NATIONAL ACCESS CANNABIS CORP.

Consolidated Financial Statements

For the Years Ended August 31, 2017 and August 31, 2016
(Expressed in Canadian Dollars)

Independent Auditors' Report

MNP LLP

To the Shareholders of National Access Cannabis Corporation:

We have audited the accompanying consolidated financial statements of National Access Cannabis Corporation, which comprise the consolidated statement of financial position as at August 31, 2017 and August 31, 2016, and the consolidated statements of loss and comprehensive loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Access Cannabis Corporation as at August 31, 2017, and August 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of the consolidated financial statements which indicates that the Company has continuing losses and an accumulated deficit of $9,563,493. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional financing and achieve a profitable level of operations. These conditions, along with other matters, as set forth in Note 1, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Ottawa, Ontario	Chartered Professional Accountants
December 18, 2017	Licensed Public Accountants

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NATIONAL ACCESS CANNABIS CORP.
Consolidated Statements of Financial Position
As at August 31, 2017
(Expressed in Canadian Dollars)

		Notes	August 31, 2017	August 31, 2016
Assets				
Current				
	Cash		**4,871,790**	58,745
	Trade and other receivables	Note 6	**403,003**	178,178
	Inventory	Note 7	**24,556**	10,027
	Prepaid expenses		**37,574**	32,258
			5,336,923	279,208
Non-current				
	Property and equipment	Note 8	**817,652**	558,151
	Intangible assets	Note 9	**-**	23,359
	Goodwill	Note 4 & 9	**1,516,271**	814,477
			7,670,846	1,675,195
Liabilities				
Current				
	Trade and other payables		**978,996**	206,743
	Due to directors		**-**	383,279
	Note payable	Note 10	**315,000**	-
	Deferred revenues		**40,922**	45,813
			1,334,918	635,835
Non-current				
	Lease inducements		**11,397**	15,925
			1,346,315	651,760
Shareholders' Equity				
	Share capital	Note 12	**15,311,030**	1,534,109
	Warrants	Note 12	**160,937**	1,295,526
	Contributed surplus		**416,057**	32,374
	Accumulated deficit		**(9,563,493)**	(1,838,574)
			6,324,531	1,023,435
			7,670,846	1,675,195

Going concern (Note 1)
Subsequent events (Note 21)

These financial statements were authorized for issue by the Board of Directors on December 18, 2017. They are signed on the Company's behalf by:

Signed: "Chuck Rifici"
Director

Signed: "Rocco Meliambro"
Director

The accompanying notes and schedules are an integral part of these financial statements.

NATIONAL ACCESS CANNABIS CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the year ended August 31
(Expressed in Canadian Dollars)

	2017	2016
Revenues		
Consultations	**205,156**	104,339
Administrative fees	**57,607**	-
Membership fees	**124,688**	44,865
Commissions	**684,572**	111,402
Merchandise sales	**120,950**	53,208
	1,192,973	313,814
Cost of Goods Sold		
Merchandise	**84,333**	39,759
Consultation fees	**386,099**	127,842
	470,432	167,601
Gross Profit	**722,541**	146,213
Expenses		
Advertising and marketing	**146,374**	90,689
Amortization of property and equipment	**318,588**	69,787
Amortization of intangible assets	**23,359**	55,878
Share based compensation	**1,899,387**	152,374
General and administrative expenses (Schedule)	**3,426,073**	1,120,132
	5,813,781	1,488,860
Loss from operations	**(5,091,240)**	(1,342,647)
Other expenses		
Listing expense	**2,427,438**	-
Accretion expense	**71,873**	-
Interest on short-term debt	**131,232**	6
Loss on sale of assets	**3,136**	-
Net loss and comprehensive loss for the year	**(7,724,919)**	(1,342,641)
Net loss per share (Note 14)		
Basic and diluted	(0.13)	(0.04)

The accompanying notes and schedules are an integral part of these financial statements.

NATIONAL ACCESS CANNABIS CORP.
Consolidated Statements of Changes in Shareholders' Equity
For the year ended August 31
(Expressed in Canadian Dollars)

	Share Capital		Warrants			
	Number of Shares	Amount ($)	Amount	Contributed Surplus	Deficit	Total ($)
Balance, September 1, 2015	34,997,010	1,124,109	1,270,726	-	(495,933)	1,898,902
Subscription receipts (Note 12)	4,000,000	200,000	-	-	-	200,000
Subscription receipts for warrants (Note 12)	-	-	50,000	-	-	50,000
Purchase of property and equipment (Note 12)	300,000	90,000	-	-	-	90,000
Share based compensation (Note 12)	2,400,000	120,000	-	32,374	-	152,374
Redemption of warrants (Note 12)	-	-	(25,200)	-	-	(25,200)
Net loss and comprehensive loss for the period	-	-	-	-	(1,342,641)	(1,342,641)
Balance, August 31, 2016	41,697,010	1,534,109	1,295,526	32,374	(1,838,574)	1,023,435
Subscription receipts (Note 12)	1,794,000	680,475	475,000	-	-	1,155,475
Payment of interest on short-term debt (Note 12)	360,000	90,000	-	-	-	90,000
Broker/Finder warrants (Note 12)	-	-	50,096	146,438	-	196,534
Purchase of property and equipment (Note 12)	2,000,000	200,000	-	-	-	200,000
Acquisition of companies (Note 12)	1,300,000	325,000	-	-	-	325,000
Amalgamation (Note 12)	100	100	-	-	-	100
Concurrent financing (Note 12)	24,000,000	6,000,000	93,786	-	-	6,093,786
Conversion of 2017 unsecured convertible debentures (Note 12)	5,000,000	1,041,773	17,055	-	-	1,058,828
Conversion of payable due to director (Note 12)	221,860	33,279	-	-	-	33,279
Conversion of director loans (Note 12)	8,000,000	400,000	-	-	-	400,000
Share based compensation (Note 12)	10,985,000	1,662,142	-	237,245	-	1,899,387
Conversion of options (Note 12)	500,000	5	-	-	-	5
Conversion of warrants (Note 12)	11,754,698	1,770,526	(1,770,526)	-	-	-
Share issuance costs (Note 12)	-	(350,841)	-	-	-	(350,841
Transaction costs (Note 12)	-	(165,912)	-	-	-	(165,912)
Shares issued for reverse acquisition (Note 12)	8,361,495	2,090,374	-	-	-	2,090,374
Net loss and comprehensive loss for the year	-	-	-	-	(7,724,919)	(7,724,919)
Balance, August 31, 2017	115,974,163	15,311,030	160,937	416,057	(9,563,493)	6,324,531

The accompanying notes and schedules are an integral part of these financial statements.

NATIONAL ACCESS CANNABIS CORP.
Consolidated Statements of Cash Flows
For the year ended August 31
(Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Net loss and comprehensive loss	**(7,724,919)**	(1,342,641)
Adjustments not effecting cash		
Accretion expense	**71,873**	-
Amortization of property and equipment	**318,588**	69,787
Amortization of intangible assets	**23,359**	55,878
Amortization of lease inducements	**(4,528)**	(3,302)
Non-cash interest expense	**90,000**	-
Listing expense	**2,126,549**	-
Share-based compensation	**1,899,387**	32,374
Loss on sale of assets	**3,136**	-
	(3,196,555)	(1,187,904)
Changes in non-cash working capital		
Trade and other receivables	**(224,825)**	(64,776)
Inventory	**(14,529)**	(6,126)
Prepaid expenses	**(5,316)**	(25,277)
Trade and other payables	**772,437**	114,112
Deferred revenues	**(4,891)**	37,118
Cash flows used in operating activities	**(2,673,679)**	(1,132,853)
Investing Activities		
Reverse takeover	**50,860**	-
Business combination	**(267,379)**	-
Acquisition of property and equipment	**(381,225)**	(371,809)
Cash flows used in investing activities	**(597,744)**	(371,809)
Financing Activities		
Issuance of share capital	**680,475**	410,000
Issuance of share capital – concurrent financing	**6,000,000**	-
Issuance of share capital – convertible debentures	**969,900**	-
Issuance of warrants	**475,000**	50,000
Issuance of options	**5**	-
Share issuance costs	**(240,000)**	-
Transaction costs	**(165,912)**	-
Repurchase of warrants	**-**	(25,200)
Note receivable	**-**	(298,000)
Note payable	**315,000**	-
Due to directors	**50,000**	383,279
Lease inducement	**-**	9,602
Cash flows provided by financing activities	**8,084,468**	1,125,681
Net increase (decrease) in cash	**4,813,045**	(378,981)
Cash, beginning of year	**58,745**	437,726
Cash, end of year	**4,871,790**	58,745

The accompanying notes and schedules are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

National Access Cannabis Corp., formerly Brassneck Capital Corp. ("NAC" or "the Company"), has one wholly-owned subsidiary, National Access Clinic Corp. ("Clinic"). Clinic has two wholly-owned subsidiaries, National Access Canada Corporation ("Canada"), and Wilson Master Apps Inc. (dba CannApply Medical Services) ("CannApply"). Clinic and its subsidiaries are in the business of providing cannabinoid education and introducing patients to medical cannabis treatments via its national network of physicians and health professionals. The Company's common shares are listed on the TSX Venture Exchange ("TSXV"), under the trading symbol "NAC".

The Company was incorporated under the name Brassneck Capital Corp. pursuant to the provisions of the Business Corporations Act (Alberta) on June 18, 2015. The Company maintains its head office and registered office at 1111 Wellington Street West, Ottawa, Ontario, K1Y 2Y6. The Company was a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of the TSXV.

Pursuant to the terms of an amalgamation agreement dated July 10, 2017 between Brassneck Capital Corp., National Access Cannabis Corp. (NAC) and 1119622 B.C. Ltd. (Subco), a wholly owned subsidiary of Brassneck Capital Corp., NAC and Subco amalgamated under the Business Corporations Act (British Columbia) to form a new company under the corporate name National Access Clinic Corp. (Clinic Corp). Clinic Corp. will carry on the business previously carried on by NAC as a subsidiary of the Company. On August 30, 2017, as part of the Qualifying Transaction (described in the following paragraph), Brassneck Capital Corp. amended its articles to complete a share split of all of its issued and outstanding Common Shares and all outstanding options and warrants to purchase Common Shares on the basis of 1.205 post-Share Split Common Shares for every 1 pre-Share Split Common Share. Also on August 30, 2017, as part of the Qualifying Transaction, Brassneck Capital Corp. changed its name to National Access Cannabis Corp.

On August 30, 2017, the Company completed its Qualifying Transaction. Upon closing, National Access Cannabis Corporation shareholders held approximately 92.8% of the outstanding shares of the Company. In substance, the Transaction involves National Access Cannabis Corporation shareholders obtaining control of the Company and accordingly the Transaction is considered to be a reverse takeover transaction ("RTO") with the Company. For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 Business Combinations ("IFRS 3") since the Company, prior to the acquisition did not constitute a business. Upon completion of the Amalgamation, there were 115,974,063 Common Shares issued and outstanding. The transaction is accounted for in accordance with IFRS 2 Share-based Payments whereby National Access Cannabis Corporation is deemed to have issued shares and share purchase warrants in exchange for the net assets of the Company together with its listing status at the fair value of the consideration received by National Access Cannabis Corporation The consolidated financial statements of the combined entities are issued under the legal parent, National Access Cannabis Corporation (formerly Brassneck Capital Corp.), but are considered a continuation of the financial statements of the legal subsidiary, National Access Clinic Corporation. Since National Access Clinic Corporation is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values. Additional information on the transaction is disclosed in Note 5.

On December 21, 2016 the Company entered into a Share Purchase Agreement with Wilson Master Apps Inc. (doing business as CannApply Medical Services) ("CanApply") an Alberta Company with an office at 201, 5401 Temple Dr. NE, Calgary, AB. CannApply is a private company engaged in the business of operating clinics offering services to medical cannabis patients. CannApply currently operates out of four locations within the city of Calgary. AB. The Company acquired 100% of the issued securities of CannApply for a total consideration of $600,000 payable in 1,300,000 common shares of the Company with a value of $0.25 per share and $275,000 in cash with $100,000 paid at closing cash of which $100,000 was paid at closing and the remaining balance of $175,000 was paid following the Company's Qualifying Transaction (RTO) and subsequent public listing on August 30th, 2017.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

The audited consolidated financial statements were approved and authorized for issue by the Board of Directors on December 18, 2017.

Going Concern Assumption

These consolidated financial statements for the year ended August 31, 2017 have been prepared on the going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is in the development stage of expanding by opening and acquiring clinics throughout Canada. While these financial statements have been prepared on a going concern basis, the Company continues to remain dependent on its ability to obtain sufficient funding to sustain operations and continue with its current expansion projects. While the Company has been successful in raising financing in the past, there can be no assurance that it will be able to do so in the future. Several alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These factors indicate a material uncertainty that may cast significant doubt about the Company being able to continue as a going concern. The Company has incurred losses since incorporation and as at August 31, 2017 has an accumulated deficit of $9,563,493.

The consolidated financial statements for the year ended August 31, 2017 do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and the balance sheet classifications used. Such adjustments, if required, could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in effect at the closing date of August 31, 2017. The Company maintains its head office and registered office at 1111 Wellington Street West, Ottawa, Ontario, Canada K1Y 2Y6.

The accounting policies applied in the preparation of the consolidated financial statements for the year ended August 31, 2017 are set out below.

2.2 Basis of measurement

The consolidated financial statements, presented in Canadian Dollars, have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 2.9.

The accounting policies set out below have been applied consistently by the Company and its wholly owned subsidiaries for the periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation

The consolidated financial statements include the accounts of National Access Cannabis Corporation, and the wholly-owned subsidiaries, National Access Clinic Corporation, National Access Canada Corporation and Wilson Master Apps Inc.

The subsidiaries are controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the day control ceases.

The functional currency of the parent, Clinic Corp, Canada Corp and CanApply is the Canadian dollar, which is the presentation currency of the consolidated financial statements.

Intercompany balance and transaction, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

2.4 Cash

Cash includes cash on deposit at banking institutions.

2.5 Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is calculated based on a first-in, first-out basis. Cost includes the acquisition cost at the date of purchase and costs directly attributable to bringing the asset to the location and condition necessary for distribution to customers. Net realizable value is the estimated selling price, in the ordinary course of business, less appropriate selling and distribution expenses.

When inventory is sold, the carrying amount of the inventory is recognized as an expense in cost of goods sold in the period in which the related revenue is recognized.

2.6 Property and equipment

Property and equipment are carried at historical cost less any accumulated amortization and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred. Amortization is provided at rates calculated to write off the cost of property, plant and equipment less their estimated residual value on the straight-line method, over the estimated useful lives, as follows.

Furniture and equipment	5 years
Electronic equipment	3 years
Information panels	3 years
Signs	5 years
Leasehold improvements	Over the term of the lease

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets

Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful life of 2 years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.8 Goodwill

Goodwill arising in a business combination is recognized as an asset at the date of control (acquisition date). Goodwill is measured as the excess of the cost of the acquisition over the Company's interests in the net fair value of the identifiable net assets, liabilities and contingent liabilities of the acquire recognized at the date of acquisition.

For the purposes of assessing impairment, goodwill is allocated to cash-generating unit or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents, subject to an operating segment ceiling test, the lowest level within the Company that goodwill is monitored for internal reporting purposes. The impairment of non-financial assets in Note 2.10 describes how goodwill is tested for impairment.

2.9 Financial instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly under other comprehensive income. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method. As at August 31, 2017, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets include cash and trade and other receivables. The Company's financial liabilities include trade and other payables, convertible debentures, note payable and due to directors. Classification of these financial instruments is as follows:

Cash	FVTPL
Trade and other receivables	Loans and receivables
Trade and other payables	Other financial liabilities
Convertible debentures	Other financial liabilities
Note payable	Other financial liabilities
Due to directors	Other financial liabilities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets are derecognized when the Company's rights to cash flows from the respective assets have expired or have been transferred and the Company has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of other comprehensive income (loss).

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The Company's financial instruments measured at fair value on the consolidated statement of financial position, consist of cash, which is measured at level 1 of the fair value hierarchy.

Offsetting of financial assets and liabilities

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

2.10 Impairment

The Company assesses at each date of the statement of financial position whether a non-financial asset is impaired.

Property and equipment, intangibles and goodwill are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount of the asset or related cash generating unit ("CGU") may not be recoverable. If any such indication exists, then the assets or CGU's recoverable amount is estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. For the purpose of impairment testing, assets that cannot be tested individually 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.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds the estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU on a pro-rata basis.

Impairment losses may be reversed in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in the statement of comprehensive income (loss).

An impairment loss in respect of a financial asset measured at amortized cost, such as trade and other receivables, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the corresponding asset.

2.11 Business combinations

Business combinations are accounted for using the acquisition method under IFRS 3, Business Combinations (IFRS 3). The consideration transferred by the Company to obtain control of an entity is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at the acquisition-date fair values. Goodwill is stated after separate recognition of identifiable assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognized amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest that the Company has in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of identifiable net assets exceeds the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in net earnings immediately.

2.12 Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available for sale investments and gains or losses on certain derivative instruments. To date, there have not been any charges to other comprehensive income (loss).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Revenue recognition

Revenue represents the fair value of the sale of goods to customers, net of discounts and sales tax in the ordinary course of the Company's activities. Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer, it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably, which generally arises on delivery.

Revenues from memberships, administration fees and consultations are recognized at the latter of when the service has been provided and collection is reasonably assured. Revenues received for future periods are deferred until such time as the service is provided.

2.14 Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically measured, they are measured at fair value of the share-based payment. The fair value of the share based payments is recognized together with a corresponding increase in equity over a period that services are provided or goods are received.

Equity settled transactions

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted, incorporating the Black-Scholes option pricing model.

The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

2.15 Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that may add to the total number of common shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates. Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2.17 Related party transactions

Related parties are individuals or corporations who do not deal at arms length with the Company.

2.18 Equity

Share capital

Share capital represents the amount received on the issuance of common shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital. If shares are issued when options or warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus or warrants. In addition, if common shares are issued as consideration for the acquisition of non-monetary assets, they are measured at the fair value of the assets or services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the assets or services received, the common shares are measured at the fair value of the shares issued. Given that there is no quoted price for the Company's shares, the fair value is estimated by using other observable inputs at that date.

Warrants

Warrants include charges related to the issuance of warrants until such equity instruments are exercised.

In the event that the Company reacquires its own warrants, they are held by the Company until the time they are transferred or cancelled.

Contributed surplus

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised, as well as expired or forfeited warrants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Critical accounting estimates and judgements

The Company's consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates

Useful lives of depreciable assets

The useful lives of depreciable assets have been determined based on management estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain computer equipment.

Useful lives of intangible assets

The useful lives of intangible assets have been determined based on management estimated attrition rates related to the associated asset. Any subsequent change in these estimates would affect the amount of amortization recorded over future periods.

Share-based compensation

The estimation of share-based compensation requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of share options granted and the time of exercise of those options. The model used by the Company is the Black-Scholes valuation model.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Judgements

Assessing the probability of utilizing deferred tax assets

Deferred tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Information about assumptions and estimation based upon the likely timing and the level of the reversal of existing timing differences, future taxable income and future tax planning strategies, is included in Note 18. The tax rules in the numerous jurisdictions in which the Company operates are also taken into consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill impairment

The Company performs an annual test for impairment for each of the cash generating units (CGUs with goodwill allocated), and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Determining whether an impairment has occurred requires valuation of the respective CGU, which is estimated using a discounted cash flow method. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. In applying this methodology, we rely on a number of factors, including actual operating results, future business plans, economic projections and market data.

An impairment test was performed as of the date of the statement of financial position, the fair value less cost of disposal was determined to be above the carrying amount of the assets in the CGU. As a result no impairment losses were recognized.

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using approximate valuation techniques, which are generally based on a forecast of the total expected future cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. When provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurements period will last for one year from the acquisition date.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year involves significant judgement based on historical events that are believed to be reasonable under the circumstances. See Note 1 for more information.

Valuation adjustments for inventory

The Company records a valuation adjustment for inventory by comparing inventory cost to its net realizable value. This process requires judgements related to future market demand, cost and pricing. These adjustments are reviewed on an ongoing basis and may have a significant impact on any valuation adjustment for inventories.

2.20 Segmented information

Throughout the period ended August 31, 2017, the Company operated in one segment, ownership and operation of clinics within Canada.

3. NEW STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN FUTURE

At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 9 '*Financial Instruments: Classification and Measurement*' - as issued in 2010, reflects the first phase of the IASB's work on the replacement of International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing the impairment of financial assets. In November 2013, IFRS 9 was amended to include new requirements for hedge accounting. The effective date is for annual periods beginning on or after January 1, 2018. Entities may still choose to apply IFRS 9 immediately, but are not required to do so. The Company continues to assess this new standard and the potential impact to the consolidated financial statements.

IFRS 15 '*Revenue from contracts with customers*' was issued by the IASB in May 2014. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The effective date is for annual periods beginning or after January 1, 2018. Entities may still choose to apply IFRS 15 immediately, but are not required to do so. The Company continues to assess this new standard and the potential impact to the consolidated financial statements.

IFRS 16 '*Leases*' replaces IAS 17 '*Leases*', and introduces new rules for accounting for leases which will result in substantially all lessee leases being recorded on the consolidated statement of financial position. The standard is effective for annual periods beginning on or after January 1, 2019 with retrospective application and with early adoption permitted. The Company continues to assess this new standard and the potential impact to the consolidated financial statements.

Management has discussed these new standards with the Audit Committee and are further analyzing the effects on the Company.

4. BUSINESS COMBINATION

On December 23, 2016 the Company entered into a Share Purchase Agreement with Wilson Master Apps Inc. (doing business as CannApply Medical Services) ("CanApply") an Alberta Company with an office at 201, 5401 Temple Dr. NE, Calgary, AB. CannApply is a private company engaged in the business of operating clinics offering services to medical cannabis patients. CannApply currently operates out of four locations within the city of Calgary. AB. The Company acquired 100% of the issued securities of CannApply for a total consideration of $600,000 payable in 1,300,000 common shares of the Company with a deemed value of $0.25 per share and $275,000 in cash with $100,000 paid at closing cash of which $100,000 was paid at closing and the remaining balance of $175,000 was paid following the Company's Qualifying Transaction (RTO) and subsequent public listing on August 30th, 2017.

The Company has accounted for this transaction as a business combination under IFRS 3 as the group of assets acquired met the definition of a business.

Expressed in Canadian Dollars

4. BUSINESS COMBINATION (continued)

The following table summarizes the fair value of the net assets acquired. The valuation was performed by the Company based on the internal appraisals of the fair value of the property and equipment acquired. The assessment of the purchase price allocation is based on management's current knowledge of the business of Wilson Master Apps Inc. The allocation is preliminary and may change as more information becomes available. The change, if any, may be significant.

Value recognized on the acquisition date	
Cash	7,621
Trade and other receivables	49,467
Goodwill	701,794
Trade and other payables	(149,467)
Deferred revenues	(9,415)
Total net assets acquired	600,000

5. REVERSE TAKEOVER

On August 30, 2017, Brassneck Capital Corp. completed its Qualifying Transaction, pursuant to the terms of an amalgamation agreement dated effective July 10, 2017 between Brassneck Capital Corp., 1119622 B.C. Ltd., and National Access Cannabis Corp. The former shareholders of National Access Cannabis Corp. received a total of 107,612,568 or 92.8% of the post consolidated common shares of Brassneck Capital Corp. for all the outstanding shares of National Access Cannabis Corp.

The transaction was a reverse takeover of Brassneck Capital Corp. and has been accounted for under IFRS 2, *Share-based payment*. The value in excess of the net identifiable assets or obligations of the Company acquired on closing is expensed in the consolidated statement of comprehensive loss as a listing fee expense for the year ended August 31, 2017.

The listing fee expense in the amount of $2,427,438 is comprised of the net working capital, the fair value of common shares and options of the Company retained by the former shareholders of the Company as well as other direct expenses of the Transaction. The options and warrants were attributed a fair value of $196,534 using the Black-Scholes option pricing model with the following assumptions: fair value of security of $0.25; expected life of two years; $Nil dividends; 71% volatility; and a risk-free interest rate of 1.04%.

The following represents management's estimate of fair value of share-based consideration and net assets acquired as a result of this Qualifying Transaction.

Fair value of Brassneck shares (8,361,495 at $0.25 per share)	2,090,374
Fair value of Brassneck options	196,534
Total Consideration	2,286,908
Net assets acquired	(274,892)
Excess attributed to cost of listing	2,012,016
Legal, professional and other fees	415,422
RTO Listing Expense	2,427,438

Net assets acquired include:	
Cash	50,860
Loan Receivable	222,275
Prepaid Expenses	10,000
Legal Fees Payable	(8,243)
Total net assets acquired	274,892

Expressed in Canadian Dollars

6. TRADE AND OTHER RECEIVABLES

	2017	2016
Trade receivables	309,772	99,150
Sales taxes recoverable	93,231	79,028
	403,003	178,178

7. INVENTORY

Inventory consists of various retail items. Most items are instruments used by patients to help prepare and administer prescribed medical cannabis.

	2017	2016
Retail items	24,556	10,027

During the year ended August 31, 2017, $84,514 of inventory was recognized as an expense ($34,878 for the year ended August 31, 2016).

8. PROPERTY AND EQUIPMENT

	Furniture And Equipment	Electronic Equipment	Information panels	Signs	Leasehold Improvements	Total
Cost:						
At August 31, 2015	33,127	20,739	14,233	8,000	192,730	268,829
Additions	35,408	14,040	-	14,627	307,734	371,809
Disposals	-	-	-	-	-	-
At August 31, 2016	68,535	34,779	14,233	22,627	500,464	640,638
Additions	59,740	34,018	-	41,741	445,726	581,225
Disposals	(3,690)	-	-	-	-	(3,690)
At August 31, 2017	124,585	68,797	14,233	64,368	946,190	1,218,173
Accumulated Amortization						
At August 31, 2015	1,065	1,536	965	286	8,848	12,700
Amortization	7,246	7,009	4,744	1,924	48,864	69,787
Disposals	-	-	-	-	-	-
At August 31, 2016	8,311	8,545	5,709	2,210	57,712	82,487
Amortization	22,433	19,529	4,744	11,684	260,198	318,588
Disposals	(554)	-	-	-	-	(554)
At August 31, 2017	30,190	28,074	10,453	13,894	317,910	400,521
Carrying amounts:						
At August 31, 2016	60,224	26,234	8,524	20,417	442,752	558,151
At August 31, 2017	94,395	40,723	3,780	50,474	628,280	817,652

Expressed in Canadian Dollars

9. INTANGIBLE ASSETS AND GOODWILL

		Total Goodwill	Total Software Licenses
Cost:			
At August 31, 2015		814,477	100,000
	Additions	-	-
	Disposals	-	-
At August 31, 2016		814,477	100,000
	Additions (Note 4)	701,794	-
	Disposals	-	-
At August 31, 2017		1,516,271	100,000
Accumulated Amortization			
At August 31, 2015		-	20,763
	Amortization	-	55,878
	Disposals	-	-
At August 31, 2016		-	76,641
	Amortization	-	23,359
	Disposals	-	-
At August 31, 2017		-	100,000
Carrying amounts:			
At August 31, 2016		814,477	23,359
At August 31, 2017		1,516,271	-

10. NOTE PAYABLE

On November 29, 2016 the Company borrowed $300,000 from an unsecured lender at an interest rate on the principal at 5% per month from December 2016 through April 2017, and 2.5% per month on the principal from May 2017 forward. At June 29, 2017, $90,000 of interest was paid to the lender in common shares of the Corporation. The common share price of $0.25 per share was based on market price. As at August 31, 2017 the remaining principal of $300,000 and balance of interest of $15,000 was subsequently paid on September 5, 2017.

11. CONVERTIBLE DEBENTURES

On April 10, 2017, the Company completed a private placement financing of convertible debentures with a total principal amount of $1,000,000. Total transaction costs of $30,100 were incurred on the issuance. The holders of Convertible Debentures will be paid interest at a rate of 10% per year, payable semi-annually, with any accrued interest to be forgiven upon completion of the Qualifying Transaction. The terms of the Convertible Debentures provide that immediately prior to completion of the Qualifying Transaction, the Convertible Debentures will convert into common shares of the Company at a 20% discount to the Concurrent Financing Price or 5,000,000 shares. The private placement offering of the Company occurred on July 10, 2017.

Expressed in Canadian Dollars

11. CONVERTIBLE DEBENTURES (continued)

The Company has allocated the proceeds from issuance between the estimated fair value of equity and debt components using an effective interest rate for the debt component of 20%. Based on this calculation, the liability component was $952,381 ($923,714 net of transaction costs) and the residual equity component was $47,619 ($46,186 net of transaction costs).

Pursuant to the debenture agreement, on August 30, 2017 ("the date of conversion") the debentures automatically converted to 5,000,000 common shares at a conversion price of $0.20 per share immediately prior to the closing of the Qualifying Transaction. The debentures had a book value of $995,587 ($1,000,000 face value) and contributed surplus (equity component) of $46,186. Up to and including the date of conversion, the accreted interest on the debenture was $71,873 and recorded as accretion expense on the statement of comprehensive loss. Therefore, on August 30, 2017, the conversion of the debentures and the corresponding conversion liability results in an increase to share capital of $1,041,773 for the 5,000,000 common shares issued.

For its services, the broker received 150,000 Agents Convertible Note Warrants to purchase the Company's shares. The terms of the Agents Convertible Note Warrants provide that the broker may acquire the shares at an exercise price of $0.20 per share at any time up until April 11, 2019. The warrants issued were revalued on August 31, 2017 at $17,055 using the Black-Scholes option pricing model and the following variables: stock price of $0.25; expected life of 2 years; $Nil dividends, 70% volatility, and risk-free interest rate of 0.87%.

12. EQUITY INSTRUMENTS

(a) **Share Capital**
Authorized:
The authorized capital stock of the Company consists of an unlimited number of common shares.

	Number of shares	Amounts
Balance, September 1, 2015	34,997,010	1,124,109
Subscription receipts net of issuance costs (i)	4,000,000	200,000
Purchase of property and equipment (ii)	300,000	90,000
Share based compensation (iii)	2,400,000	120,000
Balance, August 31, 2016	41,697,010	1,534,109
Balance, September 1, 2016	41,697,010	1,534,109
Subscription receipts net of issuance costs (i)	1,794,000	680,475
Payment of interest on short-term debt (iv)	360,000	90,000
Purchase of property and equipment (v)	2,000,000	200,000
Acquisition of companies (vi)	1,300,000	325,000
Amalgamation (vii)	100	100
Concurrent financing (viii)	24,000,000	6,000,000
Conversion of 2017 unsecured convertible debentures (ix)	5,000,000	1,041,773
Conversion of payable due to Director (x)	221,860	33,279
Conversion of director loans (xi)	8,000,000	400,000
Share based compensation (iii)	10,985,000	1,662,142
Conversion of options (xii)	500,000	5
Conversion of warrants (xiii)	11,754,698	1,770,526
Share issuance costs	-	(350,841)
Transaction costs (xiv)	-	(165,912)
Shares issued for reverse acquisition (xv)	8,361,495	2,090,374
Balance, August 31, 2017	**115,974,163**	**15,311,030**

12. EQUITY INSTRUMENTS (continued)

(i) The Board reviewed the financial situation of the Company and determined additional funds were required. Pursuant to subscription agreements, an investor offered to purchase 4,000,000 common shares at the price of $0.05 per share. The Company accepted the offer and subscription funds were received on August 12, 2016.

During the 2017 year end, a total of 1,794,000 shares were issued for a total of $448,500. An additional $231,975 was received from various shareholders who had previously purchased common shares at prices below $0.05 per share. Payments were made to top up share purchase price to $0.05 thereby avoiding TSX Venture Exchange escrow restrictions.

(ii) On July 29th, 2016, National Access Canada Corporation, the wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement to purchase all leasehold improvements, equipment and office supplies (the Assets) located at 286 Danforth, Toronto, Ontario. As consideration, the vendor agreed to accept the issuance of 300,000 of the Company's common shares.

(iii) Members of the Board of Directors, the executive management team, employees and consultants of the Company received share based compensation for consulting services and salary. At August 31, 2017, the Company's expenses included $1,662,142 (2016 - $120,000) for consulting fees and salary.

(iv) On November 29, 2016 the Company borrowed $300,000 from an unsecured lender at an interest rate on the principal at 5% per month from December 2016 through April 2017, and 2.5% per month on the principal from May 2017 forward. The option of converting all or part of the principal and interest amount into National Access Cannabis Corporation common shares was at the lender's sole discretion. At June 29, 2017, $90,000 of interest was paid to the lender in common shares of the Corporation.

(v) On November 17, 2016 the Company entered into an Asset Purchase Agreement with a major shareholder of the Company, to repurchase the leaseholds and substantially all of the assets, real and personal, tangible and intangible at the seller's facility located at 2571 A Quadra Street, Victoria, British Columbia. Total consideration for the assets purchased is $250,000 consisting of paying the seller $50,000 and issue of 2,000,000 common shares at $0.10 per share in capital of the Company. As a further consideration, the Buyer paid the Seller an additional amount of $50,000 upon the Company achieving its public listing status.

(vi) On December 21, 2016 the Company entered into a Share Purchase Agreement with Wilson Master Apps Inc. (doing business as CannApply Medical Services) an Alberta Company with an office at 201, 5401 Temple Dr. NE, Calgary, AB. CannApply is a private company engaged in the business of operating clinics offering services to medical cannabis patients. CannApply currently operates out of four locations within the city of Calgary. AB. The Company acquired 100% of the issued securities of CannApply for a total consideration of $600,000 payable in 1,300,000 common shares of the Company with a value of $0.25 per share and $275,000 in cash with $100,000 paid at closing and the remaining balance of $175,000 was paid following the Company's Qualifying Transaction (RTO) and subsequent public listing on August 30th, 2017.

(vii) Pursuant to the terms of an amalgamation agreement dated effective July 10, 2017 between the Company, National Access Cannabis Corp. and 1119622 B.C. Ltd., a wholly owned subsidiary of The Company, National Access Cannabis Corporation and 1119622 B.C. Ltd. amalgamated to form a new company under the corporate name National Access Clinic Corp. which will carry on the business previously carried on by National Access Cannabis Corp. as a subsidiary of the Company. As such the shares of 1119622 B.C. Ltd. have been incorporated into the share capital of the Company.

12. EQUITY INSTRUMENTS (continued)

(viii) On July 10, 2017, the Company completed a concurrent private placement pursuant to which it issued 24,000,000 subscription receipts for aggregate gross proceeds of $6,000,000. Immediately prior to the closing of the Acquisition, each subscription receipt was deemed to be exercised into one share of the Company at a price of $0.25 per share. In connection with the closing of the concurrent private placement, the Company paid the Agents a cash commission of $240,000, equal to 6% of the gross proceeds from the concurrent private placement, subject to a reduced commission of 2% for certain subscribers on a President's List of the Company. The Company also issued Agent warrants exercisable to acquire 960,000 shares, being the number of shares as was equal to 6% of the gross proceeds from the concurrent private placement, subject to a reduced commission of 2% for certain subscribers on a President's List of the Company, at an exercise price of $0.25 per share exercisable until July 10, 2019. The warrants were valued at $93,786 using the Black-Scholes option pricing model and the following variables: stock price of $0.25; expected life of two years; $Nil dividends; 71% volatility; and risk-free interest rate of 1.04%.

(ix) As described in Note 11, the Company issued unsecured debentures that automatically converted to 5,000,000 common shares at a conversion price of $0.20 per share immediately prior to the closing of the Acquisition. On August 30, 2017, the conversion of the debentures and the corresponding conversion liability results in an increase to share capital of $1,041,773 for the 5,000,000 common shares issued.

(x) On November 22, 2016 $33,279 payable to a director was settled with shares of the Company at a price of $0.15 per share, for a total of 221,860 shares issued.

(xi) On October 24, 2016 $400,000 of amounts due to directors was settled with shares of the Company at a price of $0.05 per share, for a total of 8,000,000 shares issued.

(xii) On March 25, 2017, pursuant to an executive employment agreement with the incoming CEO, the Company granted 500,000 options with an exercise price of $0.00001. 250,000 of the options vested immediately and 250,000 options vested on May 25, 2017. These options were exercised on March 29 and May 29, 2017 respectively. The options were attributed a fair value of $124,995 on the grant date based on the Black-Scholes option pricing model and the following variables: fair value of security $0.25, risk-free interest rate 0.87%, expected life of two years; $Nil dividends, 70% volatility, and risk-free interest rate of 0.87%.

(xiii) On May 12, 2017, 11,754,698 Special Warrants were exercised for common shares. Per the Special Warrant subscription agreement, each warrant entitled the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one (1) common share in the capital of the Company.

(xiv) Transaction costs directly attributable to the acquisition and issuance of the financial assets in the Qualifying Transaction amalgamation totaled $165,912.

(xv) Former shareholders of Brassneck Capital Corp. held a total of 8,361,495 common shares following the Qualifying Transaction. On August 30, 2017 the Corporation amended its articles to complete a share split of all of its issued and outstanding common shares on the basis of 1.205 post-share split common shares for every 1 pre-share split common share. The fair market value of each common share at the time of the Transaction was $0.25 per share.

Expressed in Canadian Dollars

12. EQUITY INSTRUMENTS (continued)

(b) Warrants

	Number of warrants	Amounts
Balance, September 1, 2015	8,622,699	1,270,726
Subscription for warrants receipts net of issuance costs (i)	333,333	50,000
Redemption of warrants (ii)	(168,000)	(25,200)
Balance, August 31, 2016	**8,788,032**	**1,295,526**
Subscription for warrants receipts net of issuance costs (iii)	2,966,666	475,000
Broker/Finder warrants (iv)	330,050	50,096
Concurrent financing (v)	960,000	93,786
Conversion of 2017 unsecured convertible debentures (vi)	150,000	17,055
Conversion of warrants (vii)	(11,754,698)	(1,770,526)
Balance, August 31, 2017	**1,440,050**	**160,937**

(i) On June 9, 2016 the Company closed a non-brokered private placement for aggregate proceeds of $50,000 consisting of 333,333 units. Each unit is comprised of one special warrant.

(ii) On February 1, 2016 168,000 special warrants with an exercise price of $0.15 were cancelled and returned to treasury.

(iii) Between October 21, 2016 and February 7, 2017, the Company closed several non-brokered private placements for aggregate gross proceeds of $475,000 consisting of 2,966,666 units. Each unit is comprised of one special warrant. The special warrants will automatically convert into common shares and will be deemed to have been exercised without any further action or payments.

(iv) Former warrant holders of Brassneck Capital Corp. held a total of 273,900 warrants following the Qualifying Transaction. On August 30, 2017 the Corporation amended its articles to complete a share split of all of its issued and outstanding warrants on the basis of 1.205 post-warrant split warrants for every 1 pre-warrant split warrants. The fair market value of each warrant at the time of the Transaction was $0.10 per warrant.

(v) On July 10, 2017, the Company completed a concurrent private placement pursuant to which it issued 24,000,000 subscription receipts for aggregate gross proceeds of $6,000,000. Immediately prior to the closing of the Acquisition, each subscription receipt was deemed to be exercised into one share of the Company at a price of $0.25 per share. In connection with the closing of the concurrent private placement, the Company paid the Agents a cash commission of $240,000, equal to 6% of the gross proceeds from the concurrent private placement, subject to a reduced commission of 2% for certain subscribers on a President's List of the Company. The Company also issued Agent warrants exercisable to acquire 960,000 shares, being the number of shares as was equal to 6% of the gross proceeds from the concurrent private placement, subject to a reduced commission of 2% for certain subscribers on a President's List of the Company, at an exercise price of $0.25 per share exercisable until July 10, 2019. The warrants were valued at $93,786 using the Black-Scholes option pricing model and the following variables: stock price of $0.25; expected life of two years; $Nil dividends; 71% volatility; and risk-free interest rate of 1.04%.

(vi) For its services in issuing the convertible debentures, the broker received 150,000 Agents Convertible Note Warrants to purchase the Company's shares. The terms of the Agents Convertible Note Warrants provide that the broker may acquire the shares at an exercise price of $0.20 per share at any time up until April 11, 2019. The warrants issued were revalued on August 31, 2017 at $17,055 using the Black-Scholes option pricing model and the following variables; stock price of $0.25; expected life of 2 years; $Nil dividends, 70% volatility, and risk-free interest rate of 0.87%.

Expressed in Canadian Dollars

12. EQUITY INSTRUMENTS (continued)

(iv) On May 12, 2017, all 11,754,698 Special Warrants were exercised for common shares. Per the Special Warrant subscription agreement, each warrant entitled the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one (1) common share in the capital of the Company.

13. STOCK OPTION PLAN

The stock option plan is applicable to directors, officers, employees and consultants of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board of Directors. Under the terms of the plan, the options generally vest immediately and expire at various dates from the date of the grant. The Board of Directors has the right to modify vesting periods at the time of option grant. There were 5,419,004 issued in 2017 (2016 - 5,875,000). The employee compensation expense related to options vested for the year ended August 31, 2017 is $237,245 (2016 - $32,374). The Company may issue up to 10% of the issued and outstanding common shares under its stock option plan. For the year ended August 31, 2017, 8,269,004 common shares (3,350,000 as at August 31, 2016) are reserved for addition options under this plan.

A summary of the status of the Company's issued and outstanding stock options as of August 31, 2017 and August 31, 2016, and changes during the years ended on those dates, is presented below:

	August 31, 2017		August 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	3,350,000	0.15	-	0.15
Net granted	5,419,004	0.18	5,875,000	0.15
Exercised (i)	(500,000)	-	-	-
Forfeited	-	-	-	-
Cancelled	-	-	(2,525,000)	0.15
Outstanding, end of year	8,269,004	0.17	3,350,000	0.15

(i) Options were exercised by a key member of management at a nominal amount.

The following table summarizes information about stock options as at August 31, 2017:

	Options outstanding		**Options Exercisable**
Number outstanding at August 31, 2017	Exercise prices	Weighted average remaining contractual life (in years)	Number exercisable at August 31, 2017
694,004	0.083	8.7	694,004
5,625,000	0.15	2.1	5,625,000
1,950,000	0.25	3.7	400,000
8,269,004	0.17	3.1	6,719,004

The weighted average exercise price was $0.17 as at August 31, 2017 (August 31, 2016 - $0.15) for exercisable options.

Expressed in Canadian Dollars

13. STOCK OPTION PLAN (continued)

The Company uses the Black-Scholes model to calculate option values. The assumptions using the Black-Scholes option pricing model as at August 31, 2017 were: a weighted average share price of $0.25 and an exercise price of $0.15, risk free interest rate of between 0.87% and 1.38%, and volatility of 70% with no expected dividend yield.

The underlying expected volatility was determined using volatility rates for companies in similar industries with similar useful lives of the options.

The fair value of the stock options granted during the year ended August 31, 2017 was $237,245 (August 31, 2016 - $32,374).

14. LOSS PER SHARE

The calculation of basic and diluted loss per share for the relevant periods is based on the following information:

	2017	2016
Weighted average number of common shares, basic and diluted	58,510,132	35,352,900

The treasury stock method is used to calculate loss per share and under this method stock options and warrants that are anti-dilutive are excluded from the calculation of diluted loss per share. For the year ended August 31, 2017 and the year ended August 31, 2016, all outstanding options and warrants were considered anti-dilutive because the Company recorded a loss over those periods.

The outstanding stock options and warrants that could dilute basic net loss per share in future periods but were not included in determining diluted net loss per share for the year ending August 31, 2017 and August 31, 2016 because they are antidilutive are as follows:

	2017	2016
Stock options	8,269,004	3,350,000
Warrants	1,440,050	8,788,032
	9,709,054	12,138,032

15. LEASE AND OTHER COMMITMENTS AND GUARANTEES

The Company has entered into various lease agreements having terms of 27 to 60 months. These lease agreements expire between November 30, 2017 and April 30, 2020.

As at August 31, 2017, the minimum annual lease payments are expected to be as follows:

2018	315,522
2019	167,593
2020	56,046
2021	-
	539,161

Expressed in Canadian Dollars

16. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation for key management personnel, including the Company's Officers and Board of Directors, was as follows for the period:

	August 31, 2017	August 31, 2016
Salaries	371,897	156,333
Directors' fees	-	16,000
Share-based compensation	890,429	152,374
Total Key Management Compensation	1,262,326	324,707

Salaries include cash payments for base salaries and bonuses. Directors' fees include meeting fees and retainers and in 2017 all compensation paid to Directors were in the form of share based compensation.

17. RELATED PARTY TRANSACTIONS

Related parties include the Company's key management personnel, independent directors and shareholders. Transactions with related parties were conducted in the normal course of operations and are measured at fair value, which is the amount of consideration established and approved by the related parties.

On October 24, 2016 $400,000 of amounts due to directors was settled with shares of the Company at a price of $0.05 per share, for a total of 8,000,000 shares issued.

On November 22, 2016 $33,279 payable to a director was settled with shares of the Company at a price of $0.15 per share, for a total of 221,860 shares issued.

On November 17, 2016 the Company entered into an Asset Purchase Agreement with a major shareholder of the Company, to repurchase the leaseholds and substantially all of the assets, real and personal, tangible and intangible at the seller's facility located at 2571 A Quadra Street, Victoria, British Columbia. Total consideration for the assets purchased is $300,000 consisting of paying the seller $50,000 and issue of 2,000,000 common shares in capital of the Company. The Seller was paid an additional amount of $50,000 upon the Company achieving its public listing status.

On March 1st, 2017, the Company received a loan of $150,000 from a Company Director. On March 29th, 2017, the Company received an additional loan of $100,000 from the same Director. Both loans were unsecured and bear interest at 5% per annum. All outstanding principal and interest owed to the Director was paid on August 31, 2017.

Members of the Board of Directors and executive management team of the Company received compensation for consulting services and salaries. For the year ended August 31, 2017, the Company's expenses included $1,262,326 (2016 - $324,707) for consulting fees and salaries.

During the year ended August 31, 2017, rent in the amount of $36,000 (2016 - $15,000) was paid to a shareholder of the Company, and rent in the amount $40,900 (2016 - $39,900) was paid to the immediate family of the same shareholder.

Expressed in Canadian Dollars

18. INCOME TAXES

i) Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% to the effective tax rate is as follows:

	2017
Net Loss before recovery of income taxes	(7,743,551)
Expected income tax recovery	(2,090,760)
Tax rate changes and other adjustments	27,330
Share based compensation and non-deductible expenses	841,130
Change in tax benefits not recognized	1,222,300
Income tax (recovery) expenses	-

ii) Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Property, plant and equipment	299,780
Share issuance costs - 20(1)(e)	343,330
Non-capital losses carried forward	7,068,500

The Canadian non-capital loss carry forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2021. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2033	187,630
2034	722,820
2035	546,780
2036	1,353,460
2037	4,257,800
	7,068,500

Expressed in Canadian Dollars

19. FINANCIAL INSTRUMENTS

The table below summarizes the carrying values of the Company's financial assets and financial liabilities:

		As at August 31, 2017	As at August 31, 2016
Financial assets:			
FVTPL			
	Cash	4,871,790	58,745
Loans and receivables			
	Trade and other receivables	403,003	178,178
Total financial assets		5,274,793	236,923
Financial liabilities:			
Financial liabilities at amortized cost			
	Trade and other payables	978,996	206,743
	Note payable	315,000	-
	Due to directors	-	383,279
Total financial liabilities		1,293,996	590,022

Financial Risk Management Objectives and Policies

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risk, credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Market risk

a) Currency risk

The Company does not operate outside of Canada and therefore there is no inherent Currency risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debt have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

c) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company does not hold any marketable securities or investments and therefore is exposed to a limited price fair value risk.

19. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

Credit Risk

Credit risk arises from cash held with banks and trade and other receivables. The Company does not have a significant concentration of risk with any customer and its maximum risk exposure is equal to the carrying value of the financial assets. The objective of managing credit risk is to prevent loss on financial assets. The Company minimizes credit risk as cash is held by reputable financial institutions.

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- Maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations, the cash exercise of existing warrants and its debt capacity;

- Preserve its ability to meet its financial obligations by funding the capital needs via various private and institutional sources; and

- Optimize the use of its capital to provide an appropriate return on investment to its shareholders.

The Company defines its capital as shareholders' deficiency and amounts due to shareholders. The Company is not subject to externally imposed capital requirements and there has been no change with respect to the capital management strategy during the period ended August 31, 2017.

21. SUBSEQUENT EVENTS

Subsequent to the end of the year, shareholders of the Company exercised 793,490 warrants and 316,892 options through a number of individual transactions. The Company received $192,404 in cash.

Subsequent to the end of the year, the Company granted 590,000 stock options to non-executive employees and consultants of the Company. 490,000 of the options were issued at $0.25 and 110,00 were issued at $0.16. All options vested immediately and expire on October 6, 2022.

22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the methods of presentation adopted in the current year.

NATIONAL ACCESS CANNABIS CORP.
Schedule
For the year ended August 31
Expressed in Canadian Dollars

	2017	2016
General and administrative expenses		
Bad debt expense	**-**	113
Business taxes and licenses	**263**	238
Computer expenses	**21,876**	22,551
Insurance	**6,131**	5,072
Interest and bank charges	**20,637**	7,651
Laundry and cleaning	**1,031**	3,657
Management fees	**156,898**	213,261
Office supplies	**184,031**	102,841
Professional fees	**507,103**	162,123
Consulting fees	**590,428**	62,776
Rental	**391,506**	137,245
Repairs and maintenance	**515**	3,567
Salaries and benefits	**1,327,985**	352,061
Telecommunications	**11,515**	6,143
Training and development	**544**	-
Travel and entertainment	**172,823**	32,945
Uniforms	**4,817**	-
Utilities	**27,970**	7,888
	3,426,073	1,120,132