Unaudited Condensed Interim Consolidated Financial Statements of

CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)

December 31, 2018

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CHOOM HOLDINGS INC. (FORMERLY STANDARD GRAPHITE CORPORATION)
December 31, 2018 and 2017
(Expressed in Canadian Dollars)

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Unaudited Condensed Interim Consolidated Financial Statements

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Choom Holdings Inc. for the three and six months ended December 31, 2018 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed interim financial reporting.

The Company's independent auditor has not audited or performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Chartered Professional Accountants of Canada for a review of unaudited condensed interim financial statements by an entity's auditor.

CHOOM HOLDINGS LTD. (FORMERLY STANDARD GRAPHITE CORPORATION)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (un-audited)
As at December 31, 2018 and June 30, 2018
Expressed in Canadian Dollars

	Note		December 31 2018		June 30 2018
ASSETS					
Current					
Cash and cash equivalents	5	$	**17,432,218**	$	9,384,390
Short-term investments	6		**6,900**		6,900
Accounts receivable	7		**231,342**		243,914
Assets held for sale	20		**516,199**		-
Prepaid expenses and advances	18,23,24		**5,157,792**		626,094
Marketable securities	8		**733**		1,053
			23,345,184		10,262,350
Non-Current					
Deposit	23		**-**		355,632
Inventory	9		**2,462**		26,705
Property, plant and equipment	10		**3,080,514**		225,975
Intangible assets	11		**835,570**		89,725,400
Investment	12		**1,732,665**		-
Goodwill	12		**980,801**		-
		$	**29,977,196**	$	100,596,062
LIABILITIES					
Current					
Trade and other payables	13,18	$	**781,110**	$	747,708
Liability held for sale	20		**20,250**		-
Advances from shareholders	12		**4,000**		253,501
			805,360		1,001,209
Non-Current					
Convertible debenture			**11,569,081**		-
			12,374,441		1,001,209
SHAREHOLDERS' EQUITY					
Share capital	15		**111,122,463**		110,362,719
Obligation to issue shares	15		**2,058,398**		-
Contributed surplus	16		**5,827,629**		3,923,231
Equity portion of convertible debenture	14		**8,591,949**		-
Accumulated other comprehensive income			**133**		453
Accumulated Deficit			**(109,997,817)**		(14,691,549)
			17,602,755		99,594,853
		$	**29,977,196**	$	100,596,062

Approved by the Board of directors:

"Steven Tong" *"Christopher Bogart"*

Steven Tong Christopher Bogart

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

CHOOM HOLDINGS LTD. (FORMERLY STANDARD GRAPHITE CORPORATION)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)

For the three and six months ended December 31

Expressed in Canadian Dollars

			Three Months Ended December 31			Six Months Ended December 31		
			2018	2017		**2018**		2017
Expenses								
Administrative and general	17	$	**1,289,540**	298,917		**3,312,212**	$	447,608
Depreciation	10		**377**	48,426		**747**		48,494
Research and development			**-**	-		**6,449**		9,300
Application and termination of agreements costs			**203,026**	-		**204,826**		-
Share-based payments	16		**1,356,050**	485,704		**1,904,398**		485,704
Loss before other items			**(2,848,993)**	(833,047)		**(5,428,632)**		(991,106)
Other income								
Interest income			**35,582**	-		**35,664**		42
Loss on settlement of debt			**-**	(441,000)		**-**		(441,000)
Other income			**54,437**	-		**54,437**		-
Financing costs	14		**(371,167)**	-		**(371,167)**		-
Loss from continuing operations			**(3,130,141)**	(1,274,047)		**(5,709,698)**		(1,432,064)
Loss from discontinued operations	20		**(89,596,571)**	-		**(89,596,571)**		-
Net Loss			**(92,726,712)**	(1,274,047)		**(95,306,269)**		(1,432,064)
Other comprehensive loss								
Items that may be recycled through profit or loss:								
Fair value loss on marketable securities	8		**-**	300		**(320)**		134
Net Loss and comprehensive loss	-	$	**(92,726,712)**	(1,273,747)		**(95,306,589)**	$	(1,431,931)
Net loss from continuing operations per common share basic and diluted	19	$	**(0.03)**	(0.02)		**(0.03)**	$	(0.02)
Net loss from discontinued operations per common share basic and diluted		$	**(0.50)**	$ -	$	**(0.50)**	$	-

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

CHOOM HOLDINGS LTD. (FORMERLY STANDARD GRAPHITE CORPORATION)

CONDENSED CONSOLIDTED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the six months ended December 31

Expressed in Canadian Dollars

	Note	Share Capital	Subscriptions Received	Contributed Surplus	Accumulated Comprehensive Other Income	Accumulated Deficit	Total
Balance June 30, 2017		$ 7,035,733	$ 35,250	$ 1,097,533	$ 733	$ (8,116,093)	$ 53,157
Loss for the period		-	-	-	-	(1,432,064)	(1,432,064)
Shares issued for cash	15	1,500,000	-	-	-	-	1,500,000
Shares issued acquisition		2,125,000	-	-	-	-	2,125,000
Subscription receipts			(35,250)	-	-	-	(35,250)
Shares issued for debt	15	976,500	-	-	-	-	976,500
Share issue costs		(30,293)	-	-	-	-	(30,293)
Available-for-sale investments		-	-	-	134	-	134
Share-based-payments		-	-	485,704	-	-	485,704
Balance December 31, 2017		$ 11,606,940 $	$ -	$ 1,583,238	$ 867	$ (9,548,157)	$ 3,642,887

	Note	Share Capital	Contributed Surplus	Equity Portion of Convertible Note	Obligation to Issue Shares	Accumulated Comprehensive Other Income	Accumulated Deficit	Total
Balance June 30, 2018		$ 110,362,719	$ 3,923,231	$ -		$ 453	$ (14,691,549)	$ 99,594,854
Net Loss		-	-	-	-	-	**(95,306,269)**	**(95,306,269)**
Shares issued for acquisition	12	**977,146**	-	-	-	-	-	**977,146**
Shares issued for cash	15	**216,250**	-	-	-	-	-	**216,250**
Convertible debenture	14	-	-	**8,591,949**	-	-	-	**8,591,949**
Share Commitments to be issued	12, 24	-	-	-	**2,058,398**	-	-	**2,058,398**
Available-for-sale investment	8	-	-	-	-	**(320)**	-	**(320)**
Share-based payments	16	-	**1,904,398**	-	-	-	-	**1,904,398**
Share issue costs		**(433,652)**	-	-	-	-	-	**(433,652)**
Balance December 31, 2018		**$ 111,122,463**	**$ 5,827,629**	**$ 8,591,949**	**$ 2,058,398**	**$ 133**	**$ (109,997,818)**	**$ 17,602,755**

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

CHOOM HOLDINGS LTD. (FORMERLY STANDARD GRAPHITE CORPORATION)

CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)

For the six months ended December 31

Expressed in Canadian Dollars

	Note		2018		2017
CASH FLOW FROM OPERATING ACTIVITIES					
Net loss for the period		$	**(5,709,698)**	$	(1,432,064)
Items not affecting cash					
Depreciation	10		**747**		48,494
Share-based payments	14		**1,904,398**		485,704
Financing costs			**371,167**		-
Changes in non-cash working capital					
Accounts receivable	7		**(3,496)**		(24,916)
Inventory			**24,243**		-
Trade and other payables	12,17		**(138,321)**		111,332
Prepaid expenses and advances	20,21		**(4,622,844)**		114
Due to related parties	17		**-**		300,000
Due from related parties			**-**		276
Operating cash flow used in continuing operations			**(8,173,803)**		(511,060)
Operating cash flow used in discontinued operations	20		**(315,485)**		-
Net cash used by operating activities			**(8,489,288)**		
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of intangibles	11		**(55,570)**		-
Acquisition of Clarity Medical	12		**(84,652)**		-
Purchase of equipment	10		**(3,054,108)**		(3,070)
Net cash used in investing activities from continuing operations			**(3,194,330)**		(3,070)
Net cash used in investing activities from discontinued operations	20		**(51,151)**		-
Net Cash provided by investing activities			**(3,245,481)**		(3,070)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issued for private placement	15		**-**		1,500,000
Proceeds from convertible note	14		**20,000,000**		(35,250)
Exercise of warrants	15		**216,250**		23,365
Share issue costs			**(433,652)**		(30,293)
Net cash provided by financing activities			**19,782,598**		1,457,822
Increase in cash and cash equivalents from continuing operations during the period			**8,414,465**		943,692
Decrease in cash and cash equivalents from discontinued operations during the period	20		**(366,636)**		
Cash and cash equivalents from beginning of period			**9,384,390**		109,309
Cash and cash equivalents, end of period		$	**17,432,219**	$	1,053,001
Composition of cash and cash equivalents					
Cash		$	**682,218**	$	1,053,001
Cash equivalents	5		**16,750,000**		-
Cash and cash equivalents, end of the period		$	**17,432,218**	$	1,053,001

Supplemental cash flow information – Note 22

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

1. CORPORATION INFORMATION

Choom Holdings Inc. (the "Company") 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.

On November 17, 2017, the Company changed its name to Choom Holdings Limited and completed a change of business to the business of cultivating and selling cannabis for medical purposes and related products under the Access to Cannabis for Medial Purposes Regulations (ACMPR). During the quarter ended December 31, 2018 the Company re-directed its focus from the cultivation aspect of the cannabis industry to the retail sector. Additionally, on November 22, 2017 the Company's shares were delisted from the Exchange and approved for listing on the Canadian Securities Exchange ("CSE") and commenced trading thereafter under the symbol CHOO. The Company's corporate office and principal place of business is located at 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2.

2. BASIS OF PREPARATION AND GOING CONCERN

These condensed interim consolidated financial statements for the three and six-month period ended December 31, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements follow the same accounting policies and methods of application of the Company's most recent annual consolidated financial statements. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2018 annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2019.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. The condensed interim consolidated financial statements are presented in Canadian dollars ("CDN"), which is the Company's and its subsidiaries functional currency. The preparation of condensed interim 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 condensed interim consolidated financial statements are disclosed in Note 4.

Going Concern

The Company has not yet achieved profitable operations. These condensed interim 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 of from continued operations of $5,709,698 and a loss from discontinued operations of $89,596,571 for the period ended December 31, 2018 (December 31, 2017 - $1,432,064, from continuing operations and $Nil from discontinued operations) and as at that date has accumulated a deficit of $109,997,817 (June 30, 2018 - $14,691,549) and is expected to continue to incur losses. The Company had working capital of $22,539,823 as at December 31, 2018 (June 30, 2018 - $9,261,142). The Company will continue to have to raise funds beyond its current working capital balance in order to meet the requirement of its change of business plan and to finance future development of potential retail license acquisitions, economically and upon future profitable production. Although it has been successful in doing so 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 failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. No adjustments to the carrying values of the assets and liabilities have been made in these consolidated financial statements. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

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

Medi-can Health Solutions Inc. ("Medi-Can)
Arbutus Brands Inc. ("Arbutus")
Island Green Cure ("IGC")
102047851 Saskatchewan Ltd. ("102047851")
2660837 Ontario Ltd ("2660837 Ontario")
2668667 Ontario Ltd. ("2668667" Ontario")
2150639 Alberta Ltd. ("2150639 AB")
2151414 Alberta Ltd. ("2151414 AB")
2150647 Alberta Ltd. ("2150647 AB")
2168698 Alberta Ltd. ("2168698 AB")
Universal Cannabis Coaching Inc. ("UCC")
Western Cannabis Coaching Centre Inc. ("WCC")
1165962 BC Ltd. ("11659262 BC")
Clarity Cannabis Medical Centre Inc. ("CCMC")

These subsidiaries were acquired or formed during the year ended June 30, 2018 and period ended December 31, 2018. These condensed interim consolidated financial statements include the operating results of these subsidiaries from the date of acquisition or formation through to December 31, 2018.

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.

Future Accounting Pronouncements

During the period ended December 31, 2018, the Company adopted the new accounting standard IFRS 9, Financial Instruments effective for the Company's annual period beginning July 1, 2018. The Company has not restated comparative information for prior periods with respect to the classification and measurement requirements of IFRS 9 and accordingly, the comparative information for the year ended June 30, 2018 is presented under IAS 39 *Financial Instruments: Recognition and Measurement*. There were no changes to the carrying value of any of the Company's assets or liabilities as a result of this new accounting standard.

The Company's marketable securities and investment consist of equity securities. For marketable securities and investment not held for trading, the Company may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. The Company elected to designate its marketable securities as financial assets at FVTOCI, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be recycled into income (loss) upon disposition. As a result of adopting IFRS 9, the net change in fair value of the marketable securities, including realized and unrealized gains and losses, if any, is now presented as an item that will not be reclassified subsequently to profit or loss in the statement of loss and comprehensive loss.

During the period ended December 31, 2018, the Company adopted the requirements of IFRS 15 *Revenue from Contracts with Customers*, effective for the Company's annual period beginning July 1, 2018. The Company reviewed its revenue streams and major contracts with customers using the IFRS 15 five step model. There was no material transitional impact on adoption to IFRS 15.

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

Future Accounting Pronouncements (cont'd)

IFRS 16 Leases

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*.

This standard is applicable to the Company's annual period beginning on or after July 1, 2019. Management is further analyzing the future effects of this standard and in discussions with the board regarding any impact the adoption of this standard may have.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 Share-based Payment)
The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for the Company's annual period beginning on July 1, 2019.

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 vs Business Combinations

Management has had to apply judgment with respect to whether the acquisition of Medi-Can, IGC, SMP and the Medical Centre were business combinations or asset acquisitions. The assessments required management to assess the inputs, processes and outputs of the companies acquired at the time of acquisition. Pursuant to the assessment, Medi-can, IGC and SMP were considered to be asset acquisitions and the Medical Centre (as defined in note 12) a business combination.

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. Further, estimates were made in determining the value of contingent consideration payments, including assessing the probability of the grant of the cultivation and production licenses, and when the cultivation and production licenses will be granted. 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.

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

Income Taxes

The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgements 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 judgements prove to be inaccurate, management's continued use of the going concern assumptions be inappropriate.

Interest rates

The Company estimates a market interest rate in determining the fair value of the liability component of its convertible debenture. The determination of the market interest rate is subjective and could materially affect the fair value estimate.

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 and Intangible Assets

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. 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.

(Expressed in Canadian Dollars)

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

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.

5. 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 and on hand earns interest at floating rates based on daily bank deposit rates. Cash equivalents are held in a cashable guaranteed investment certificate with a maturity dates of July 11, 2019 and November 23, 2019 with interest rates of 1.5% - 2%.

6. SHORT-TERM INVESTMENTS

At December 31, 2018 and at June 30, 2018 the Company held a $6,900 guaranteed investment certificate ("GIC") earning interest at approximately 0.60% per annum and maturing July 11, 2019.

The GIC is held as security for a corporate credit card and renewed automatically each year as such it has been reported as a short-term investment on the Company's statement of financial position.

7. ACCOUNTS RECEIVABLE

Accounts receivable are made up of $171,747 (June 30, 2018 - $107,114) sales tax receivable; $Nil (June 30, 2018 - $136,800) for refundable retail space application fees and $59,595 (June 30, 2018 $Nil) for refundable lease deposits. Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

8. MARKETABLE SECURITIES

Marketable securities consist of an investment in 6,667 (post consolidation of 6:1) common shares of YDreams Global Interactive Technologies Inc. (formerly Apple Capital Inc.). The fair value of $733 (June 30, 2018 - $1,053) of the marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation. During the period ended December 31, 2018, the Company recorded a $320 loss (December 31, 2017 - $123) of investment on marketable securities as a fair value loss in other comprehensive loss.

9. INVENTORY

Inventory is comprised of the following:

	December 31 2018	June 30 2018
Retail merchandise	**$2,462**	$26,705

Inventory relates to retail merchandise that are not anticipated to be sold within a year, as such, has been classified as a long-term asset.

(Expressed in Canadian Dollars)

10. PROPERTY AND EQUIPMENT

		Leasehold Improvements	Assets under Construction	Furniture & Fixtures	Total
Cost					
Balance at June 30, 2017	Note	$ -	$ -	$ 19,665	$ 19,665
Assets acquired on acquisition		-	-	350,640	350,640
Assets acquired		57,422	-	5,477	62,899
Disposition of assets		-	-	(187,314)	(187,314)
Balance June 30, 2018		57,422	-	188,468	245,890
Disposition of assets	**20**	**$ -**	**$ -**	**$ (165,470)**	**$ (165,470)**
Assets acquired	**12**	**51,151**	**3,050,000**	**4,108**	**3,105,259**
Impairment	**20**	**(46,013)**	**-**	**-**	**(46,013)**
Assets transferred to assets held for sale	**20**	**(62,560)**	**-**	**-**	**(62,560)**
Assets acquired on acquistion	**12**	**-**	**-**	**20,701**	**20,701**
Balance December 31, 2018		**$ -**	**$ 3,050,000**	**$ 47,807**	**$ 3,097,807**
Depreciation and impairment losses					
Balance at June 30, 2017		$ -	$ -	$ 18,234	$ 18,234
Depreciation for the year		-	-	27,268	27,268
Disposition of assets		-	-	(25,587)	(25,587)
Balance at June 30, 2017		$ -	$ -	$ 19,915	$ 19,915
Depreciation for the period		-	-	**747**	**747**
Disposition of assets		-	-	**(3,368)**	**(3,368)**
Balance December 31, 2018		**$ -**	**$ -**	**$ 17,294**	**$ 17,294**
Carrying amounts					
Carrying value at June 30, 2018		$ 57,422	$ -	$ 168,553	$ 225,975
Carrying value at December 31, 2018		**$ -**	**$ 3,050,000**	**$ 30,514**	**$ 3,080,514**

During the period ended December 31, 2018 the Company recorded a $88,377,520 (June 30, 2018 - $Nil) loss on discontinued operations in connection with the divesture of SMP and the transfer to assets held for sale for Medi-can and IGC as described in Note 12, Note 20.

During the period ended December 31, 2018, the Company recorded $41,167,957 additions to the cultivation license application in Arbutus Brands upon receipt of the cultivation license (Note 12).

During the period ended December 31, 2018 assets acquired included assets under construction of $3,050,000 (June 30, 2018 - $Nil) for the purposes of building out retail locations in advance of approval of its retail license applications.

During the period ended December 31, 2018 $22,192 (June 30, 2018 – $Nil) assets acquired on acquisition are in connection with the Medical Centre Acquisition as described in Note 12.

During the period ended December 31, 2018 $108,573 (June 30, 2018 - $Nil) in leasehold improvements in connection with Medi-can and IGC were impaired by $46,013 and then transferred to assets held for sale as described in Note 12. Leasehold Improvements relate to warehouse improvements in Medi-Can and IGC. As the space is not yet in use and was reclassified as held for sale during the six month period ended December 31, 2018 (Note 20) there was no depreciation expense recorded for the period ended December 31, 2018 and the prior year ended June 30, 2018.

During the year ended June 30, 2018, the Company disposed of assets with a net book value of $161,727 to settle outstanding shareholder loans from the acquisition of Medi-Can of $250,000 (Note 12), resulting in a gain on debt settlement of $88,273 that was recorded in the statements of loss and comprehensive loss in the prior year ended June 30, 2018.

(Expressed in Canadian Dollars)

11. INTANGIBLE ASSETS

		Medi-can	IGC	Arbutus Brands	Clarity Medical Clinics	Intellectual Property	Total
Costs							
Balance at June 30, 2017	Note	$ -	$ -	$ -	$ -	$ -	$ -
Additions		2,849,835	7,621,382	78,541,183	-	713,000	89,725,400
Balance at June 30, 2018		2,849,835	7,621,382	78,541,183	-	713,000	$89,725,400
Additions	12	**-**	**-**	**41,167,957**	**67,000**	**55,570**	**41,290,527**
Impairment	20	**(2,849,835)**	**(7,621,382)**	**(103,761,553)**	**-**	**-**	**(114,232,770)**
Disposition	20	**-**	**-**	**(15,947,587)**	**-**	**-**	**(15,947,587)**
Balance at December 31, 2018		**$ -**	**$ -**	**$ -**	**$ 67,000**	**$ 768,570**	**$ 835,570**

During the period ended December 31, 2018 the Company recorded a $89,596,571 (June 30, 2018 - $Nil) loss on discontinued operations in connection with the divesture of SMP and the transfer to assets held for sale for Medi-can and IGC as described in Note 12.

Patient Lists

During the period ended December 31, 2018 the Company recorded the fair value of $67,000 for patients list acquired on the acquisition of the Medical Clinics as described in Note 12.

Intellectual Property

During the period ended December 31, 2018 the Company recorded $55,570 (June 30, 2018 $Nil) for the development of the online purchasing site to facilitate retails sales upon receipt of the Company obtaining a retail license.

On June 5, 2018, Choom entered into an asset purchase agreement with a third party to acquire certain customer lists, customer data and intellectual property rights including websites (the "Purchased Assets"). Consideration for the Purchased Assets included:

(a) 575,000 common shares issued on June 5, 2018 with a fair value of $713,000; and
(b) a retention bonus ("Retention Bonus") that is earned during the 24-month period (the **"**Bonus Period**")** following the date upon which Choom or one of its affiliates is licensed to sell a cannabis product permitted to be sold in Canada either pursuant to the Cannabis Act or the ACMPR to the public for non-medical purposes in the Province of Saskatchewan.

The Retention Bonus includes:
(i) $100 for each customer on the customer list who during the Bonus Period makes a purchase from Choom or its affiliates; and
(i) $150 for each customer on the customer list who during the Bonus Period makes a second purchase from Choom or its affiliates.

As these intangible assets are not yet in use, no amortization has been taken during the period ended December 31, 2018 and the prior year ended June 30, 2018.

12. ACQUISITIONS

Medical Centre

On November 19, 2018 the Company entered into two share purchase agreement with the shareholders of Clarity Cannabis Medical Centre Inc. ("Clarity Medical"), Universal Cannabis Coaching Inc. ("UCC"), 1165962 BC Ltd. ("1165962 BC") and Western Cannabis Coaching Inc. ("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 $100,001 and an aggregate $900,000 equivalent of Choom common shares calculated by the 10 day, VWAP (the "Consideration Shares").

(Expressed in Canadian Dollars)

12. ACQUISITIONS (cont'd)

Medical Centre (cont'd)

Mr. Forbes is a director of the Company held an interest in the Medical Centre and was considered a related party in the transaction. The Consideration shares are subject to escrow release requirements of 20% on the closing date of the transaction and thereafter the remaining 80% in four equal tranches over a 24 month period every 6 months following the closing date.

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.

There are medical conditions that may benefit from cannabis when it comes to treating several health issues including chronic pain, PTSD, seizures, tremors, and general anxiety. The Medical Centre's team of cannabis trained general and specialist physicians, nurses, pharmacists, and coaches all work together to ensure patients get optimal medical care. The Medical Clinic will provide education to patients on the best use of medical cannabis products as an alternative to pharmaceuticals.

In accordance with IFRS 3, Business Combinations, the substance of a transaction constitutes a business combination as the Medical Centre meets the definition of a business under the standard. The acquisition of the Medical Centre was accounted for as a business combination and, accordingly, the assets acquired, the liabilities assumed have been recorded at their respective estimated fair values a 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	$	15,350
Taxes recoverable and other receivables		11,791
Property and equipment		20,701
Intangible assets (patient lists)		67,000
Goodwill		980,801
Trade payables		(18,495)
Net assets acquired	$	1,077,148

Goodwill is attributed to the workforce and profitability of the acquired business. It will 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.

(Expressed in Canadian Dollars)

12. ACQUISITIONS (cont'd)

Arbutus Brands

International Tungsten Inc. ("ITI")

On March 16, 2018, and subsequently amended on June 13, 2018, the Company entered into an amalgamation agreement between the Company, Arbutus and ITI (collectively the "Amalgamation Agreement"). On June 15, 2018, pursuant to the Amalgamation Agreement, the Company acquired all the issued and outstanding common shares of ITI and ITI amalgamated with Arbutus (the "ITI Transaction"), for the following consideration:

(a) each ITI Shareholder received 0.99784 of a Choom common share in exchange for each one common share of ITI issued and outstanding resulting in 52,031,110 Choom common shares being issued to ITI shareholders;

(b) 1,000,000 ITI stock options (the "ITI Options") to be issued by ITI to a third party (the "ITI Option Holder") concurrent with the closing of the SMP Acquisition (as described herein below) were cancelled and the ITI Option Holder was granted 1,000,000 options to purchase Choom common shares, with an exercise price of $0.35 per share and a five-year term;

(c) in connection with the closing of the ITI Transaction, Choom paid a finder's fees of 4,000,000 common shares to third parties; and.

(d) the original ITI special warrants were cancelled and the key shareholders of SMP holding the ITI special warrants received a pro-rata based percentage holdings of ITI common shares were issued an aggregate of 39,958,890 Choom common share commitments (the "Choom Share Commitments"). The issuance of Choom common shares pursuant to the Choom Share Commitments are subject to the following conditions:

  (ii) if a cultivation license is granted on or before June 15, 2019 each Choom Share Commitment will entitle the holder to exchange each Choom Share Commitment on a one to one basis for each Choom common share;
  (iii) if a cultivation license is granted after June 15, 2019 and Choom has not exercised its right to assign SMP's application each Choom Share Commitment will entitle the holder to receive 0.75 of a Choom common share.

As the issuance of Choom's common shares pursuant to the Choom Share Commitments were contingent on the grant of a cultivation license, the probability of the grant of a cultivation license could not be reasonably estimated at the time of purchase and as such, it was not included in the purchase price. Any Choom shares issued pursuant to the Choom Share Commitments will be subject to certain conditions and escrow requirements ranging from 6.25% - 25% released on the date of grant of a license and thereafter released 18.75% to 33.33% every 6 months thereafter. The purchase price equation is as follows:

Fair value of 52,031,110 Choom common shares issued	$71,282,621
Fair value of 1,000,000 ITI replacement options issued	1,310,513
Advance to ITI	131,053
Transaction costs	5,657,606
Total Purchase Price	$78,381,793
Cash	$ 2,226
Taxes recoverable and other receivables	6,801
Prepaids	2,238
Property and equipment	163,326
License	78,541,183
Trade payables	(69,480)
Shareholders loans	(264,501)
Net assets acquired	$78,381,793

12. ACQUISITIONS (cont'd)

Arbutus Brands (cont'd)

International Tungsten Inc. ("ITI") (cont'd)

The transaction costs were included in the ITI Acquisition costs which include legal, share-based payment expenses and finder's fee costs. The 1,000,000 ITI Options replaced for Choom options have a fair value of $1,310,513. The fair value of the stock options was determined using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 1.93%, volatility of 148.74%, expected life of 5 years, expected dividend yield of 0.00% and estimate forfeitures of nil.

Specialty Medijuana Products

Separate from the Amalgamation Agreement between the Company, Arbutus, and ITI, on March 9, 2018, prior to the Amalgamation Agreement, ITI entered into a share exchange agreement with SMP and SMP shareholders (collectively, the "SMP Shareholders") subsequently amended and restated on June 13, 2018 (collectively (the "SMP Agreement"). Pursuant to the SMP Agreement, ITI acquired all of the issued and outstanding common shares of SMP in consideration for 38,313,985 common shares of ITI (the "SMP Acquisition"). Following the completion of the SMP Acquisition:

(a) ITI became the "Resulting Issuer";
(b) SMP became a wholly-owned subsidiary of ITI and the business of the combined entity after giving effect to the SMP Acquisition, included the business of SMP;
(c) The original shareholders of ITI held an aggregate of 13,829,915 shares of the Resulting Issuer ("Resulting Issuer Common Shares"), representing approximately 27% of the then issued and outstanding Resulting Issuer Common Shares;
(d) SMP Shareholders held an aggregate of 38,313,985 Resulting Issuer Common Shares, representing approximately 73% of the then issued and outstanding Resulting Issuer Common Shares.

As such SMP is the continuing entity for accounting purposes. The SMP Acquisition did not meet the definition of a business combination, accordingly SMP accounted for the SMP Acquisition in accordance with IFRS 2 Share-based Payment. Consideration paid in excess of net assets of SMP acquired are accounted for as listing fee, and subsequently excluded from the net assets of ITI in the Amalgamation Agreement. The purchase price was determined based on the share price of ITI on June 15, 2018.

On October 17, 2018, SMP received its cultivation license from Health Canada. Accordingly, management estimated the fair value of the Choom Share Commitments based market share price to be $41,167,957 and recorded it as an addition to the Arbutus intangible asset (Note 11).

As at December 31, 2018 1,988,445 Choom Shares Commitments remained outstanding at an aggregate value of $2,058,398 as determined by the market price of $1.03 being the share price of on the date the cultivation license was granted.

During the year ended June 30, 2018, the Company repaid $11,000 of the shareholder loans in connection with the SMP Transactions. The outstanding balance at December 31, 2018 is $4,000 (June 30, 2018 - $253,501).

Medican

On August 30, 2017, the Company by way of a share purchase agreement, further amended on October 17, 2017 (collectively the "Share Purchase Agreement") between the Company, Medi-Can Health Solutions Ltd. ("Medi-Can") and Medi-Can shareholders (collectively, the "Medi-Can Shareholders") acquired all of the issued and outstanding common shares of Medi-Can (the "Acquisition"). Medi-can is in the business of cultivating and selling marijuana for medical purposes and related products under the ACMPR.

(Expressed in Canadian Dollars)

12. ACQUISITIONS (cont'd)

Medican (cont'd)

Pursuant to the Share Purchase Agreement on November 16, 2017, the Company acquired all of the issued and outstanding common shares of Medi-Can in consideration for:

(a) an aggregate of 12,500,000 Choom common shares (the "Consideration Shares") (issued) to be held in escrow of which 10% (1,250,000) were released on October 18, 2017 with the remaining balance of 11,250,000 to be released over the subsequent 36 months;

(b) a $2,500,000 convertible note (the "Acquisition Note"), which at the election of the Company, can be either:

(i) redeemed by way of cash payment to the Medi-Can Shareholders on the date that is the fifth trading day after the public dissemination of a news release announcing the receipt by Medi-Can of a Cultivation/Production License under the ACMPR (the "Trigger Date"), or
(ii) converted by issuance to the Medi-Can Shareholders of $2,500,000 in Common Shares valued using the 20-day volume-weighted average trading price determined on the Trigger Date; and

(c) agreement to re-pay $300,000 of the shareholder loans (re-paid).

The Acquisition did not meet the definition of a business combination under IFRS 3 Business Combinations and accordingly has been accounted for as an asset acquisition.

The Consideration Shares issued have a fair value of $0.17 per common share of Choom, totaling $2,125,000. The transaction costs have been included in the Acquisition costs which include advisory, legal, accounting and filing fees.

As part of the share-purchase agreement to acquire Medi-Can, the Company entered into the Acquisition Note with the Medi-can Shareholders for an aggregate amount of $2,500,000 (the "Principal Balance"). The Acquisition Note is unsecured and non-interest bearing. Of the $2,500,000 Principal Balance, $375,000 is due to John Doo Jin Oh, a director of the Company. The payment of the Principal Balance is contingent on the receipt by Medi-Can of a Cultivation/Production License under the ACMPR. As at June 30, 2018, the probability of the receipt of the cultivation/production license could not be reasonably estimated, and as such, was not included as consideration in the purchase of Medi-Can. As at December 31, 2018 receipt of the Licenses remained outstanding. The purchase price equation is as follows:

Fair value of 12,500,000 common shares issued	$	2,125,000
Transaction costs		612,636
Total Purchase Price	$	2,737,636
Cash	$	20
Accounts receivables		4,067
Property and equipment		187,314
License		2,849,835
Trade payables		(3,600)
Shareholders loans		(300,000)
Net assets acquired	$	2,737,636

During the year ended June 30, 2018, the Company repaid $50,000 of the outstanding shareholders loan acquired in Medi-Can. The remaining $250,000 was settled with the disposition of assets (Note 10) as at June 30, 2018.

(Expressed in Canadian Dollars)

12. ACQUISITIONS (cont'd)

Island Green

The Company entered into a share purchase agreement dated April 17, 2018 with Island Green Cure Ltd. ("IGC") on to acquire all of the issued and outstanding shares in the capital of IGC for the following consideration:

(a) at closing, an aggregate total of 8,000,000 Choom common shares to be issued to the shareholders of IGC (the "IGC Consideration Shares"); and

(b) after the receipt by IGC of a production license, Choom common shares where the number of shares to be issued will be determined by dividing $2,000,000 by the 10-day volume-weighted average trading price of the shares on the tenth trading day after the public dissemination of a news release announcing IGC's receipt of a license under the ACMPR (the "IGC Share Commitment").

On May 2, 2018 the Company closed the acquisition of IGC and accordingly issued IGC Consideration Shares to the shareholders of IGC and issued a further 500,000 Choom common shares in finders' fees to a related party to a consultant of the Company. Additionally, included in the IGC Consideration Shares issued to IGC shareholders, were 536,000 Choom common shares to a related party of a consultant of the Company (the "IGC Finder Shares").

IGC's assets include its application to become a Licensed Producer and all property, assets, contracts, plans and intellectual property used or intended to be used by IGC in connection with its proposed business as a Licensed Producer.

The IGC Acquisition did not meet the definition of a business combination and has been accounted for as an asset acquisition.

The fair value of the IGC Consideration Shares and Finder Shares have been included at a fair value of $0.89 per common share. The transaction costs include advisory, legal, accounting and filing fees. The IGC Share Commitments are contingent on the grant of a production license to IGC. The probability of the grant of a production license could not be reasonably estimated as at June 30, 2018, and therefore, was not included in the purchase price. As at December 31, 2018 receipt of the production license remained outstanding. The purchase price equation is as follows:

Fair value of 8,000,000 Choom common shares issued	$7,120,000
Transaction costs	484,732
Total Purchase Price	$7,604,732
License	$7,621,382
Trade payables	(16,650)
Net assets acquired	$7,604,732

Saskatchewan Other

Choom made several applications with the Saskatchewan Liquor and Gaming Authority ("SLGA") for cannabis retail permits in 32 Zones across the province. The SLGA has made 51 cannabis retail permits available in 32 zones through a Request for Proposal process and is expected to award the permits via lottery. The Company paid $168,800 for these applications, of which as at December 31, 2018 $Nil (June 30, 2018 - $136,800) is included in accounts receivable (note 7) for applications rejected.

During the period ended December 31, 2018 the Company received a refund of $136,000 on application costs and expensed an amount of $800 (December 31, 2017 - $Nil) for the balance not received.

(Expressed in Canadian Dollars)

13. TRADE AND OTHER PAYABLES

	Note	**December 31 2018**	June 30 2018
Trade payables		**$756,333**	$713,744
Due to related parties	18	**24,777**	33,964
Total		**$781,110**	$747,708

14. CONVERTIBLE DEBENTURE

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

The Offering is an unsecured convertible debenture (the "Debenture") maturing in four years (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 $1.25 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 on the Canadian Securities Exchange (the "Exchange") is $3.00 or more for a period of 10 consecutive trading days.

The 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 on the Exchange for the 20 trading days ending prior to the date on which such interest payment is due.

In connection with the Offering, 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% (the "Warrants") expiring on November 02, 2020. Additionally, the Company issued 703,881 pro-rata warrants (the "Pro-Rata Warrants") 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 convertible 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 Debenture between the liability and equity components. The Company valued the debt component of the 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. Based on this calculation the liability component is $11,569,081 and the residual equity component is $8,591,949. As at December 31, 2018 accretion and interest of $371,167 (June 30, 2018 - $Nil) is recorded in the condensed consolidated interim statements of loss and comprehensive loss.

15. SHARE CAPITAL AND RESERVES

a) Common Shares

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

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

The following is a summary of changes in share capital from July 1, 2017 to December 31, 2018:

	Number	Issue Price	Total
Balance June 30, 2017	66,686,975	-	$7,035,733
Issued for private placement	3,333,333	$0.15	500,000
Issued for private placement	5,000,000	$0.20	1,000,000
Issued for private placement	5,400,000	$0.50	2,700,000
Issued for private placement	14,225,353	$0.71	10,100,001
Issued for Medi-can purchase	12,500,000	$0.17	2,125,000
Issued for IGC purchase	8,000,000	$0.89	7,120,000
Issued for finders' fee IGC purchase	500,000	$0.89	445,000
Issued for ITI purchase	52,031,110	$1.37	71,282,621
Issued for finders' fee ITI purchase	4,000,000	$1.37	5,480,000
Issued for purchase of intellectual property	575,000	$1.24	713,000
Issued for shares for debt	3,150,000	$0.31	976,500
Issued for compensation	200,000	$0.91	182,000
Issued for compensation	60,000	$1.24	74,400
Exercise of options	400,000	$0.18	72,000
Exercise of options	200,000	$0.17	34,000
Exercise of warrants	2,198,017	$0.25	549,504
Exercise of warrants	287,500	$0.75	215,625
Fair value of options transferred on exercise	-	-	88,959
Share issue costs	-	-	(331,624)
Balance at June 30, 2018	178,747,288	-	$110,362,719
Exercise of warrants	**685,000**	**$0.25**	**171,250**
Exercise of warrants	**60,000**	**$0.75**	**45,000**
Issued for purchase of Medical Clinic	**1,915,973**	**$0.51**	**977,146**
Share issue costs	**-**	**-**	**(433,652)**
Balance at December 31, 2018	**181,408,261**	**-**	**111,122,463**

During the period ended December 31, 2018 the Company issued the following:

Pursuant to the exercise of share purchase warrants the Company issued an aggregate 685,000 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.

Pursuant to the purchase of the Medical Clinic as described in Note 12 hereinabove, 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.

Issued July 1, 2017 to June 30, 2018:

On June 19, 2018, pursuant to a consulting agreement, the Company issued 60,000 common shares as compensation. The common shares were valued at $74,400 as determined by the market price when issued being $1.24 per share.

15. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

On June 15, 2018, the Company completed a non-brokered private placement and issued 14,225,353 shares at a price of $0.71 per share for gross proceeds of $10,100,001. The Company has paid aggregate cash finder's fees in connection with the financing of $252,192.

On June 15, 2018, the Company issued 52,031,110 common shares pursuant to the ITI Acquisition as described in Note 11 hereinabove. Additionally, the Company issued 4,000,000 common shares as finders' fees. The ITI Consideration Shares and Finders Shares were valued at an aggregate $76,762,621 as determined by the market price when issued being $1.37 per share.

On June 2, 2018, the Company issued 575,000 common shares for consideration of the Purchased Assets as described in Note 11 hereinabove. The common shares were valued at $713,000 as determined by the market price when issued being $1.24 per share.

On May 3, 2018, pursuant to a consulting agreement, the Company issued 200,000 common shares as compensation. The common shares were valued at $182,000 as determined by the market price when issued being $0.91 per share.

On May 2, 2018 the Company issued 8,000,000 common shares pursuant to the IGC Acquisition as described in Note 11 hereinabove. Additionally, the Company issued a further 500,000 common shares as finders' fees. The IGC Consideration Shares and Finders Shares were valued at an aggregate $7,565,000 as determined by the market price when issued being $0.89 per share.

On February 6, 2018 the Company completed a non-brokered private placement and issued 5,400,000 units (the "Unit") at a price of $0.50 per Unit for gross proceeds of $2,700,000. Each Unit consist of one common share and one half of one non-transferable share purchase warrant (the "Warrant"). Each Warrant is exercisable by the holder to acquire one additional common share at a price of $0.75 until August 6, 2019. Pursuant to the Company's accounting policy, the warrants were assigned a residual value of $nil. The Company has paid aggregate cash finder's fees in connection with the financing of $49,138.

On December 19, 2017 the Company completed a non-brokered private placement and issued 5,000,000 units (the "Unit") at a price of $0.20 per Unit for gross proceeds of $1,000,000. Each Unit consists of one common share and one non-transferable share purchase warrant (the "Warrant"). Each Warrant is exercisable by the holder to acquire one additional common share at a price of $0.25 until June 18, 2019. Pursuant to the Company's accounting policy, the warrants were assigned a residual value of $nil. The Company has paid aggregate cash finder's fees in connection with the financing of $4,970.

On November 24, 2017 pursuant to the settlement of debt, the Company issued 3,150,000 common shares at an issue price of $0.31 per share extinguishing an aggregate of $535,500 in outstanding trade payables to non-related parties resulting in a loss on debt settlement of $441,000.

On November 16, 2017 pursuant to the Acquisition as described in Note 11, the Company issued 12,500,000 common shares. The Consideration Shares were valued at $2,125,000 as determined by the market price when issued being $0.17 per share.

On September 27, 2017, the Company completed a non-brokered private placement of 3,333,333 units (a "Unit") at a price of $0.15 per Unit for gross proceeds of $500,000. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company at $0.25 until March 27, 2019. Pursuant to the Company's accounting policy, the warrants were assigned a residual value of $nil. The Company has paid aggregate cash finder's fees in connection with the financing of $25,324.

During the year ended June 30, 2018 the Company issued 600,000 common shares pursuant to the exercise of options at exercise prices ranging from $0.17 - $0.18 per share for proceeds of $106,000. Fair value of $88,959 was transferred from contributed surplus to capital stock for these options exercised.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (cont'd)

a) Common Shares (cont'd)

During the year ended June 30, 2018 the Company issued 2,198,017 common shares pursuant to the exercise of share purchase warrants at exercise price of $0.25 per share and 287,500 common shares pursuant to the exercise of share purchase warrants at an exercise price of $0.75 per share for proceeds of $765,129.

b) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from July 1, 2017 to December 31, 2018:

	Number	Weighted Average Price
Balance at June 30, 2017	-	-
Issued	9,366,667	$0.44
Exercised	(2,485,517)	$0.25
Balance at June 30, 2018	6,881,150	$0.44
Exercised	**(745,000)**	**$0.29**
Balance at December 31, 2018	**6,136,150**	**$0.44**

As at December 31, 2018, the share purchase warrants have a weighted average remaining contractual life of 0.49 years (June 30, 2018 – .99) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Price Per Share	Expiry Date
771,150	**$0.25**	**27-Mar-19**
3,012,500	**$0.25**	**18-Jun-19**
2,352,500	**$0.75**	**6-Aug-19**
6,136,150		

Escrow Shares

As at December 31, 2018, there was 11,250,000 common shares (June 30, 2018 – 11,250,000) held in escrow in connection with the Medi-can Acquisition as described in Note 12. Every 6 months, 5,850,000 common shares are released from escrow.

As at December 31, 2018, there was 5,760,000 common shares (June 30, 2018 – 5,760,000) held in escrow in connection with the IGC Transaction as described in Note 12. Every 6 months, 1,296,000 are released from escrow.

16. 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, 2018 to December 31, 2018:

(Expressed in Canadian Dollars)

16. SHARE-BASED PAYMENTS (cont'd)

b) Option Plan Details

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	-		-	**2,950,000**	**2,950,000**	**-**
27-Feb-18	27-Feb-23	$0.75	600,000	-	-	-	**600,000**	**350,000**	**250,000**
19-Mar-18	19-Mar-23	$1.06	500,000	-	-	-	**500,000**	**350,000**	**150,000**
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**	**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**	**475,000**	**225,000**
20-Jun-18	20-Jun-23	$1.41	250,000	-	-	-	**250,000**	**250,000**	**0**
1-Aug-18	1-Aug-23	$1.28	-	**250,000**	-		**250,000**	**62,500**	**187,500**
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**			**1,710,000**	**1,092,500**	**617,500**
10-Dec-18	10-Dec-23	$0.47		**200,000**			**200,000**	**-**	**200,000**
			6,310,000	**2,260,000**	**-**	**-**	**8,570,000**	**6,840,000**	**1,730,000**
Weighted Average Share Price			$0.53	**$0.92**	**-**		**$0.63**	**0.55**	**0.94**
Weighted Average Life Remaining (years)			4.58	**2.55**	**-**	**-**	**3.72**	**3.76**	**3.55**

The following is a summary of changes in options from July 1, 2017 to June 30, 2018:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Cancelled/Expired	Closing Balance	Vested and Exercisable	Unvested
20-Dec-12	20-Dec-17	$0.15	445,000		-	(445,000)	-	-	-
7-Feb-13	7-Feb-18	$0.18	150,000	-	-	(150,000)	-	-	-
8-Feb-13	8-Feb-18	$0.18	475,000	-	(400,000)	(75,000)	-	-	-
15-Mar-13	15-Mar-18	$0.15	125,000	-	-	(125,000)	-	-	-
16-Nov-17	16-Nov-22	$0.17	-	3,150,000	(200,000)	-	2,950,000	2,950,000	-
27-Feb-18	27-Feb-23	$0.75	-	600,000	-	-	600,000	225,000	375,000
19-Mar-18	19-Mar-23	$1.06	-	500,000	-	-	500,000	150,000	350,000
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	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	130,000	570,000
20-Jun-18	20-Jun-23	$1.41		250,000	-	-	250,000	125,000	125,000
			1,195,000	6,510,000	(600,000)	(795,000)	6,310,000	4,890,000	1,420,000
Weighted Average Share Price			$0.24	$0.52	$ 0.18	$0.16	$0.53	0.36	1.05
Weighted Average Life Remaining (years)			1.57	4.63	-	-	4.64	4.58	4.67

b) Fair Value of Options Issued During the Period

During the period ended December 31, 2018, the weighted average fair value at grant date of options granted was $0.92 (2017 - $0.15) per option. During the period ended December 31, 2018, there were 2,260,000 (2017 – 3,150,000) options granted.

c) Expenses Arising from Share-based Payment Transactions

The model inputs for options granted or vested during the period ended December 31, 2018 included:

(Expressed in Canadian Dollars)

16. SHARE-BASED PAYMENTS (cont'd)

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
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%
16-Nov-17	16-Nov-22	$0.17	$0.17	2.08%	5	148.01%	0%

Expected volatility is based on the historical volatility of the Company's market share price.

Total expenses arising from share-based payment transactions recognized during the period ended December 31 30, 2018 were $1,904,398 (2017 - $485,704). The remaining amount of $961,806 that have yet to vest will be expensed as the remaining unvested options vest.

17. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	Three Months Ended December 31 **2018**	Three Months Ended December 31 2017	Nine Months Ended December 31 **2018**	Nine Months Ended December 31 2017
Administrative and General Expenses :					
Accounting and legal		$ 326,190	4,045	**952,259**	$ 53,690
Conferences		24,794	-	**43,349**	-
Consulting	18	552,256	130,046	**932,627**	205,608
Investor relations, website development and marketing		162,240	84,964	**859,668**	89,285
Office and administration fees		28,911	14,752	**73,913**	19,168
Regulatory fees		31,416	34,800	**35,055**	34,800
Rent	18	(108,858)	19,200	**79,931**	31,200
Shareholder communications		51,784	5,818	**84,076**	7,690
Terminated lease expenses		121,814	-	**121,814**	-
Transfer agent fees		2,031	5,112	**4,227**	5,985
Travel		60,633	181	**88,964**	181
Wages		36,329	-	**36,329**	-
		$ **1,289,540**	298,917	**3,312,212**	$ 447,607

18. RELATED PARTY TRANSACTIONS

a) Key Management Compensation

	December 31 2018	December 31 2017
Key management personnel compensation comprised:		
Consulting fees	**$ 358,702**	$ 138,369
Share based payments	**453,600**	$ 112,500
	$ 812,302	$ 250,869

(Expressed in Canadian Dollars)

18. RELATED PARTY TRANSACTIONS (cont'd)

i) Consulting fees of $120,000 (2017 – $60,000) were paid to 0954041 BC Ltd. ("0954041"), a company controlled by Chris Bogart, the Company's President and Chief Executive Officer.
ii) Consulting fees of $69,869 (2017 - $18,369) were paid to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselman, the Company's Chief Financial Officer and Secretary.
iii) Consulting fees of $60,000 (2017 - $60,000) were paid to Craig Schneider ("Schneider") a company controlled by Schneider, an individual with significant influence over the Company. In addition, rental fees of $Nil (2017 - $24,000) were charged by Schneider.
iv) Consulting fees of $48,000 (2017 - $Nil) were incurred to Chris Gagan, the Company's Vice President of Marketing.
v) Consulting fees of $60,833(2017 - $Nil) were incurred to MDC Forbes Inc. ("Forbes") a company controlled by Michael Forbes the Company's Chief Operating Officer and a director of the Company;

b) Related Party Liabilities

The following amounts owing to related parties are included in trade and other payables:

			December 31 2018		June 30 2018
Minco	Consulting Fees	$	**18,257**	$	17,374
Chris Gagan	Consulting Fees		**-**		16,590
MDC Forbes Inc/M. Forbes	Expenses		**6,520**		-
		$	**24,777**	$	33,964

c) Advances

In connection with the Clarity Option described in Note 23 as at December 31, 2018 the Company has advanced an aggregate $2,875,000 to secure certain retail locations. These advances are considered related party advances as Mr. Forbes has a controlling interest in Clarity until such time as the Company exercises the Clarity Option. In the event the Company does not acquire a retail site included in the Clarity Option any advance in relation to that retail site will convert to loan at an interest rate of 6% due and payable with in one year upon such conversion (Note 23 and 24).

19. LOSS PER SHARE

	December 31 2018	December 31 2017
Loss from continuing operations attributable to ordinary shareholders	**($5,709,698)**	($1,432,064)
Weighted average number of common shares	**179,486,471**	72,424,565
Basic and diluted loss per share from continuing operations	**($0.03)**	($0.02)
Loss from discontinued operations attributable to ordinary shareholders	**($89,596,571)**	$nil
Weighted average number of common shares	**179,486,471**	72,424,565
Basic and diluted loss per share from discontinued operations	**(0.50)**	-

(Expressed in Canadian Dollars)

20. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the period ended December 31, 2018 management changed the Company's strategic plan to focus on developing a network of retail stores which will feature a curated selection of products from various licensed producers resulting in the decision not to pursue the cultivation sector of the cannabis industry. The Company divested and sold its 90.2% interest in SMP to the original key shareholders and reclassified Medi-can and IGC to assets held for sale.

As the Company changed its focus to retail, management decided the operations for Medi-can and IGC meet the definitions of assets held for sale and discontinued operations under IFRS 5. Consequently, assets and liabilities of Medi-can and IGC were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of Medi-can and IGC have been classified from the Company's continuing operations to loss from discontinued operations as a single line in condensed consolidated interim statements of loss and comprehensive loss.

Accordingly to IFRS 5, on the reclassification of disposal groups as assets held for sale and discontinued operations, the Company remeasured the net assets of Medi-can and IGC to fair value. During the period ended December 31, 2018, impairment expense of $2,849,835 and $7,621,382 was recorded against license applications in Medi-can and IGC (Note 11), and $46,013 to property and equipment (Note 10), which is included in loss from discontinued operations (Note 20).

On December 10, 2018 the Company entered into a share purchase agreement with the original key shareholders of SMP whereby Arbutus (Choom's wholly owned subsidiary), 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. The Company recorded $1,732,665 as long-term investments representing the 9.8% interest in SMP.

The SMP Divesture resulted in a loss from discontinued operations of $78,753,858 representing the elimination of assets and liabilities in SMP and impairment of intangible assets.

As at December 31, 2018, net assets held for sale comprise of the following:

		December 31 2018
Assets held for sale		
Cash	$	**20**
Accounts receivable		**53,532**
Deposit		**400,086**
Property and equipment		**62,560**
Total assets held for sale	$	**516,199**
Liabilities held for sale		
Trade and other payables		**20,250**
Total liabilities held for sale	$	**495,949**

(Expressed in Canadian Dollars)

20. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

The results of the operations of SMP, Medi-can and IGC are presented as discontinued operations for the period ended December 31, 2018:

	December 31 2018	December 31 2017
General and Administrative costs		
Consulting fees	**$ 5,000**	$ -
Office and administration	**1,670**	-
Professional fees	**5,856**	-
Rent	**312,957**	-
Loss before other items	**(325,483)**	$ -
Other items		
Loss on the sale of asset	**(78,753,858)**	-
Impairment on property and equipment	**(46,013)**	
Impairment on intangibles	**(10,471,217)**	-
Total other items	**(89,271,088)**	-
Total loss for the period	**$ (89,596,571)**	$ -

Cash flows from discontinued operations are as follows:

	December 31 2018	December 31 2017
Cash used by discontinued operations		
Operating Activities:		
Net loss from discontinued operations	**$ (89,596,571)**	$ -
Items not affecting cash		
Impairment of equipment	**46,013**	-
Impairment of licenses	**10,471,217**	-
Loss on sale of SMP	**78,753,858**	-
Changes in non-cash working capital items:		
Accounts receivable	**(34,456)**	-
Prepaid expense	**44,454**	-
Net cash used in discontinued operations	**$ (315,485)**	$ -
Investing Activities:		
Purchase of equipment	**(51,151)**	-
Cash at beginning of period	**32**	-
Net cash used in discontinued operations	**$ (366,604)**	$ -

21. SEGMENT REPORTING

The Company pursuant to a change of business on November 17, 2017 and had one reportable operating segment of cultivation in the cannabis industry. As a result of the Company's decision to focus on the retail segment as well as the patient counselling with the recent acquisition of the Medical Centre, the Company divested its investment in SMP to 9.8% and transferred Medi-can and IGC to assets held for sale. The Company's non-current assets as at December 31, 2018 and June 30, 2018 are all in Canada.

22. 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 periods ended December 31, 2018 and 2017 the following transactions were excluded from the statements of cash flows:

i) pursuant to settlement of debt of $ (2017 - $535,500) the issuance common shares of (2017 -3,150,000), (See Note 15).

23. COMMITMENTS

ABcann Medicinals Inc.

Choom entered into a binding supplier agreement with ABcann Medicinals Inc. ("**ABcann**") dated March 16, 2018, whereby ABcann, a Licensed Producer, will supply Choom with premium cannabis products subject to regulatory approval (the "**ABcann Supply Agreement**"). The term of the ABcann Supply Agreement is for three years, with automatic renewal for two additional two-year terms unless terminated by either Choom or ABcann upon providing six months written notice. The obligations of the parties under the ABcann Supply Agreement with respect to the purchase and sale of cannabis products will arise upon a mutually-agreed upon launch date that is dependent on receiving required regulatory approval.

Medican Leasehold Premises

Pursuant to the acquisition of Medican as described in Note 11, the Company assumed the lease agreement (the "Medican Lease) for the leasehold premises located in Vernon, BC dated for reference May 15, 2016 for a three-year term at an annual payable lease amount of $68,700. The Medican Lease is renewable for a further three-year term upon six months prior notice to the expiry of May 15, 2019. As December 31, 2018 the Company did not elect to renew the Medi-can Lease which will expire on May 15, 2019.

Island Green Cure Leasehold Premises

Pursuant to the closing of the ICG Acquisition on May 2, 2018 as described in Note 12, the Company assumed the lease agreement (the "IGC Lease") for the leasehold premises located in Chemanius, BC (the "IGC Leasehold Premises") for a term of five years at an annual lease amount payable of $88,908. The terms of the IGC Lease require the full-term lease amount of $444,540 be deposited with an escrow agent on or before June 30, 2018 (the "Rent Deposit"). The Rent Deposit shall be credited at an amount of $7,409 per month during the term of the ICG Lease. Furthermore, in accordance with the terms of the IGC Lease, initial payments and termination of existing tenancy to the current tenant, include $100,000 upon execution of the IGC Lease (paid) and a further $300,000 within 90 days of the current tenant vacating the IGC Leasehold Premises (paid). As at December 31, 2018 $Nil (June 30, 2018 - $88,908) is classified as a current asset in prepaids and deposit and $Nil (June 30, 2018 - $355,632) is classified as a long-term deposit. All amounts were transferred to assets held for sale (note 20).

Office Lease

Effective May 1, 2018 the Company has assumed its current office space lease (previously held by Etoby Management Limited – see Note 16), on a month to month basis at a monthly rate of $8,644 per month.

(Expressed in Canadian Dollars)

23. COMMITMENTS (cont'd)

Retail Leasehold Premises

On October 15, 2018 the Company through its wholly owned subsidiary 2151414 AB entered into a sub-lease for a five-year term. The terms of the lease include a $15,000 sublease inducement (paid) a minimum monthly rent of $10,644 per month with the first twelve months prepaid $127,732 (paid) which in included in prepaid expenses.

Clarity Option Agreement

Pursuant to an option agreement dated April 16, 2018 as amended and restated on August 31, 2018 as further amended on October 31, 2018 with Clarity Cannabis MD Holdings Inc. Clarity Cannabis BC Ltd. and Clarity Cannabis Saskatchewan ("Clarity"), Choom has the option (the "Clarity Option") for a period of eighteen months to acquire one or more cannabis retail locations secured by Clarity in the provinces of British Columbia and Alberta. The Clarity Option is subject to, among other things, all regulatory approvals being obtained. On exercise of the Clarity Option, Choom will, subject to adjustments in the option exercise price for certain specified factors compensate Clarity in the amount of $1,300,000 per location acquired. For the first location acquired, the exercise price is to be satisfied by the payment of $1,000,000 in cash and by the issuance of $300,000 worth of Common Shares.

For subsequent acquisitions, the exercise price per location is to be satisfied by the issuance of Common Shares. As at December 31, 2018 an amount of $3,550,000 (June 30, 2018 – Nil) was included in prepaid expenses and advance in connection with the Clarity Option (Note 24).

Acquisition

The Company as at June 30, 2018 had advanced a $500,000 refundable deposit in connection with a non-binding agreement to acquire the rights to certain parcel of land including other buildings, facilities and assets to be credited toward the purchase price**.** During the period ended December 31, 2018 the Company elected not proceed with the acquisition and the $500,000 was returned to the Company.

Future Commitments

Cash commitments for minimum lease payments in relation to the commitments described above as at December 31, 2018 and June 30, 2018 are payable as follows:

	December 31 2018	June 30 2018
Not later than 1 year	**$101,353**	$796,707
Later than 1 year and not later than 5 years	**2,520,000**	2,520,000
	$2,621,353	$3,316,707

24. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2018:

Clarity Option

In connection with the Clarity Option (Note 23), on February 26, 2019 the Company entered a definitive agreement ("Purchase Agreement") with Clarity and its shareholders, to acquire 30 retail locations, three of which are licensed with the Alberta Gaming, Liquor & Cannabis Commission ("AGLC"). Clarity has successfully progressed through AGLC licensing and is operating the following three stores in the legal adult use cannabis market in Alberta and is awaiting licences for seven cannabis retail stores.

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

Clarity Option

Pursuant to the Purchase Agreement, among other things, the Company will:

- pay $2,000,000 to the principal shareholder of Clarity (the "Principal") and issue 6,000,000 Choom Shares to all of the shareholders of Clarity, subject to escrow release over two years;
- pay $500,000 to the Principal and issue 2,500,000 Choom Shares to all of the shareholders of Clarity, subject to escrow release over two years, once Choom acquires Clarity or acquires one of the Clarity retail stores; and
- issue 2,500,000 Choom Shares to all of the shareholders of Clarity, subject to escrow release over two years, once the AGLC approves Choom to either acquire one of the Clarity retail stores or to operate any cannabis retail store in Alberta.

Included in the consideration is 8,867,000 Choom Shares and $2.5 million due to the Principal in connection with the acquisition. As the Principal is also a director of Choom, the acquisition constitutes a related party transaction within the meaning of Multilateral Instrument 61-101 ("MI 61-101"), however, the transaction will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as the fair market value of the consideration and the transaction will not exceed 25% of the Company's market capitalization. A material change report in relation to this transaction will be filed less than 21 days before the issue of the majority of the Choom Shares and cash consideration in accordance with the terms of the Purchase Agreement but at least 21 days prior to closing.

Property and Equipment

On January 29, 2019 the Company completed the purchase of certain real estate assets for the purchase price of $985,000 cash paid for the purposes of building out retail locations in advance of approval of its retail license applications.

Common Shares

The Company issued 124,902 common shares pursuant to the Choom Share Commitments representing 6.25% of the balance due with 1,863,543 remaining.

Options

The Company issued 50,000 common shares pursuant to the exercise of stock options at an exercise price of $0.17.

Loans and Advances

The Company has made further advances to related and non-related parties in the aggregate $690,181 in connection with securing its interests in the retail opportunities in Canada which includes related party advances of $465,181 in connection with the Clarity Option.