	**2,635,329**
Expenses					
Administrative and general	2,177,528	477,506	-	2,766,783	**5,421,817**
Salary, wages and benefits	1,610,556	283,682	-	919,144	**2,813,382**
Depreciation and amortization	1,342,249	55,108	-	368,654	**1,766,011**
Foreign exchange	-	-	-	4,239	**4,239**
Marketing, website and media design	108,185	10,723	-	556,557	**675,465**
Share-based payments	-	-	-	1,320,603	**1,320,603**
	(5,283,518)	(827,019)	-	(5,935,980)	**(12,001,517)**
Loss before other items	(2,987,930)	(442,278)	-	(5,935,980)	**(9,366,188)**
Other items					
Interest income	-	-	-	295,253	**295,253**
Licensing income	-	-	-	200,000	**200,000**
Rental income	-	-	-	243,463	**243,463**
Other income	-	-	-	180,000	**180,000**
Loss on sale of property and equipment	-	-	-	(2,134,623)	**(2,134,623)**
Decrease in fair value of marketable securities	-	-	-	(45,822)	**(45,822)**
Loss on write-off of notes receivable	-	-	-	(253,904)	**(253,904)**
Impairment of intangible assets	(4,627,511)	-	-	(713,000)	**(5,340,511)**
Impairment of property and equipment	(602,089)	-	-	-	**(602,089)**
Gain on settlement of debt	-	-	-	3,030	**3,030**
Gain on modification of debt	-	-	-	83,747	**83,747**
Financing costs	(330,090)	(12,192)	-	(3,327,347)	**(3,669,629)**
Loss before income tax	(8,547,620)	(454,470)	-	(11,405,183)	**(20,407,273)**
Deferred income tax recovery	-	-	-	166,524	**166,524**
Loss from continued operations	(8,547,620)	(454,470)	-	(11,238,659)	**(20,240,749)**
Loss from discontinued operations	-	-	(105,677)	-	**(105,677)**
Net loss for the year	(8,547,620)	(454,470)	(105,677)	(11,238,659)	**(20,346,426)**
Assets	7,225,502	251,506	-	25,144,263	**32,621,271**
Liabilities	(5,258,169)	(150,057)	-	(26,629,697)	**(32,037,923)**

(Expressed in Canadian Dollars)

26. SEGMENT REPORTING (cont'd)

	Year ended June 30, 2019				
	Retail Cannabis	Patient Counselling	Cannabis Cultivation	Corporate	**Total**
Revenue					
Clinic services	-	268,321	-	-	**268,321**
Total revenue	-	268,321	-	-	**268,321**
Cost of sales					
Doctor and coaching fees	-	(151,491)	-	-	**(151,491)**
Medical supplies	-	(5,495)	-	-	**(5,495)**
Gross profit	-	111,335	-	-	**111,335**
Expenses					
Administrative and general	-	234,924	-	6,384,686	**6,619,610**
Salary, wages and benefits	-	151,491	-	126,834	**278,325**
Depreciation and amortization	-	8,524	-	1,684	**10,208**
Foreign exchange	-	-	-	20,003	**20,003**
Marketing, website and media design	-	-	-	1,483,822	**1,483,822**
Application and termination of agreement costs	-	-	-	583,752	**583,752**
Share-based payments	-	-	-	3,453,119	**3,453,119**
	-	(394,939)	-	(12,053,900)	**(12,448,839)**
Loss before other items	-	(283,604)	-	(12,053,900)	**(12,337,504)**
Other items					
Interest income	-	-	-	153,315	**153,315**
Rental income	-	-	-	124,997	**124,997**
Other income	-	-	-	113,202	**113,202**
Decrease in fair value of marketable securities	-	-	-	(67)	**(67)**
Loss on write-off of notes receivable	-	-	-	(100,000)	**(100,000)**
Impairment of intangible assets	-	-	-	-	**-**
Impairment of property and equipment	-	-	-	(1,225)	**(1,225)**
Financing costs	-	-	-	(1,547,091)	**(1,547,091)**
Loss before income tax	-	(283,604)	-	(13,310,769)	**(13,594,373)**
Deferred income tax recovery	-	-	-	2,163,285	**2,163,285**
Loss from continued operations	-	(283,604)	-	(11,147,484)	**(11,431,088)**
Loss from discontinued operations	-	-	(89,720,697)	-	**(89,720,697)**
Net loss for the year	-	(283,604)	(89,720,697)	(11,147,484)	**(101,151,785)**
Assets	-	101,787	-	28,795,610	**28,897,397**
Liabilities	-	(32,709)	-	(14,266,653)	**(14,299,362)**

(Expressed in Canadian Dollars)

27. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the year ended June 30, 2020 and 2019 the following transactions were excluded from the statements of cash flows:

i) A compensation charge of $25,800 (2019 - $56,000) associated with the issuance of 60,000 (2019 – 100,000) common shares was recorded as consulting fees (Note 19);
ii) A settlement of trade payables of $50,000 (2019 - $Nil) through the issuance of 303,030 common shares (Note 19);
iii) Compensation shares of 10,000 common shares were issued for $900 (2019 - $Nil) in connection with the termination of a lease (Note 19);
iv) Interest receivable of $57,390 (2019 - $Nil) associated with the Niagara LC and $54,423 (2019 - $Nil) associated with the Niagara Loan was reclassified and now forms part of the consideration and was eliminated (Notes 5 and 9);
v) A note payable of $210,000 (2019 - $Nil) was issued to purchase a lease assignment (Note 17);
vi) A compensation charge of $Nil (2019 - $96,000) associated with the issuance of (2019 – 200,000) common shares was recorded as legal fees (Note 19);
vii) A compensation charge of $Nil (2019 - $49,848) associated with the grant of Nil (2019 - 900,000) common share purchase warrants was recorded as consulting fees (Note 19);
viii) Pursuant to the Cooperation Agreement, $Nil (2019 - $5,080,000) was recorded for the issuance of Nil (2019 - 6,000,000) common shares (Note 19);
ix) Pursuant to the acquisition of the Medical Centre, $Nil (2019 - $977,146) was recorded for the issuance of Nil (2019 - 1,915,973) common shares (Note 19);
x) Costs from the purchase of equipment of $Nil (2019 - $48,772) is included in trade and other payables;
xi) The Company received marketable securities with a fair value of $Nil (2019 - $113,202) as compensation which is recorded as other income (Note 10); and
xii) The Company issued Nil (2019 – 6,000,000) common shares with a fair value of $Nil (2019 – $2,880,000) for the purchase of other assets (Note 15).
xiii) During the year ended June 30, 2020, the Company paid income taxes of $Nil (2019 - $Nil).
xiv) During the year ended June 30, 2020, the Company paid interest of $677,086 (2019 - $Nil) (Note 18).

28. COMMITMENTS

Leases

The Company has entered into arrangements for office, clinic and retail spaces. Cash commitments for minimum lease payments in relation to these commitments are payable as follows:

		June 30 2020		June 30 2019
Not later than 1 year	**$**	**2,178,097**	$	647,030
Later than 1 year and not later than 5 years		**6,351,983**		2,140,290
Later than 5 years and not later than 10 years		**2,767,459**		-
	$	**11,297,539**	$	2,787,320

As at June 30, 2020, the Company has $574,310 (2019 - $205,926) in lease deposits of which $211,852 (2019 - $88,189) is classified as current and $362,458 (2019 - $117,737) is classified as non-current. The Company has prepaid expenses of $435,375 (2019 - $549,258) of which $257,559 (2019 - $282,534) is classified as current and $177,816 (2019 - $266,724) is classified as non-current.

ABcann Medicinals Inc.

Choom entered into a term sheet agreement with ABcann Medicinals Inc. (“ABcann”) dated March 16, 2018, whereby ABcann, a Licensed Producer, agreed to supply Choom with premium cannabis products subject to regulatory approval (the “ABcann Term Sheet”). The obligations of the parties under the ABcann Term Sheet with respect to the purchase and sale of cannabis products will only arise upon a mutually-agreed upon launch date that is dependent on receiving required regulatory approval. Subsequent to the date of the ABcann Term Sheet, the enactment and promulgation of applicable provincial regulatory regimes governing the distribution and sale of cannabis have frustrated the implementation of the ABcann Term Sheet.

28. COMMITMENTS (cont'd)

Coastal Green

On July 23, 2019, a $300,000 convertible debenture was issued to Choom by Coastal Green Holdings Ltd. (the "Coastal Green Note"). The Coastal Green Note carries interest at 6% per annum. Choom will, on conversion of the debenture, acquire a 19.9% equity interest in Coastal Green. Coastal Green must complete certain expenditures prior to Choom advancing any funds under the Coastal Green Note.

As at the date of this report, the Company has yet to advance any funds. Choom's investment will include various rights, including the right in certain circumstances to acquire 100% of Coastal Green, subject to regulatory approval and restrictions on the number of cannabis retailers Choom may acquire over time.

On July 10, 2020, the parties terminated the Coastal Green Note for consideration of $50,000 cash payment (paid).

29. FINANCIAL INSTRUMENTS

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets out are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of interest rate risk, currency risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash and cash equivalent balances that bear interest at market rates. The Company's financial liabilities consist primarily fixed rate debt. The Company's current policy is to invest excess cash in GICs or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and GICs are subject to floating interest rates.

Currency Risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company is exposed to minimal currency risk.

29. FINANCIAL INSTRUMENTS (cont'd)

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investment in marketable securities. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, short-term investments, trade and accounts receivable, notes receivable, loan receivable and refundable deposits. Cash and short-term investments are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The Company's notes receivable and loan receivable are subject to the expected credit loss model. While cash and cash equivalents and trade and accounts receivable are also subject to the impairment requirements of IFRS 9, the identified impairment loss was minimal.

The carrying amount of the accounts receivable, notes receivable, loan receivable and refundable deposits represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other payable, lease liabilities and option payment commitments. The Company's trade and other payables are all due within 90 days. The amount of the Company's remaining contractual maturities for the convertible debentures, notes payable, government assistance, lease liabilities and advances from shareholders is approximately $5,127,298 due within 12 months, and $35,413,028 beyond 12 months.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for cash and cash equivalents, short-term investments, trade and accounts receivable, note receivable, loan receivable, trade and other payables, notes payable and advances to shareholders approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

(Expressed in Canadian Dollars)

29. FINANCIAL INSTRUMENTS (cont'd)

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents, short-term deposit, short-term investments and marketable securities are measured as Level 1 financial instruments. The notes receivable, loan receivable, government assistance and convertible debentures and lease liabilities are measured as Level 2 financial instruments. Investment is measured as Level 3 financial statements.

30. CAPITAL MANAGEMENT

The Company considers its share capital and convertible debentures as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended June 30, 2020.

31. INCOME TAXES

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Company for the years ended June 30, 2020 and 2019.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

		June 30 2020		June 30 2019
Loss before tax	$	**(20,512,950)**	$	(103,315,070)
Income taxed at local statutory rates – 27%		**(5,538,496)**		(27,895,069)
Items not deductible for tax purposes		**349,458**		(5,638,164)
Differences between Canadian and foreign tax rates		**-**		16,874
Under/over provided in prior years		**877,363**		(80,643)
Property and equipment		**598,724**		4,504,819
Convertible debentures		**1,007,478**		1,745,571
Acquisition of Niagara Store		**961,740**		-
Other differences		**(439,674)**		27,362,863
Unused tax losses and tax offsets not recognized		**2,016,883**		(2,179,536)
Income tax recovery	$	**(166,524)**	$	(2,163,285)

(Expressed in Canadian Dollars)

31. INCOME TAXES (cont'd)

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets. The tax effected items that give rise to significant portions of the deferred income tax liabilities at June 30, 2020 and 2019 are presented below:

		June 30 2020		June 30 2019
Deferred tax liabilities:				
Convertible debenture	$	**(1,753,134)**	$	(2,163,285)
Niagara Store intangible assets		**(961,740)**		-
Right of use assets		**(2,073,804)**		-
Total deferred tax liabilities		**(4,788,678)**		(2,163,285)
Deferred tax assets:				
Non-capital loss carry-forwards		**1,753,134**		2,163,285
Lease liabilities		**2,073,804**		-
Net deferred income tax liabilities	$	**(961,740)**	$	-

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		June 30 2020		June 30 2019
Non-capital losses	$	**21,833,918**	$	11,455,122
Resource properties		**1,553,178**		1,565,911
Property and equipment		**4,821,998**		97,008,163
Lease liabilities		**258,883**		-
Share issue costs		**169,656**		336,722
Available-for-sale securities		**16,433**		16,733
CEBA loan forgiveness		**60,000**		-
Capital losses		**-**		10,000
Deferred tax assets	$	**28,714,066**	$	110,392,651

As at June 30, 2020, the Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Year of Expiry		**Taxable Losses**
2028	$	57,000
2029		235,000
2030		173,000
2031		412,000
2032		1,066,000
2033		763,000
2034		610,000
2035		407,000
2036		419,000
2037		322,000
2038		6,126,000
2039		9,938,000
2040		2,923,000
Total	$	23,451,000

The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that there will be sufficient future taxable profit to utilize the deferred tax assets.

32. GOVERNMENT ASSISTANCE

In connection to the outbreak of COVID-19, the Company and its subsidiaries received $240,000 in Canada Emergency Business Account (“CEBA”) loans from the Government of Canada. These CEBA loans are non-interest bearing and mature on December 31, 2022. Repaying the loan balance on or before December 31, 2022 will result in loan forgiveness of 25%. The principal balance of $240,000 (2019 - $Nil) is included in government assistance payable at June 30, 2020 on the consolidated statements of financial position.

33. CONTINGENCIES

On January 21, 2020, the Company received a Statement of Claim from a non-related party for damages of $4,654,390 due to a wrongful termination of an asset purchase agreement.

Subsequent to year-end, on August 31, 2020 and on September 18, 2020, the Company received two Statement of Claims from non-related parties, for damages of $1,093,098 and $562,973 due to a breach of lease agreements.

The Company and the Company’s legal counsel is currently in process of defending these claims. An estimate of the contingent liabilities and likelihood of loss is unable to be determined at this time and no loss provision has been made in these consolidated financial statements. The Company intends to vigorously defend these claims. Should an adverse outcome result in the future, any amounts incurred may affect future results of operations and cash flows.

34. EVENTS AFTER THE REPORTING DATE

Share Purchase Warrants

On August 6, 2020, 2,352,500 share purchase options at an exercise price of $0.75 expired without exercise.

Restricted Share Units

On April 13, 2020 Choom adopted a restricted share unit plan (“RSU Plan”), subject to ratification by the Company's shareholders at the next annual meeting thereof.

The maximum number of RSUs issuable under the RSU Plan is up to 20% of the issued and outstanding common shares provided however that at no time may the number of RSUs issuable under the RSU Plan, together with the number of common shares issuable under options that are outstanding under the Company's Stock Option Plan, exceed 20% of the issued and outstanding common shares as at the date of a grant under the RSU Plan or the Stock Option Plan, as the case may be.

Pursuant to RSU Plan on September 3, 2020 the Company granted to directors and officers, an aggregate 4,000,000 RSU’s with an expiry of September 4, 2023 with a vesting schedule of 50% at date of grant and 25% every three months thereafter.

Phivida Transaction

On June 2, 2020, the Company and Phivida Holdings Inc. (“Phivida”) entered into a definitive arrangement agreement (the “Arrangement Agreement”) pursuant to which Choom will acquire all of the issued and outstanding common shares of Phivida (the “Phivida Shares”) in exchange for common shares of Choom (the “Choom Shares”) in an arm’s length all-share transaction valued at approximately $7.3 million (the “Transaction”).

Under the terms of the Arrangement Agreement, Phivida shareholders will receive 0.72566 of a Choom Share in exchange for each Phivida Share held (the “Exchange Ratio”) based on $0.082 per Phivida Share, representing a 10% premium to the 20-day volume weighted average price of the Phivida Shares ended June 2, 2020, and based on a 20-day volume weighted average price of the Choom Shares for the same period, being $0.113 per Choom Share.

34. EVENTS AFTER THE REPORTING DATE (cont'd)

Phivida Transaction (cont'd)

On July 23, 2020 in connection with the Arrangement Agreement, Choom received a $500,000 in bridge financing (the "Bridge Financing") from Phivida. The Bridge Financing is evidenced by a convertible secured promissory note (a "Promissory Note") bearing interest at a rate of 15% per annum on the outstanding principal sum. The aggregate principal amount of the Bridge Financing and accrued and unpaid interest thereon is, in certain circumstances, convertible into common shares of Choom (the "Choom Shares") at a conversion price of $0.115 per share. Certain of Choom's subsidiaries have also agreed to guarantee Choom's obligations under the Bridge Financing. Pursuant to the terms of the Promissory Note, Choom and the guarantor subsidiaries thereof have granted Phivida a third ranking security interest over all of their respective present and after-acquired property. The security interest is governed in accordance with the terms and conditions of a security agreement between Choom and the guarantors and Phivida, dated July 23, 2020.

In connection with the Bridge Financing, Choom also granted Phivida 4,347,826 non-transferable common share purchase warrants (the "Warrants"). Each Warrant entitles Phivida to acquire one Choom Share at an exercise price of $0.115 per share for a period of three years from the date of issuance (subject to automatic earlier expiry immediately prior to the consummation of the transactions contemplated by the Arrangement Agreement). The Warrants are only exercisable from and after the termination of the Arrangement Agreement for any reason other than as a result of a breach of the Arrangement Agreement by Phivida.

The parties also amended the Arrangement Agreement in order to provide that the closing condition in favour of Choom that Phivida have not less than $2,000,000 in working capital surplus be reduced to $1,500,000, on account of the funds advanced to Choom under the Bridge Financing.

On September 16, 2020, Choom received the necessary regulatory, court and stock exchange approval to complete the acquisition of Phivida resulting in a total of 64,608,187 Choom Shares issued to the former holders of Phivida Shares, resulting in former Phivida shareholders holding approximately 28.6% of the total number of issued and outstanding Choom Shares (based on 225,753,870 Choom Shares issued and outstanding immediately after closing). In addition, the outstanding options to purchase Phivida Shares have been replaced with 7,881,837 options to purchase Choom Shares on the same terms and conditions, other than necessary adjustments to take into account the Exchange Ratio, as set out in the Plan of Arrangement.

Choom has also issued an aggregate of 3,755,747 Choom Shares in partial settlement of advisory fees payable in connection with the completion of the acquisition. Choom has also issued 1,111,111 Choom Shares to an employee in settlement of severance amount due in connection with the termination of a Phivida employee.

The Arrangement Agreement has been unanimously approved by the boards of directors of Choom and Phivida, and the Phivida board has recommended that Phivida shareholders vote in favour of the Transaction. The board of directors of Phivida has obtained a fairness opinion from Haywood Securities Inc. that, as of the date of the opinion, and subject to the assumptions, limitations, and qualifications on which such opinion is based, the consideration to be received by Phivida's shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Phivida shareholders.

Under IFRS 3, the substance of the acquisition does not constitute a business combination as no processes were acquired and will be accounted for as an asset acquisition.

Stock Option Grant

On October 2, 2020, the Company granted 100,000 options with an exercise price of $0.90 per share. These options expire on October 2, 2025 and vest 10% on grant, 10% every six months thereafter, and 30% three years from the grant date.